

## **Revenues from Investments/Use of Surplus Funds**

In order to achieve the investment and cash management objectives of the district the following regulations are to be followed.

### **Investment officer**

Business services is designated as the investment officer for the district and is responsible for all investment decisions and investment activities.

The investment officer will be guided by the "prudent investor rule" which states that investments shall be made with judgment and care under circumstances then prevailing which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation but for investment, considering the probable safety of their capital as well as the probable income to be derived.

The investment officer, acting within the guidelines of district policy and state law and exercising due diligence, shall not be held personally responsible for specific investment transactions. The investment officer will be held responsible for insuring sufficient liquidity of investment so that the district operations can be maintained with minimal borrowing requirements in the event of bank or savings and loan failures.

### **Eligible depositories**

The following institutions shall be designated as eligible depositories for district investments:

1. All state and national banks with headquarters in Colorado which are insured by the Federal Deposit Insurance Corporation (FDIC) and which are approved as eligible public fund depositories by the state banking commissioner.
2. All state and federally chartered savings and loan associations with headquarters in Colorado which are insured by the Federal Savings and Loan Insurance Corporation (FSLIC) and which are approved as eligible public depositories by the state savings and loan commissioner.
3. The Colorado Local Government Liquid Asset Trust or any other investment pool for local governments which conforms to state law.

### **Eligible securities brokers/dealers**

The following will be designated eligible brokers/dealers for governmental securities purchases allowed under Board policy and state law:

1. Securities dealers and banks which are designated as reporting dealers by the Federal Reserve Bank of New York (primary dealers).
2. National and state banks which have their principal offices in Colorado.

### **Eligible investments**

The following are eligible instruments or methods for investment of district funds:

1. Obligations of the United States government or its agencies including but not limited to U.S. treasury bills, notes and bonds.
2. Repurchase agreements on the above securities made in compliance with state law. Repurchase agreement collateral shall be delivered to a third party safe-keeping account to insure that the school district has clear title to the securities. Repurchase agreements will be collateralized at a minimum of 103 percent of the purchase price of the repurchase agreement.
3. Time certificates of deposit or savings accounts in state or national banks headquartered in Colorado which are insured by the FDIC and which are state-approved.

Certificates of deposit which exceed the FDIC insured amount shall be collateralized in accordance with the Colorado Public Deposit Protection Act. This collateral will have a market value equal to or exceeding 102 percent of the difference between the insured amount and the district's total deposits for all funds within the institution.

If possible, the investment officer shall take steps on a routine basis to obtain copies from the bank of the periodic certification of collateral which is sent to the banking commissioner.

4. Time certificates of deposit or savings accounts in state or federally chartered savings and loans with headquarters in Colorado which are insured by the FSLIC and are approved depositories.

Deposits which exceed the FSLIC insured amount shall be collateralized in accordance with the Colorado Public Deposit Protection Act. This collateral will have a market value equal to or exceeding 102 percent of the difference between the insured amount and the district's total deposits for all funds within the institution.

If possible, the district will obtain copies of the certification of collateral from the savings and loan commissioner.

5. Shares of government entity investment pools (money market funds) authorized under the provisions of C.R.S. 24-75-701, as amended.
6. Any other investment vehicle which is authorized by state law and is determined by the investment officer to be a prudent investment.

### **Safekeeping account**

The district will establish a safekeeping account with a bank to be a custodian for marketable securities owned by the district. Institutions issuing certificates of deposit will keep the certificates and send the district a safekeeping receipt.

### **Allocation of assets**

District investments in time deposits (certificates of deposit or savings accounts) will be made in more than one institution. Institutions will be selected on the combined factors of security and yield. The intent of this provision is to insure that no institution will hold 100 percent of the district's investments or so much of the district's total investments that failure of the institution would prevent the district from continuing operations for at least 60 days.

### **Maturity schedule**

District personnel shall develop a cash flow forecast which will provide a guideline as to when cash flow needs to be supplemented with maturing investments. An 18-month forecast updated quarterly is recommended as a goal.

The investments purchased in the general fund shall meet the cash flow needs of the district. Therefore, the security maturity schedule should not exceed the cash needs of the district at any time.

### **Competitive quotes**

The district will seek competitive quotes on all investments. Investments will be made on the basis of the safety, liquidity and yield of invested money with regard for the characteristics of quotes and the quoting institutions.

### **Documentation**

All purchases and sales of investments shall be authorized or confirmed in writing with the issuer. Internal controls (for example, separation of duties) will be established to insure the integrity of the investment process. For investment transactions which are conducted electronically, confirmation in the form of annotated documentation and confirmation received should be retained.

## **Reporting**

The Board of Education shall receive a monthly report listing all of the investments of the district. The report will include a summary of investment earnings during the calendar year. The report will be presented so as to show the level of investments in securities and various investment institutions. An annual report shall be provided which also will give the rate of return for the year.

## **Auditing**

The district shall conduct regular and/or unscheduled reviews of all of the investment transactions. Problems or concerns found in these reviews will be reported to the appropriate district personnel.