

Revenues from Investments/Use of Surplus Funds

This policy shall apply to the investment of all financial assets and all funds of the District over which the Board of Education exercises financial control.

Objectives

All cash held by the District (other than petty cash) shall be invested at all times. The objectives of investment shall be safety, liquidity, and yield, in that order of importance.

1. **Safety.** All investments shall be undertaken in a manner that seeks to preserve the capital in the overall investment program, through the mitigation of credit risk and interest rate risk.
2. **Liquidity.** The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may reasonably be anticipated, through matching of maturity dates to cash flow needs, investment in securities that have active secondary markets, and investment of a substantial portion of assets in instruments that have same day liquidity and a constant dollar value per share.
3. **Yield.** Subject to the need for safety and liquidity, the investment program shall seek to attain a market rate of return.

Earnings from investments

All funds shall be pooled for investment (except bond proceeds, which shall be segregated to comply with state law and federal arbitrage requirements). Investment income shall be allocated to funds based on their respective participation as identified in the annual adopted budget and in accordance with generally accepted accounting principles.

Delegation of authority

The Board of Education authorizes the superintendent to designate the Chief Financial Officer as the District investment officer. The investment officer shall be guided by the "prudent investor" rule.

Investment strategies

The investment officer shall develop an investment plan, specifying the expected levels of short-term, medium-term, and long-term investments, the anticipated investment instruments, the targeted rates of return, and the approximate dollar levels of investment anticipated.

Because of the inherent uncertainty of cash flow analysis and the changing requirements of expenditures, the District will always maintain a substantial portion of its investments in highly liquid, short-term instruments. Short-term investments would be those with maturity dates of 90 days or less.

The allocation between medium and long-term investments will be based on expected use of funds. Medium-term investments will be made based in part on matching cash needs and maturity dates of the instruments. Medium-term investments would be those with maturity dates of between 91 days and three years.

Funds not needed for the foreseeable future, such as the TABOR reserve or long-term insurance reserves, will be invested in long-term instruments. Long-term investments would be those with maturity dates greater than three years.

The investment officer shall review the details of this plan or specific components with the Superintendent and the Board of Education at the monthly financial review work session. This plan shall be updated as appropriate based on investment conditions, the District's financial situation and legal requirements.

Investment instruments

The investment officer shall make use of all legal investments allowed under Colorado Statutes, as guided by the above strategies. Where applicable, all trades shall be executed by delivery versus payment, and all securities shall be held in a designated safekeeping account in an eligible financial institution.

Investment performance reports to the Board

The Board and the Superintendent shall be kept informed of the performance of the District's investment portfolio, as well as other relevant industry comparisons on a monthly basis at the financial review work session.

Adopted October 22, 1986
Revised December 14, 1988
Revised January 10, 2001
Revised March 10, 2004

LEGAL REFS.: C.R.S. 11-10.5-101 *et seq.* Financial Institutions – Public Deposit Protection Act
C.R.S. 11-47-101 *et seq.* Financial Institutions – Protection of Deposits of Public Moneys
C.R.S. 24-75-601 *et seq.* State Funds – legal investments
C.R.S. 24-75-701 *et seq.* State Funds – Investment funds – local government pooling

CROSS REF.: DG, Banking Services (and Depository of Funds)

St. Vrain Valley School District RE-1J, Longmont, Colorado