

Investment of School Funds

The superintendent is responsible for maximizing interest earnings for the school district. He is authorized to invest debt retirement funds, building and site funds, or general funds of the district. Such investments shall be restricted to the following:

- (a) Bonds, bills or notes of the United States, or obligations, the principal and interest of which are fully guaranteed by the United States, or obligations of the state.
- (b) Certificates of deposit issued by any state or national bank organized and authorized to operate a bank in this state.
- (c) Commercial paper rated prime (A1 or A2, P1 or P2, F1 or F2) at time of purchase and maturing not more than 270 days after the date of purchase.

Annually, the Board shall pass a resolution authorizing the Treasurer to invest surplus funds of the District. The Treasurer, with the authorization of the Board, may delegate day-to-day duties involving the investment of funds to the Superintendent.

Should the Board choose to employ an outside consultant to advise the Treasurer, or Superintendent if so delegated, that consultant, or consulting firm, shall be duly registered under the Investment Advisor's Act of 1940.

The District's investment portfolio shall be structured in such a way that the primary emphasis is on safety and liquidity of investments and preservation of the principal amount invested, as opposed to the rate of return. District cash flow needs shall be taken into account at all times when investments are contemplated.

In order to reduce the risk of losses on District investments, only "low-risk" investment instruments shall be used by the District. No District investments shall involve foreign currency risk.

This policy applies to all cash and investments under control of the Board, with the exception of funds related to debt issuance where other agreements or contracts are in effect for those funds.

The Superintendent may develop appropriate administrative rules to accompany this policy.

Approved: MASB Rec.
LEGAL REF: MCL 380.622; 380.1221; 380.1223

Reviewed: 8/26/96
Reviewed: 10/15/01
Reviewed: 1/16/06
Revised: 8/21/06

The Treasurer, or Superintendent if delegated by the Treasurer and approved by the Board, is responsible for maximizing the interest earnings of the District. Such authorized investments shall be restricted to:

1. Bonds, bills or notes of the United States, or obligations the principal and interest of which are fully guaranteed by the United States Government.
2. Certificates of deposit issued by any state or national bank organized and authorized to operate a bank in this state.
3. Commercial paper rated prime at the time of purchase and maturing not more than 270 days from date of purchase.
4. Certificates of deposit or share certificates of state or federal credit unions organized and authorized to operate in this state.
5. Securities issued or guaranteed by agencies or instrumentalities of the United States Government.
6. United States government or federal agency obligation repurchase agreements.
7. Bankers' acceptances issued by a bank that is a member of the federal deposit insurance corporation.
8. Mutual funds composed entirely of investment vehicles that are legal for direct investment by a school District.
9. Investment pools, as authorized by the surplus funds investment pool act, composed entirely of instruments that are legal for direct investment by a school District.

The Treasurer or Superintendent if duly delegated, in determining the best investment, shall combine three factors: (1) quality of commercial paper, (2) interest rate available, and (3) accessibility of funds on short notice. Only prime one or two commercial paper shall be considered.

Consideration will also be given to the spread of interest rates between commercial paper and certificates of deposit (savings deposit receipts) issued by banks, savings and loans or credit unions. When appropriate, banks having accounts of the District, or those from whom the District has recently secured loans, shall be given preference for the investment of funds.

The Board authorizes the Superintendent to open passbook savings accounts for general fund monies to earn interest, while not being used for operating purposes or invested otherwise. Such accounts shall be used when the cash flow pattern does not permit the purchases of longer-term investments or when the rate of return is comparable or greater than is available from other investments. The Superintendent, assistant Superintendent, and/or the executive Secretary are authorized to make deposits and withdrawals from this account.

Interest from investments shall accrue to the fund from which the investment was made as determined by the Board and permitted by current law.

The Superintendent shall assume the responsibility of developing cash flow patterns for all funds in order to determine the availability of funds for investment. The Superintendent shall report monthly to the Board on the status of all investments.