

## CHAPTER 7.00 - BUSINESS SERVICES

### INVESTMENT OF FUNDS

7.35

- I. ~~Based upon a written system of internal controls and operational procedures, the Superintendent shall invest temporarily idle funds to earn the maximum return for the period available. Highest priority shall be placed on the safety and liquidity of funds. Funds may be placed in the following types of investments:~~
  - A. ~~Bids from qualified depositories;~~
  - B. ~~Financial deposit instruments insured by the Federal Deposit Insurance Corporation (FDIC);~~
  - C. ~~Time deposits;~~
  - D. ~~Securities of the United States Government including obligations of the United States Treasury; or,~~
  - E. ~~Investment pools managed and directed by an approved agency of the state.~~
- II. ~~The principal shall invest temporarily idle internal account funds in qualified depositories at the best available return subject to the advice of district staff trained in investment practices and procedures.~~
- III. ~~Other investments may not be made unless specifically authorized.~~

#### ~~STATUTORY AUTHORITY:~~

~~1001.42, 1011.18, F.S.~~

#### ~~LAWS IMPLEMENTED:~~

~~218.415, 1001.32, 1001.51(11)(j), 1001.43, F.S.~~

#### ~~STATE BOARD OF EDUCATION RULES:~~

~~6A-1.085~~

#### ~~HISTORY:~~

~~Adopted: 8/21/01  
Revision Date(s): 9/1/09  
Formerly: 6.109; 6.113; 6.210~~

#### ~~NOTES:~~

~~No Procedure Necessary~~

## **1. PURPOSE**

The purpose of this Policy is to set forth the investment objectives and parameters for the management of the funds of the School Board. This Policy is designed to ensure the prudent management of public funds, the availability of operating and capital funds when needed, and an investment return competitive with comparable funds and financial market indices.

## **2. SCOPE**

In accordance with Section 218.415, Florida Statutes, this Policy applies to all cash and investments held or controlled by the School Board with the exception of funds related to the issuance of debt where there are other existing policies or indentures in effect for such funds.

## **3. INVESTMENT OBJECTIVES**

### Safety of Principal

The foremost objective of this investment program is the safety of the principal of those funds within the portfolio. Investment transactions shall seek to keep capital losses at a minimum, whether they are from securities defaults or erosion of market value. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

### Maintenance of Liquidity

The portfolio shall be managed in such a manner that funds are available to meet reasonably anticipated cash flow requirements in an orderly manner. Periodic cash flow analyses will be completed in order to ensure that the portfolio is positioned to provide sufficient liquidity.

### Return on Investment

The portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of least importance compared to the safety and liquidity objectives described above. However, return is attempted through active management where the School Board utilizes a total return strategy (which includes both realized and unrealized gains and losses in the portfolio). This total return strategy seeks to increase the value of the portfolio through reinvestment of income and capital gains. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Despite this, securities may be

traded to recognize a loss from time to time to achieve relative value based on its potential to enhance the total return of the portfolio.

#### **4. INVESTMENT POLICY GUIDELINES**

In accordance with Section 218.415, Florida Statutes, the School Board's policy provides investment guidelines for each of the following which are incorporated herein and set forth in the Investment Policy Guidelines:

- Delegation of Authority
- Standards of Prudence
- Ethics and Conflicts Of Interest
- Internal Controls and Investment Procedure
- Continuing Education
- Authorized Investment Institutions and Dealers
- Maturity and Liquidity Requirements
- Competitive Selection of Investment Instruments
- Authorized Investments and Portfolio Composition
- Derivatives and Reverse Repurchase Agreements
- Performance Measurements
- Reporting
- Third-Party Custodial Agreements
- Investment Policy Adoption

**STATUTORY AUTHORITY:**

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**NOTES:**

**Guidelines Attached**