



Book	Policy Manual
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### **Purpose**

It shall be the policy of the Board of School Directors ("Board") of Springfield School District ("District") to optimize its return through investment of cash balances in such a way as to minimize noninvested balances and to maximize return on investments.

The primary objectives of investment activities, in priority order, shall be:

**Legality** – All investments shall be made in accordance with applicable laws of the Commonwealth of Pennsylvania.

**Safety** – Safety of principal shall be of highest priority. Preservation of capital in the portfolio of investments shall be ensured through the mitigation of credit risk and interest rate risk.

**Liquidity** – Investments shall remain sufficiently liquid to meet all operating requirements that are reasonably anticipated. A fiscal year operations anticipated cash flow shall be developed so that investments can be made as early as possible, with maturities concurrent with anticipated cash demands.

**Yield** – Investments shall be made with the objective of attaining a market-average rate of return throughout the budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs.

### **Authority**

All investments of the District made by an officer and/or employee of the District shall be made in accordance with this policy and a Board-approved investment program. [\[1\]](#)[\[2\]](#)[\[3\]](#)[\[4\]](#)

### **Definitions**

**Short-Term** – any period thirteen (13) months or less.

**Long-Term** – any period exceeding forty-eight (48) months' duration.

**Mid-Range** – any period between short-term and long-term.

**Concentration of Credit Risk** – the risk associated with the consolidation of investments in a single pool, institution, or instrument.

**Credit Risk** – the risk of loss of principal due to the failure of the security issue or backer of the issue.

**Custodial Credit Risk** – the risk of loss associated with consolidation of investments with a single institution where the District may rely on the institution to hold investments on behalf of the District or through collateral action when the instruments are not in the District name.

**Foreign Currency Risk** – the risk associated with investment in foreign currency that is subject to market fluctuation and associated currency conversion.

**Interest Rate Risk** – the risk that the market value of securities will fall due to changes in general interest rates.

**Investment program** – the specifically enumerated and Board-approved investment strategy.

**Principal** – A sum of money placed at interest, e.g. on loan or allocated as a fund (i.e. for a specific purpose), or as an investment.

**Capital** – Funds utilized for obtaining land, building(s), or machinery which is/are gradually consumed over time.

### **Delegation of Responsibility**

The Board shall delegate to a designated individual the responsibility to manage the District's investment program, in accordance with written, Board-approved procedures for operation of the investment program.[\[1\]](#)

An annual review of the investment program shall be prepared by the designated individual, based upon the anticipated cash flow of all District funds, i.e. general, capital reserve, bond, etc. The investment program shall be submitted to the Board no later than ninety (90) days after adoption of the annual budget.

The designated individual responsible for investments shall report monthly to the Board the following:  
[\[1\]](#)[\[5\]](#)

1. Amount of funds invested.
2. Interest earned and received to date.
3. Types and amounts of each investment and the interest rate on each.
4. Names of the institutions where investments are placed.
5. Current market value of the funds invested.

The Board directs the Superintendent or their designee to have developed written procedures that will ensure compliance with this policy. Such procedures shall include, but not be limited to, a disclosure form for designated individuals involved in the investment process and/or required written statements for investment advisors and/or bidders.

### **Parameters**

Investments permitted by this policy are those defined in Section 440.1 of the School Code, as amended, which are collateralized in accordance with applicable laws.[\[1\]](#)

All securities shall be purchased in the name of the District, and custody of the securities shall be specified within the District's investment program.

An exception to purchases in the name of the District is permitted for the purchase of shares of an investment company that is or conducts business voluntarily in compliance with SEC section 2a7.[\[6\]](#)

All investment advisors and/or bidders shall verify in writing that they have received a copy of this policy. Such written statement shall indicate that the investment advisors and/or bidders have read and understand this policy and all applicable statutes related to school district investments, along with their intent to comply fully with these requirements.[\[1\]](#)

The District shall require all investment advisors/bidders to submit every three years any or all of the following, as appropriate:

1. Audited financial statements.

2. Proof of National Association of Securities Dealers (NASD) certification.

3. Proof of state registration.

#### Disclosure

Designated officers and employees involved in the District's investment process shall disclose any personal business activity that could conflict with the proper execution and management of the investment program or could impair his/her ability to make impartial decisions.[7]

#### Audit

The Board directs that all investment records be subject to annual audit by the District's independent auditors.[8]

The audit shall include but not be limited to independent verification of amounts and records of all transactions, as deemed necessary by the independent auditors.

It shall be the responsibility of the investment advisor and/or bidder to maintain necessary documents to permit independent audit of the District's investments.

#### Bond Proceeds

Bond proceeds shall be invested in accordance with the Local Government Unit Debt Act and applicable federal and state laws, subject to approval by the solicitor and/or bond counsel and the Board.[9]

Investment transactions arising from bond proceeds shall be reported monthly to the Board, in accordance with this policy.

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#### Legal

[1. 24 P.S. 440.1](#)

[2. 24 P.S. 621](#)

[3. 24 P.S. 622](#)

[4. 24 P.S. 623](#)

[5. 72 P.S. 3836 et seq](#)

[6. 17 CFR Part 270](#)

[7. 65 Pa. C.S.A. 1101 et seq](#)

8. Pol. 619

[9. 53 Pa. C.S.A. 8001 et seq](#)