

INVESTMENTS

The Centennial School Board recognizes the need to optimize its return through investment of its unencumbered cash balances in such a way as to minimize non-invested balances and maximize return on investment.

The Superintendent is responsible for implementing this policy.

Policy: 7.26

Adopted: 11/10/98

..... 03/25/03

..... 06/26/07

Investments

I. Purpose

It shall be a Policy of the District to maximize investments by minimizing non-investment balances. In addition, the language following “Safety” should be revised to state:

The primary objectives of investment activities shall be:

- A. Legality - All investments shall be made in accordance with applicable laws of Pennsylvania.
- B. Safety - Safety of principal shall be a significant priority. Preservation of capital in the portfolio of investments shall be ensured through the mitigation of credit risk and interest rate risk.
- C. Liquidity - Investments shall remain sufficiently liquid to meet all operating requirements that are reasonably anticipated. A fiscal year anticipated cash flow plan shall be developed so that investments can be made as early as possible, with maturities concurrent with anticipated cash demands.
- D. Yield - Investments shall be made with the objective of attaining a market-average rate of return throughout the budgetary cycle taking into account investment risk constraints and liquidity needs.

II. Authority

All investments of the Board made by an officer and/or employee of this District shall be made in accordance with this policy and require Board approval. However the Board grants authority to the Director of Business Administration or his/her designee to invest School District funds consistent with sound business practice and in accordance with Section 440.1 of the School Code, with the consent of the Superintendent of Schools. The investment decisions made by the Director of Business Administration as stated herein, and approved by the Superintendent of Schools, must be ratified by Board resolution at the next regular public meeting. In the event the Board does not ratify the investment, the Director of Business Administration shall be directed to contact the financial institution and withdraw the funds.

III. Definitions

Short-term – any period twelve (12) months or less.

Long-term – any period exceeding forty-eight (48) months’ duration.

Mid-range – any period between short-term and long-term.

Credit risk – the risk of loss of principal due to the failure of the security issue or backer of the issue.

Interest rate risk – the risk that the market value of securities will fall due to changes in general interest rates.

IV. Responsibility

The Director of Business Administration or other Board designated individual responsible for investments shall report monthly to the Board the following:

- A. Amount of funds invested
- B. Interest earned and received to date
- C. Types and amounts of each investment and the interest rate on each
- D. Names of the institutions where investments are placed
- E. Current market value of the funds invested
- F. Other information required by the Board of School Directors.

V. Guidelines

- A. Investments permitted by this policy are those defined in Section 440.1 of the School Code, as amended, which are collateralized in accordance with applicable laws. Permitted investments shall include:
 1. United States Treasury bills.
 2. Short-term obligations of the United States Government or its agencies or instrumentalities.
 3. Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or the National Credit Union Share Insurance Fund to the extent that such accounts are so insured, and, for any amounts above then maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository.
 4. Obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.
 5. Shares of an investment company registered under the Investment Company Act of 1948 whose shares are registered under the Securities Act of 1933, provided that the following are met:
 - a. The only authorized investments in an investment company, formed pursuant to the above referenced Act, shall be investments that are otherwise authorized for school district funds as noted in items 1-4 above and/or repurchase agreements fully collateralized by such investments.
 - b. The Investment Company is managed so as to maintain its shares at a constant net asset value in accordance with 17CFR2702a-7 (relating to money market funds).
 - c. The Investment Company is rated in the highest category by a nationally recognized rating agency.

- B. The Board requires that the Business Administrator report to the Board monthly the transactions occurring since the last report.
- C. Funds may be withdrawn from approved public depositories or negotiable instruments may be sold before maturity only with prior approval of a majority of the Board of School Directors.
- D. All securities shall be purchased in the name of the School District, and custody of the securities shall be specified.

VI. Disclosure

Designated officers and employees involved in the District's investment process shall disclose in writing to the Superintendent any personal business activity that could conflict with the proper execution and management of the investment program or could impair his/her ability to make impartial decisions. In the event the officer is the Superintendent, such disclosure shall be made, in writing, to the President of the School Board.

VII. Audit

- A. All investment records shall be subject to annual audit by the District's independent auditors.
- B. The audit shall include but not be limited to independent verification of amounts and records of all transactions, as deemed necessary by the independent auditors.
- C. It shall be the responsibility of the investment advisor and/or bidder to maintain the necessary documents to permit an independent audit of the District's investments.

VIII. Bond Proceeds

- A. Bond proceeds shall be invested in accordance with the Local Government Unit Debt Act and applicable federal and state laws, subject to approval by the solicitor and/or bond counsel and Board of School Directors.
- B. Investment transactions arising from bond proceeds shall be reported monthly to the Board of School Directors in accordance with this policy.

Administrative Procedures: 7.26

Adopted:..... 11/10/98
..... 03/25/03
..... 06/26/07