

INVESTMENT POLICY

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3 This policy is to establish investment objectives and parameters for the management of public
4 funds of the Mountain Home School District. These objectives and parameters are designed to
5 safeguard funds through the minimization of credit risk and investment rate risk, to assure
6 availability of funds when needed and provide an investment return competitive with comparable
7 funds and financial market indexes. This policy does not apply to funds related to issuance of debt
8 where there are other indentures and covenants in effect for such funds.

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10 This Board may invest any money coming into the hands of the district in investments as permitted
11 by Idaho Code Section 67-1210 pertaining to the investment of idle or surplus monies and Idaho
12 Code Section 57-101, et seq., pertaining to designated depository.

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14 The Board shall designate the District's Treasurer to manage investment funds in accordance with
15 this policy in the priority order of safety, liquidity, and yield. The Treasurer shall refrain from
16 personal business activity, which could conflict with proper execution of the investment program.
17 The Treasurer shall disclose to the Board any material financial interests in any qualified
18 institutions that conduct business with the Board, or the District and they shall further disclose any
19 material personal financial investment positions that could be related to the performance of the
20 District's investment program.

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22 The Treasurer shall invest and manage all funds (except from debt when other indentures apply)
23 under the direction and control of the Board with the objective to minimize risk, maintain liquidity,
24 and maximize yield. The foremost objective of this investment program is the safety of the
25 principal of funds. The District will achieve this objective by minimizing credit risk and interest
26 rate risk.

27
28 **Any investments of idle or surplus monies shall be invested with a designated depository**
29 **wherein the investment shall be fully insured under the Federal Deposit Insurance**

30 Corporation (FDIC) provisions when possible and practicable. The board shall designate
31 such investment with due care and prudence, including review of financial ratings and other
32 relevant factors in selecting potential designated depository or depositories to be utilized, to
33 fulfill its fiduciary duties to the district as a whole and to public funds. The board shall at all
34 times seek consultation and advice as may be necessary to make prudent determination as
35 to the protection of such funds and the management of risks to those funds. Unless otherwise
36 provided by law, any interest or profit accrued from the investment of any funds will be
37 credited to the general fund of this district.

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39 **CREDIT RISK**

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41 The District will minimize Custodial Credit Risk, which is the risk of loss due to the failure of a
42 security issuer or backer, by limiting investments to the types of securities listed in this investment
43 policy, and prequalifying the financial institutions, brokers/dealers, intermediaries, and advisors
44 with which the District will do business.

45

46 The District will minimize Concentration of Credit Risk, which is the risk of loss attributed to the
47 magnitude of the district's investment in a single issuer, by diversifying the investment portfolio
48 so the impact of potential losses from any one type of security or issuer will be minimized.

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50 **INTEREST RATE RISK**

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52 The District will minimize Interest Rate Risk, which is the risk that market value of securities in
53 the portfolio will fall due to changes in market interest rates, by structuring the portfolio so the
54 securities mature to meet cash requirements for ongoing operations; thereby avoiding the need to
55 sell securities in the open market, and investing operating funds primarily in shorter-term
56 securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting
57 the average maturity in accordance with the District's cash requirements. The funds shall be
58 managed such that they are available to meet reasonably anticipated cash flow requirements.

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60 **YIELD/RETURN ON INVESTMENT**

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62 Investment portfolios shall be designed with the objective of attaining a market rate of return
63 throughout budgetary and economic cycles, taking into account the investment risk constraints and
64 liquidity needs. It is understood that return on equity is of secondary importance when compared
65 to the safety and liquidity objectives described above.

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67 **FOREIGN CURRENCY RISK**

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69 The District will not invest in investments denominated in foreign currency, and the potential risk
70 of loss arising from changes in exchange rates.

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72 **AUTHORIZED INVESTMENT INSTITUTIONS AND DEALERS**

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74 Only firms meeting the following requirements shall be eligible to serve as “Authorized
75 Institution”:

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- 77 1. Primary and regional dealers who qualify under the Securities and Exchange Commission
- 78 Rule 15C3-1 (uniform net capital rule), and
- 79 2. Capital of no less than \$10,000,000.00, and
- 80 3. Registered as a dealer under the Securities Exchange Act of 1934, and
- 81 4. A member of the National Association of Securities Dealers (NASD), and
- 82 5. Registered to sell securities in the State of Idaho, and
- 83 6. The firm and assigned broker have been engaged in the business of effecting transactions
- 84 in U.S. Government and agency obligations for at least five consecutive years or,
- 85 7. Any Public Depository qualified in accordance with Idaho Code (I.C.) 67-1210.

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87 All brokers, dealers, and other financial institutions deemed to be Authorized Institutions shall be
88 provided with current copies of the investment policy, and any related procedure(s), and shall
89 provide in return to the Board, certification of having read, understood, and agree to comply with
90 the terms and conditions thereof.

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92 **AUTHORIZED INVESTMENTS AND PORTFOLIO COMPOSITION**

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94 Investments and Depositories are restricted to those complying with I.C. 67-1210.

95 These include:

96

97 1. United States Government Securities

98 2. United States Government Agencies

99 3. Federal Instrumentalities

100 4. Certificates of Deposit

101 5. Repurchase Agreements of government securities

102 6. Bankers' Acceptance

103 7. Registered Investment Companies (Money Market Mutual Funds)

104 8. Investment Pools composed entirely of instruments that are legal for direct investment by
105 an intermediate school district (Idaho State Investment Pool)

106

107 A maximum of 50% of the investment portfolio can be composed of Certificates of Deposit,
108 Bankers' Acceptance, non-government money market mutual funds, or any combination thereof.

109 No investment portfolio may contain any Commercial Paper. Short-term investments are required

110 to be made in corporations organized in the United States with assets exceeding \$500,000,000.00,

111 and whose obligations are rated with one of the top two classifications (AAA or AA) at the time

112 of the purchase as rated by both S&P and Moody's. Short-term obligations must have a maturity

113 life not to exceed 185 calendar days. Government Securities (as defined by the Government

114 Securities Act of 1986) must be purchased from a custodial bank, which is a member of the Federal

115 Reserve System and authorized to conduct business in the State of Idaho. Repurchase Agreements

116 must have a maturity not to exceed one day.

117

118 Securities shall be registered and collateralized in the District's name and held by a third-party

119 custodian. Safekeeping practices should qualify for the Governmental Accounting Standards

120 Board Statement #3 and Statement #40.

121

122 The policy shall be reviewed from time to time. The District’s Board of Trustees must adopt any
123 changes to the policy.

124

125 **DEFINITION**

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127 “Designated depository” is defined as any national bank, state bank, trust company, federal
128 savings and loan association, state savings and loan association, federal credit union, or state
129 credit union located within the geographical boundaries of this district. “Designated
130 depository” may also include such entity located outside the boundaries of this district if no
131 entity exists within this district’s boundaries, or no such entity exists which will accept such
132 funds, and the board of trustees designates a depository within the state but outside the
133 boundaries of this district.

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138 **LEGAL REFERENCE:**

139 Idaho Code Sections: 33-701
140 33-901
141 57-101, *et seq.*
142 67-1210
143 Governmental Accounting Standards Board (GASB) Statement #3 and
144 Statement #40

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147 **ADOPTED:** June 20, 2006

148 Reviewed: October 18, 2011

Revised: June 21, 2016

Reviewed: