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TO: PERSONS RESPONSIBLE FOR INVESTING PUBLIC FUNDS

FROM: Mark Shepard, Associate Superintendent for Business Affairs
Tim Kemper, Director of Finance

Subject: INVESTMENTS

Funds not needed for immediate obligations shall be invested in accordance with state statutes including, but not limited to, §§79-408, 79-1042, and 79-1043. As provided in Board of Education Policy 3520, authorized investment instruments include:

- collateralized local bank certificates of deposit,
- treasuries,
- government agency securities,
- Nebraska School District Liquid Asset Fund,
- Nebraska Public Agency Investment Trust,
- commercial paper graded “A-1” by Standard and Poor’s and/or “P1” by Moody’s, and
- trusts which invest in U.S. government or agency securities or interests in guaranteed student loans.

The provisions of Governmental Accounting Standards Board (GASB) Statement No. 40 shall be used in prioritizing the objectives of the District’s investment practices as follows:

The primary objectives, in priority order, of investment activities shall be safety, liquidity, and yield:

1. Safety of Principal - The foremost objective of the District’s investment program shall be the safety of the principal of the invested funds. Investment transactions shall be undertaken in a manner prioritizing the preservation of capital, by utilizing only the specific investment instruments listed below.
2. Maintenance of Liquidity - The District’s funds shall be invested such that they are available to meet reasonably anticipated cash flow requirements.
3. Yield (Return on Investment) - The District’s investment program shall be designed with the objective of attaining the maximum rate of return once the Safety of Principal and Maintenance of Liquidity priorities have been met. It is explicitly understood that all District funds are to be invested at all times, with the exceptions of reasonable amounts to be left on deposit to offset banking and/or investment fees.

All investments shall be booked into the District's general ledger on a cash basis in the fund from which the invested funds originated. The initial investment shall be booked as of the date the investment instrument is purchased, and shall be booked at cost, including any discounts or premiums. At each investment's maturity, the amount of the original entry for the investment shall be reversed in the District's general ledger and any interest earned shall be recorded in the appropriate fund's interest account.

The District may use a third-party vendor to manage the District's investments. The fees for such services, if any, shall be charged as a deduction from interest earnings, and the interest booked into the District's interest accounts shall be net of such fees.

The District may establish one or more checking accounts to 'pool' funds from the District's various funds and accounts, including the funds and accounts of any "blended component unit" of the District as such term is defined in the Governmental Accounting Standards Board Statement 14. To maximize interest earnings for the School District and its blended component units, any checking account balances not otherwise invested should be 'swept' nightly into an interest-bearing investment vehicle, except that amounts may be left in such checking accounts sufficient to offset any checking account fees that would otherwise be payable by the School District and/or its blended component units. The interest earned from nightly 'sweeps' shall be booked monthly on the first business day of the ensuing month, and shall be booked into the District's general fund interest account.