



SECTION VI: BUSINESS, TECHNOLOGY & OPERATIONS POLICY 6130

INVESTMENT, DEPOSITORY INSTITUTIONS AND COLLATERALIZATION OF DISTRICT FUNDS

This investment policy is adopted in accordance with the provisions of applicable law by the Board of Education, Broken Arrow School District (the "District"). This policy sets forth the investment policy for the management of the public funds of the District. The policy is designed to ensure prudent management of public funds, the availability of funds when needed, and reasonable investment returns.

Investment Authority

The District Treasurer is required by the Board of Education to invest District monies in the custody of the Treasurer in those investments permitted by law. The Treasurer shall, to the extent practicable, use competitive bids when purchasing direct obligations of the United States Government or other obligations of the United States Government, its agencies or instrumentalities. The District Treasurer shall limit investments to:

1. Direct obligations of the United States Government to the payment of which the full faith and credit of the Government of the United States is pledged; provided the District Treasurer, after completion of an investment education program in compliance with applicable law, may invest funds in the investment account in other obligations of the United States Government, its agencies or instrumentalities;
2. Obligations to the payment of which the full faith and credit of this state is pledged;
3. Certificates of deposits of banks when such certificates of deposits are secured by acceptable collateral as in the deposit of other public monies;
4. Savings accounts or savings certificates of savings and loan associations to the extent that such accounts or certificates are fully insured by the Federal Savings and Loan Insurance Corporation;
5. Repurchase agreements that have underlying collateral consisting of those items specified in paragraphs 1 and 2 above, including obligations of the United States, its agencies and instrumentalities, and where the collateral has been deposited with a trustee or custodian bank in an irrevocable trust or escrow account established for such purposes;
6. County, municipal or school district direct debt obligations for which an ad valorem tax may be levied or bond and revenue anticipation notes, money judgments against such county, municipality or school district ordered by a court of record or bonds or bond and revenue anticipation notes issued by a public trust for which such county, municipality or school district is a beneficiary thereof. All collateral pledged to secure public funds shall be valued at no more than market value;
7. Money market mutual funds regulated by the Securities and Exchange Commission and which investments consist of obligations of the United States, its agencies and instrumentalities, and investments in those items and those restrictions specified in paragraphs 1 through 6 above;



SECTION VI: BUSINESS, TECHNOLOGY & OPERATIONS POLICY 6130

INVESTMENT, DEPOSITORY INSTITUTIONS
AND COLLATERALIZATION OF DISTRICT FUNDS

8. Warrants, bonds, or judgments of the District;
9. Qualified pooled investment programs through an interlocal cooperative agreement formed pursuant to applicable law and to which the board of education has voted to be a member, the investment of which consist of those items specified in paragraphs 1 through 8 above, as well as obligations of the United States, its agencies and instrumentalities; or
10. Any Other investment that is authorized by law.

Investment Philosophy

This policy shall be based upon a “prudent investor” standard. The Board of Education recognizes that those charged with the investment of public funds act as fiduciaries for the public, and, therefore the Treasurer is directed to exercise the judgment and care that persons of ordinary prudence, discretion, and intelligence exercise in the management of their own affairs as to the permanent non-speculative disposition of their funds, with due consideration of probable income earnings and probable safety of capital. In investing the District’s funds, the Treasurer shall place primary emphasis on safety and liquidity of principal and earnings thereon.

1. Safety of Principal: Although investments are made to produce income for the District, investments will be made in a manner that preserves principal and liquidity.
2. Liquidity: Available funds will be invested to the fullest extent practicable in interest-bearing investments or accounts, with the investment portfolio remaining sufficiently liquid to meet reasonable anticipated operating requirements.
3. Yield: The portfolio will be designed to attain maximum yield within each class of investment instrument, consistent with the safety of the funds invested and taking into account investment risk and liquidity needs.
4. Diversification: The investment portfolio will be diversified to avoid one class of investment or one institution having a disproportionate impact on the portfolio. Provided this restriction will not apply to securities of the United State Treasury backed by the full faith and credit of the United States Government.
5. Maturity: Investments may have maturities up to 18 months provided sufficient liquidity is available to meet major outlays, and except that general fund investments may not exceed 12 months.
6. Quality of the Instrument and Capability of Investment Management: The Superintendent of Schools shall be responsible for seeing that the Treasurer and any Assistant Treasurer are qualified and capable of managing the investment portfolio and satisfactorily complete any investment education programs required by state law or by the Board of Education.

Safekeeping and Custody

The Treasurer will maintain a list of the financial institutions and pooled investment programs governed by an interlocal cooperative agreement formed pursuant to 70 Okla. Stat. tit. 70, § 5-117b



SECTION VI: BUSINESS, TECHNOLOGY & OPERATIONS POLICY 6130

INVESTMENT, DEPOSITORY INSTITUTIONS AND COLLATERALIZATION OF DISTRICT FUNDS

which are authorized to provide investment services, and will maintain a separate list of financial institutions with collateral pledged in the name of the District.

1. Securities purchased from a bank or dealer, including any collateral required by state law for a particular investment, shall be placed under an independent third party custodial agreement. The Trust Department of a financial institution will be considered to be independent from the financial institution.
2. All securities will be in book entry form, and physical delivery of securities will be avoided.
3. Telephone transactions may be conducted, but such transactions must be supported by written confirmation, which may be made by way of a facsimile on letterhead with authorized signatures of the safekeeping institution.
4. Written transactions and confirmations of transactions by computer connections will be kept in the Treasurer's Office.

Reporting and Review of Investments

The Treasurer will prepare an investment report to be submitted to the Board of Education on a monthly basis. The report will include:

1. A list of individual securities held at the end of the reporting period.
2. The purchase and maturity dates of these securities.
3. The name and fund for these securities.
4. The yield rate of these securities.
5. Any collateral pledged by a custodian.

The Board of Education shall review the Treasurer's investment performance on a regular basis that is no less frequent than monthly.

Depository Institutions

Designation of depository institution status shall be given to financial institutions upon approval by the Superintendent and Treasurer. The Treasurer will prepare financial reports detailing depository institutions to be submitted to the Board of Education on a monthly basis.

Collateralization of District Funds

When a bank desires to provide collateralization of funds in addition to the \$100,000 provided through FDIC, only those securities which are permitted by law shall be accepted as security of school district funds.

Securities must be pledged to the school district at 110% of deposits with the bank.



SECTION VI: BUSINESS, TECHNOLOGY & OPERATIONS POLICY 6130

INVESTMENT, DEPOSITORY INSTITUTIONS AND COLLATERALIZATION OF DISTRICT FUNDS

An accounting of the book value and market value of collateral pledged to the school district shall be provided by the pledging institution on a monthly basis and at other times by special request in order to monitor security of funds.

Source: *Broken Arrow Board of Education policy adoption, November 2, 1981.*
Broken Arrow Board of Education policy affirmed, July 5, 1983.
Broken Arrow Board of Education policy revised, January 20, 1986.
Broken Arrow Board of Education policy revised, August 9, 1993.
Broken Arrow Board of Education policy revised, September 20, 1999.
Broken Arrow Board of Education policy revised, March 13, 2006.
Broken Arrow Board of Education policy revised, July 13, 2009.