

Investments

Purpose

The principal purpose of this policy is to insure that the School Board invests district funds consistent with sound business practice. The school district's funds shall be invested at minimal risk in accordance with applicable law. The secondary purpose of this policy is to direct the Treasurer to maximize the interest income on such investments.

Permitted Investments

The following are the only permitted investments for school district funds:

1. United States Treasury bills.
2. Short-term obligations (12 months or less) of the United States of America or any of its agencies or instrumentalities.
3. Deposits in savings accounts or time deposits or share accounts of financial institutions, to the extent such deposits are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or the National Credit Union Share Insurance Fund.
4. To the extent that such deposits described in paragraph 3 exceed amounts covered by federal deposit insurance, approved collateral as provided by law shall be pledged by the depository. These financial institutions are to be approved annually by the Board of School Directors.
5. Obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the USA, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or of any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.
6. Shares of an investment company registered under the Investment Company Act of 1940 whose shares are registered under the Securities Act of 1933, provided that the following are met:
 - (a) Only investments of that company are in the authorized investments for school districts' funds listed in paragraphs 1-4, and repurchase agreements fully collateralized by such agreements.
 - (b) The investment company is managed so as to maintain its share at a constant net asset value in accordance with federal regulations relating to money market funds (17 C.F.R. 270 2a-7)
 - (c) The investment company is rated in the highest category by a nationally recognized rating agency.
 - (d) The investment company will provide independently audited financial statements prior to obtaining Board approval and annually while doing business with the school district.

7. Pennsylvania local government investment pools provided that the Board of School Directors specifically adopts a resolution under the Intergovernmental Cooperation Act approving participation in the pool. The School District's investments in the local government investment pool shall be in accordance with the policies and guidelines set forth in the pool's information statement.
8. Any other investments which a Pennsylvania public school district is expressly permitted to make by law.

Restrictions

Unless otherwise specifically permitted by the Board of School Directors, an investment must comply with the following restrictions:

1. Unless covered by federal deposit insurance, the aggregate amount of deposits in any financial institution shall not exceed the lesser of two-tenths of 1% of the assets of that institution or \$10,000,000. This restriction does not apply to funds invested in the Pennsylvania Local Government Investment Trust (PLGIT) and the Pennsylvania School District Liquid Asset Fund (PSDLAF).
2. The maturities of the various investments shall correspond to the cash requirements of the school district, but, in any event, the maturity of any investment shall not exceed one year.
3. Only the following individuals are authorized to invest school district funds: Chief Operations Officer, Treasurer, and Secretary of the Board of School Directors as directed by the Chief Operations Officer (if the Secretary and Chief Operations Officer are not the same person).
4. All securities shall be purchased in the name of the school district except in the case of a purchase of shares of an investment company that is or conducts business voluntarily in compliance with SEC section 2a7.

Other Requirements

1. The Treasurer will submit detailed monthly reports sufficient to enable the school board to adequately monitor and review the district's investment activity. The reports should list the depository or depositories in which district funds are deposited, the types and amounts of investments made and the investment interest rates and interest earned.
2. The school district's independent auditing firm will perform an audit of the investments in conjunction with its annual audit of school district finances. The auditor will verify the value of any school district pooled investments and confirm the value with the pool depository.
3. The investment companies referred to in paragraph 6 above must provide proof of National Association of Securities Dealers certification and proof of state registration before approval and while doing business with the school district.

4. Investment contracts must be reviewed by the Solicitor or other authorized legal counsel and, where applicable, by bond counsel and must also be approved by the school board.
5. Bond proceeds shall be invested in accordance with the Local Government Unit Debt Act and applicable federal and state laws.
6. All investment advisors or bidders shall be provided with a copy of this policy.
7. District funds shall not be invested in foreign currency and shall not have any related risk that would require disclosure pursuant to Governmental Accounting Standards Board Statement 40.
8. District investments shall limit the exposure to loss of principal due to market changes in interest rates.
9. District investments in authorized instruments that are not backed by the “full faith and credit” of the federal or state government shall be limited to those with the highest credit rating available for such instruments issued by a recognized organization. If, after purchase, the rating of any instrument is reduced and is no longer in compliance with this policy, the individual responsible for district investments shall advise the Board at the earliest opportunity of such action and make recommendations for altering investments.
10. When school district funds are invested in any one (1) issuer other than designated depository accounts, the amount of the investment shall be unlimited, but the Board shall be notified of such investment monthly.
11. For purposes of interest rate disclosure in the annual financial report, the method of determining interest rate risk shall be based on weighted average maturity.

Adopted: September 24, 1973
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