

SCHOOL DISTRICT OF JOHNSON CREEK BOARD OF EDUCATION POLICY	POLICY: 652
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Investment Policy

It is the policy of the School District of Johnson Creek to invest public funds in a manner which will provide the highest investment return with maximum security while meeting the daily cash flow demands of the District and conforming to all State and local statutes governing the investment of public funds.

SCOPE

This Investment Policy applies to all financial assets of the government of the School District of Johnson Creek. These assets are accounted for in the District’s Annual Report within the following funds and account groups:

- General Funds
- Special Revenue Funds
- Debt Service Funds
- Capital Projects Funds
- Trust and Agency Funds

This Investment Policy shall also include any new fund(s) created by the Board of Education of the School District of Johnson Creek unless specifically exempted.

OBJECTIVES

The Investment Policy of the School District of Johnson Creek seeks to attain five goals:

1. Safety – Investments by the government of the School District of Johnson Creek shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To this end each investment transaction shall seek to first ensure that capital losses are avoided.
2. Legality – Investments by the government of the School District of Johnson Creek shall be made in accordance with Federal Law, Wisconsin Revised Statutes (particularly, WISSTATS 34.07, 66.04, 67.11, and 219.05), and this Investment Policy.
3. Liquidity – Investments by the government of the School District of Johnson Creek shall be of sufficient liquidity to meet the cash requirements of the District.
4. Yield – Investments by the School District of Johnson Creek shall be designed to attain a market-average rate of return throughout budgetary and economic cycles, taking into account the District’s investment risk constraints and the cash flow characteristics of the portfolio.

5. Public Trust – Investments by the government of the School District of Johnson Creek shall be designed and managed with a degree of professionalism worthy of the public trust.

AUTHORITY

In accordance with Wisconsin Revised Statute 62.09(9), the authority to conduct investment transactions resides with the District Administrator/Business Manager.

Management responsibility for the investment program is delegated to the District Administrator/Business Manager. No person may engage in an investment transaction except as provided under the terms of this Policy, and under the procedures established by the District Administrator/Business Manager and approved by the Finance Committee. The District Administrator/Business Manager shall be responsible to the Board of Education for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

The Investment Committee for the School District of Johnson Creek shall be the Finance Committee of the Board of Education. The Committee shall exercise oversight of the investment process, and shall review this Investment Policy on an annual basis by May 1st. This Investment Policy document shall not be altered without the permission of the Board of Education of the School District of Johnson Creek.

In order to optimize total return through active portfolio management, resources shall be allocated, within the District Budget each year, to the cash management and investment management programs. This commitment of resources shall include financial and staffing considerations.

PRUDENCE

Investments shall be made with judgment and care – under circumstances then prevailing – which persons of prudence, discretion, and intelligence exercise in the management of their own affairs. The standard of prudence to be used by investment officials shall be the “prudent person” rule and shall be applied in the context of managing an overall portfolio.

ETHICS

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the Board of Education any material financial interests in financial institutions that conduct business with the School District of Johnson Creek, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the School District of Johnson Creek’s portfolio. Employees and officers shall subordinate their personal investment transactions to those of the School District of Johnson Creek with regard to the timing of purchases and sales.

INDEMNIFICATION

Investment officers, acting in accordance with this Investment Policy, following approved investment procedures, and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported to the Finance Committee in a timely fashion and appropriate action is taken to control adverse developments.

MONITORING AND ADJUSTING THE PORTFOLIO

The School Business Manager and Finance Committee shall routinely monitor the contents of the portfolio, the available markets, and the relative values of competing instruments, and will adjust the portfolio accordingly.

AUTHORIZED INVESTMENTS

The School Business Manager is authorized to purchase securities for investment which are permissible investments from money in his/her custody which is not required for the immediate needs of the District as he/she deems wise and expedient (to the extent allowed by this investment Policy document), and to sell or exchange for other eligible securities and re-invest the proceeds of the securities sold or exchanged.

The investment activity of Wisconsin public funds is governed by WISSTAT 66.04(2) and other sections of the Wisconsin Statutes. Permissible investments are restricted to the following types of securities:

Checking, Savings, and Certificate of Deposit Accounts

Time deposits in any credit union, bank, savings bank, trust company or savings and loan association which is authorized to transact business in the State of Wisconsin, if the time deposits mature in not more than three years:

U.S. Government and U.S. Government Agency Securities

Bonds or securities issued or guaranteed as to principal and interest by the Federal government, or by a commission, board, or other instrumentality of the Federal government:

Municipal Bonds of Wisconsin Governmental Units

Bonds or securities of any county, city, drainage district, vocational, technical and adult education district, village, town, or school district of the State of Wisconsin:

School District of Johnson Creek Securities (or Those of its Component Units)

Bonds or securities issued under the authority of the District, whether the bonds or securities create general municipal liability or a liability of the property owners of the District for special improvements:

The Local Government Pooled Investment Fund

Certain Mutual Funds

Securities of open-end management investment companies or investment trusts (mutual funds) if:

1. the investment company or investment trust does not charge a sales load (sales fee);
2. the investment company or investment trust is registered under the Investment Company Act of 1940; and
3. the portfolio of the investment company or investment trust is limited to the following:
 - i. bonds and securities issued by the Federal government or a commission, board, or other instrumentality of the Federal government;
 - ii. bonds guaranteed as to principal and interest by the Federal government or a commission, board, or other instrumentality of the Federal government; or
 - iii. repurchase agreements that are fully collateralized by these bonds or securities.

AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

Under WISSTAT 34.05(1), the Board of Education of the School District of Johnson Creek shall, by resolution, designate public depositories to be used for the deposit of all public moneys received by the School Business Manager. Approved public depositories are limited by Wisconsin Statute to those authorized to transact business in the State of Wisconsin. The School District of Johnson Creek further restricts authorized public depositories to financial institutions which are members of the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, the Wisconsin Credit Union Savings Insurance Corporation, or those institutions eligible for coverage under the State of Wisconsin deposit guarantee program. The State of Wisconsin Local Government Investment Pool is considered authorized under this Investment Policy.

The School Business Manager shall maintain a list of financial institutions authorized by the Board of Education to serve as approved depositories of the School District of Johnson Creek. Only approved depositories shall be allowed to provide investment services to the District.

COLLATERALIZATION OF FUNDS

Under WISSTAT 20.124 (1)(a), the State of Wisconsin pledges general purpose revenues for the payment of losses of public deposits from authorized public depositories until the balance of the State's appropriation is exhausted. No payment for a loss will be made by the State in excess of \$400,000 for any one public depositor in any individual public depository. Because the FDIC, the WCUSIC, and FSLIC insure deposits of a public depositor is insured for up to \$250,000 for interest bearing accounts and unlimited for non-interest bearing accounts, in any one public depository.

Authorized public depositories shall fully collateralize all certificates of deposit or other time deposits of the District for all amounts over and above the FDIC limits. Such securities shall be delivered to the School District of Johnson Creek or a Custodial Bank with which the District has entered into such Custodial Agreement. All collateral agreements will be written so as to preclude release of the assets without the approval of the District. The market value of the collateral shall at all times be equal to or exceed 102% of the principal amount of the time deposit. Value of the collateral shall be monitored periodically. The District Administrator/Business Manager shall be authorized to sign for agreements with the Custodial Bank for the receipt for any pledged securities.

The District will not authorize as a public depository any financial institution unwilling or incapable of posting required collateral for funds in excess of insured or guaranteed limits.

The requirements of the Collateralization of Funds section do not apply to overnight investments made in Certain Mutual Funds (as described earlier).

MATURITIES

To the extent possible, the School District of Johnson Creek will attempt to match its investments with anticipated cash flow requirements.

Except for debt service funds, nonexpendable trust funds, and assets provided for the payment of other long-term obligations, the assets of the government of the School District of Johnson Creek shall be invested in instruments, the maturity of which do not exceed two years at the time of purchase. For the general fund and other operating funds, maturities shall not exceed one year, unless a temporary extension of maturities is approved by the Finance Committee. In such cases the average maturity of the operating funds portfolio shall not exceed one year. Assets held in debt service funds, nonexpendable trust funds, and the general long-term obligations account group may be invested in maturities exceeding two years only with approval of the Finance Committee.

DIVERSIFICATION

The School District of Johnson Creek will diversify use of investment instruments to avoid incurring unreasonable risks inherent in over investing in specific instruments

Diversification by Instrument

U.S. Treasury Obligations	Up to 100% of Portfolio
U.S. Government Agency Securities	Up to 75% of Portfolio
Certificates of Deposit (Local Institutions)	Up to 75% of Portfolio
Local Government Investment Pool	Up to 75% of Portfolio

REPORTING

The District Administrator/Business Manager shall establish sufficient records and accounts to detail each investment as to purchase date, cost, term, maturity, date, rate, and yield. The School Business Manager shall report at least twice annually to the Finance Committee of the Board of Education the average daily investment and the average yield obtained on all funds invested under this Investment Policy.

AUDITS

In conjunction with the annual examination of the books and records of the District by an independent certified public accounting firm, all accounts and investments will be confirmed with the financial institutions involved. The annual financial statements will also include information as to the insured and collateralized limits of all public funds examined.

ASSET MANAGEMENT

Overall asset management strategies of the District are directed by this Investment Policy document. Approaches to investment portfolio management in general should be viewed in light of these documents taken as a whole.

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