GREATER JOHNSTOWN CAREER & TECHNOLOGY CENTER

SECTION: FINANCES

TITLE: INVESTMENT OF FUNDS

ADOPTED: February 26, 2008

REVISED:

	609. INVESTMENT OF FUNDS
1. Purpose	It shall be the policy of the Joint Operating Committee 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 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.
2. Authority SC 440.1, 621, 622, 623	All investments of the center made by an officer and/or employee shall be made in accordance with this policy and a Joint Operating Committee-approved investment program.
3. 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 center may rely on the institution to hold investments on behalf of the center or through collateral action when the instruments are not in the center's 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 Joint Operating Committee-approved investment strategy.
4. Delegation of Responsibility SC 440.1	The Joint Operating Committee shall delegate to a designated individual the responsibility to manage the center's investment program, in accordance with written, Joint Operating Committee-approved procedures for operation of the investment program. An annual review of the investment program shall be prepared by the designated individual, based upon the anticipated cash flow of all center funds, i.e. general, capital reserve, bond, etc. The investment program shall be submitted to the Joint Operating Committee no later than sixty (60) days after adoption of the annual budget.
SC 440.1	The designated individual responsible for investments shall report monthly to the Joint Operating Committee the following: 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.

	6. Other information required by the Joint Operating Committee. The Joint Operating Committee directs the Administrative Director or designee to have developed written procedures that will ensure compliance with this policy. Such procedures shall include a disclosure form for designated individuals involved in the investment process and/or required written statements for advisors and bidders.
5. Guidelines SC 440.1	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. All securities shall be purchased in the name of the center, and custody of the securities shall be specified within the investment program.
17 CFR Part 270	An exception to purchases in the name of the center is permitted for the purchase of shares of an investment company that is or conducts business voluntarily in compliance with SEC section 2a7.
SC 440.1	All investment advisors or bidders shall verify in writing that they have received a copy of this policy. Such written statement shall indicate that they have read and understand this policy and all applicable statutes related to center investments, along with their intent to comply fully with these requirements. The center shall require all investment advisors/bidders to submit annually 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. 4. Provide annually the rating from a recognized rating agency. <u>Disclosure</u>
65 P.S. Sec. 1101 et seq	Designated officers and employees involved in the center'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 their ability to make impartial decisions.

	Audit The Joint Operating Committee directs that all investment records be subject to annual audit by the center's independent auditors. 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 center's investments.
53 Pa. C.S.A. Sec. 8001 et seq, 8224	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 Joint Operating Committee. Investment transactions arising from bond proceeds shall be reported monthly to the Joint Operating Committee, in accordance with this policy.
SC 218 GASB Stmt 40	Compliance With GAAP The following is intended to guide the center's investments as limited by Section 440.1 of the School Code: 1. Center funds shall not be invested in foreign currency and shall not have any related risk that would require disclosure pursuant to GASB Statement 40. 2. Center investments shall limit the exposure to loss of principal due to market changes in interest rates. 3. Center investments in authorized instruments that are not backed by the “full faith and credit” of the federal or state government shall be limited to those with the highest credit rating available for such instruments issued by a recognized organization. If, after purchase, the rating of any instrument is reduced and is no longer in compliance with this policy, the individual responsible for center investments shall advise the Joint Operating Committee at the earliest opportunity of such action and make recommendations for altering investments.

4. When center funds are invested in any one (1) issuer other than designated depository accounts (which includes external investment pools), and securities issued or explicitly guaranteed by the U.S. Government (owned directly by the district), the amount of the investment shall be unlimited, but the Joint Operating Committee shall be notified of such investment monthly.

5. For purposes of interest rate disclosure in the annual financial report, the method of determining interest rate risk shall be based on weighted average maturity.

References:

School Code – 24 P.S. Sec. 218, 440.1, 621, 622, 623

Ethics Standards And Financial Disclosure – 65 P.S. Sec. 1101 et seq.

Local Government Unit Debt Act – 53 Pa. C.S.A. Sec. 8001 et seq., 8224

Investment Companies, Title 17, Code of Federal Regulations – 17 CFR Part 270

Governmental Accounting Standards Board, Statement No. 40