



DFA/DFAA - REVENUES FROM INVESTMENTS/USE OF SURPLUS FUNDS

This policy and the accompanying regulations shall apply to the investment of all Poudre School District financial assets and funds over which the District exercises control. These funds are accounted for in the District's Comprehensive Annual Financial Report ("CAFR").

All District funds not currently needed shall be invested by individuals authorized by the Board of Education under this policy in accordance with state law (including but not limited to the legal references to Colorado Revised Statutes at the end of this policy) and in a manner designed to accomplish the following objectives:

1. To ensure that the funds are deposited and invested in accordance with governing law and the Board's direction as set forth in this policy.
2. To ensure the safety of the District's financial assets.
3. To ensure that adequate funds are available at all times to meet the financial obligations of the District when due.
4. To earn a competitive market rate of return from legally permitted investments on funds available for investment throughout the budget cycle, subject to the District's investment risk constraints and cash flow needs.

District investments shall be sufficiently diverse to protect against the risk of loss resulting from over-concentration of assets in a specific maturity, issue, class or institution.

District investments shall be sufficiently liquid to allow continuity of the District's fiscal operations without the need for loans when unexpected expenses or other exigent circumstances arise. To assist in this regard, the controller shall cause the District to maintain up-to-date cash-flow projections that provide guidance as to when cash flow needs to be supplemented with maturing investments.

In order to effectively use the District's cash resources, all moneys (unless otherwise restricted by law) may be pooled into one investment account and accounted for separately. The investment income derived from such a pooled account shall be distributed to various District funds and accounts in accordance with governing law as determined by the executive director of finance and/or directed by the Board.

The executive director of finance, who also serves as the Board of Education Treasurer, shall have overall responsibility for District investment decisions and transactions, including wire and electronic fund transfers. In connection with such investment

decisions and transactions, the executive director of finance shall consult as necessary with independent investment advisors having appropriate expertise regarding public entity investments and the investment process. Broker/dealers authorized to engage in investment transactions with the District shall have a minimum net capital of \$10,000,000 and a ten-year history of providing such services to governmental entities. The executive director of finance and/or the District's investment advisor(s) shall maintain a list of eligible broker-dealers, together with the most recent approved broker/dealer financial statements for each.

As authorized by the executive director of finance and subject to the direction and control of the executive director of finance, the following employees in addition to the executive director of finance are authorized to make investment decisions and to conduct investment transactions on behalf of the District, including wire and electronic fund transfers: (1) controller; (2) primary accountant designated in writing by the executive director of finance; and (3) backup accountant designated in writing by the executive director of finance. The primary and backup accountants designated by the executive director of finance shall be reported to the Board at the beginning of each fiscal year, and whenever they are changed during the fiscal year.

No District employee shall make any investment decision or conduct any investment transaction on behalf of the District except as authorized under governing law and the terms of this policy. Employees owe a fiduciary duty to the District in connection with such investment decisions and transactions as provided by Colorado law, which includes exercising the judgment and care under the circumstances then prevailing that persons of prudence, discretion and intelligence exercise in the management of the property of another, not in regard to speculation but in regard to the permanent disposition of funds, considering the probable income as well as the probable safety of capital.

Employees who make investment decisions or conduct investment transactions on behalf of the District shall be bonded, and the District shall be insured against their misfeasance. Such employees shall refrain from personal business activity that could conflict with proper execution of the investment program or that could impair their ability to make impartial investment decisions. Such employees shall also disclose to the executive director of finance, the superintendent and the Board any material financial interests in financial institutions that conduct business with the District or are being considered to conduct business with the District, and shall disclose any personal financial/investment positions that could be affected by the performance of the District's investment portfolio.

All employees authorized to make investment decisions and to conduct investment transactions on behalf of the District shall receive the education and training necessary to ensure their proficiency as fiduciaries in making investment decisions and conducting investment transactions on the District's behalf.

The District shall maintain a system of internal controls to ensure the integrity of the investment process and to protect the District against financial loss through employee imprudence or malfeasance. Such internal controls shall include but not be limited to: (1) maintaining written evidence of all investment transactions; (2) at least two authorized employees, as designated in this policy, signing off in advance on all investments; and (3) periodic internal auditor review of all investment transactions. The executive director of finance shall ensure that this policy is reviewed at least annually, and that all suggested revisions are brought before the Board of Education for action.

The District's investments shall be accounted for in accordance with generally accepted accounting principles ("GAAP") and the accounting standards promulgated by the Governmental Accounting Standards Board ("GASB"), and shall be included in the annual audit of the District's financial statements conducted by an outside auditor. In addition, the controller shall cause monthly performance reports or statements of the District's investments, including a summary of earnings and rate of return for each investment in the current month and for the term of each investment to date, to be prepared. The annual audit of the District's financial statements, as well as the monthly performance reports or statements of the District's investments, shall be posted on the District's website and maintained on file as part of the District's fiscal recordkeeping.

The Board of Education shall be kept informed of the District's investments, earnings and rates of return on no less than a quarterly basis in a form reasonably acceptable to the Board.

Adopted by Board: April 1972

Revised by Board: April 1977

Revised by Board: May 1982

Revised by Board: April 1988

Revised by Board: August 1994

Revised by Board to conform with practice: May 22, 1995

Revised by Board: August 11, 1997

Revised by Board: October 14, 2002

Revised by Board: June 28, 2004

Revised by Board: February 28, 2012

LEGAL REFS:

C.R.S. 11-10.5-101 et seq.

C.R.S. 11-47-101 et seq.

C.R.S. 11-60-101 et seq.

C.R.S. 15-1-304

C.R.S. 22-32-107

C.R.S. 22-40-105

C.R.S. 24-75-601 et seq.

C.R.S. 24-75-701 et. seq.

CROSS REFS:

DG, Depository of Funds

DH, Bonded Employees and Officers

GBEA, Staff Ethics/Conflict of Interest