



3296 A

Investment Procedures and Accounting

Regulation 3296 A

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I. PURPOSE

Prudent investment of temporarily excess funds of the district is necessary to meet the district's strategic goals, mission and vision. The purpose of this regulation is to establish the parameters for the implementation of the Board of Director's investment policy for these funds.

II. INVESTMENT OFFICERS AND THEIR DUTIES

- A. The Superintendent designates the Deputy Treasurer and Assistant Deputy Treasurer of the district as the investment officers for the district. The investment officers shall operate the school district's investment program in compliance with district policies and regulations.
 1. Exercise of the duties of the investment officers shall be professional and in compliance with the District's code of ethics.
 2. No personal business activity shall be conducted by the investment officers while conducting district business, or that could conflict with the district's investment program, or which could reasonably cause others to question the district investment process and integrity.
 3. The investment officers shall refrain from any transaction that could reasonably be determined to impair the public confidence in the school district.
- B. Duties of the investment officers delegated to other district employees shall be memorialized in writing specifying authority delegated and any limitations placed thereon.
- C. The investment officers shall report any deviations from projected or expected market behavior to the Superintendent and the Board Standing Committee on Finance, and take such action as is prudent to control adverse developments and results to the district.
- D. The investment officers shall on no less than a quarterly basis review the available markets, the relative value of competing investment instruments, the content of the district's portfolio and the rate of return with the district's investment advisors.
- E. The investment officers shall on no less than a quarterly basis report to the Board Standing Committee on Finance the status of the investment program, actions that have been taken and recommendations for actions,.
- F. The investment officers shall designate third-party institutions designated as custodial agents to hold investment securities purchased by the school district for safekeeping.
 1. Any custodial agent designated by the investment officers must be one of the following:
 - a) any federal reserve bank;



- b) any bank authorized under the laws of the United States or any state to exercise corporate trust powers;
 - c) a primary reporting dealer in United States Government securities to the Federal Reserve Bank of New York, or
 - d) a securities broker-dealer defined in Minnesota Law.
2. Any designated custodial agent shall issue a safekeeping receipt to the district listing :
- a) the specific instrument,
 - b) the name of issuer,
 - c) the name in which the security is held,
 - d) the rate of return;
 - e) the maturity date or schedule;
 - f) any serial numbers or other distinguishing marks and
 - g) any other pertinent information.

G. The investment officers shall generate reconciliations from the monthly investment reports for management purposes and ensure changes of both gains and losses are reflected in accounting records kept by the district.

III. INTERNAL CONTROLS

- A. The system of internal controls required by policy shall be published for use by appropriate staff.
- B. The Deputy Treasurer and Assistant Deputy Treasurer shall review the internal controls annually, review them in light of audit findings or recommendations, and make any recommendations for changes to the Superintendent.
- C. Willful failure to act within the terms of the internal controls shall subject the employee to discipline up to and including termination.

IV. PORTFOLIO, DIVERSIFICATION, COLLATERALIZATION

- A. The investment officers are authorized to invest district funds in any of the instruments described in ¶IV B.
- B. Diversification of investments by security type shall not exceed the following limitations:
 - 1. U.S. Treasury or U.S. Government Agencies 100%
 - 2. Domestic Commercial Paper rated A1/P1 or higher, limited to Five percent (5%) of the overall investment portfolio in any one name, and not to exceed Two Hundred Seventy (270) Days..... 50%
 - 3. Collateralized Investment Agreements 100%
 - 4. Eligible Banker Acceptances of the top Forty (40) U.S. Banks 30%
 - 5. Repurchase Agreements backed by Government Collateral..... 25%
 - 6. Collateralized Certificates of Deposit 30%



- C. Deposit-type securities shall be collateralized as required by Minnesota Law for any amount exceeding FDIC (Federal Deposit Insurance Corporation), SAIF (Savings Association Insurance Fund), BIF (Bank Insurance Fund), FCUA (Federal Credit Union Act) or other federal deposit coverage.

- D. Repurchase agreements shall be secured by the physical delivery or transfer against payment of the collateral securities to a third party of custodial agent for safekeeping. For overnight repurchase agreements of less than One Million Dollars (\$1,000,000.00 a safekeeping receipt may be accepted in lieu of requiring physical delivery or third-part safekeeping of collateral.

Legal References:

15 U.S.C. §78a *et seq.* (Securities Exchange Act of 1934)
Minn. Stat, Ch. 118 A (Deposit and Investment of Local Public Funds)
Minn. Stat. §471.38, subds. 3 and 4 (Claims: Electronic Fund Transfers)

Cross References:

MPS Policy 3000 (Conflicts of Interest and Fiduciary Duty)
MPS Policy 3400 (Banking)
MPS Policy 3430 (Periodic Financial Reports)
MPS Policy 3434 (Periodic Audit)
MPS Policy 3470 (Trust Account Investment)