

**SERIES 600
FISCAL MANAGEMENT**

666 Administrative Rule

GUIDELINES FOR INVESTMENT OF DISTRICT FUNDS

Investments are permitted only in financial institutions designated as a public depository by the School Board, in the Local Government Pooled Investment Fund, PMA Investments and in the Wisconsin Investment Services Cooperative (WISC) in accordance with established Board policies. Monies invested in PMA Investment and WISC may be invested in commercial paper when the security has the highest and second highest rating of one of the three national rating agencies (Moody's Investor Services, Standard & Poor or Fitch)

The Business Office may require financial institutions to submit reasonable information deemed necessary for the purpose of evaluating an institution's financial and operating condition. The information may include:

1. Most recent audit report
2. Most recent quarterly report submitted to the supervising federal agency
3. Most recent Uniform Bank Performance Report
4. Information on rating of the bank and/or bank holding company by rating firm.
5. Most recent management plan expressing overall mission of the financial institution

The Business Manager, at his/her discretion, may temporarily terminate use of a financial institution, pending consideration by the Finance Committee, if any of the following situations occur:

1. The depository requests to be removed from the approved list.
2. The Business Manager is concerned with the institution's financial condition as explained below.
3. The depository refused to provide the district with necessary information as requested.
4. The operating procedures of the depository create inefficiencies for the district.

Review of Financial Institutions

Analytical services of an independent rating firm may be used to perform a periodic financial review. The financial review should attempt to emphasize the short-term nature of district investments and be concerned with:

1. Liquidity
2. Credit Risk
3. Interest Rate
4. Profitability
5. Capital

If a financial institution is rated in the lower 20% of peer banks, additional information on the depository will be reviewed. This additional information may include:

1. Rating from other independent rating firms;
2. Relationship of the financial institution with holding companies and the financial stability of the holding company;
3. Ratings of investment or credit services; and
4. Other factors deemed appropriate by the Finance Committee.

Collateral

The Business Manager shall collateralize deposits and investments when directed by the Building and Finance Committee. Acceptable collateral are listed below in order of preference:

1. Obligations of the Treasury of the United States (Treasury Bills and Notes)
2. Obligations backed by the full faith and credit of the United States
3. State and municipal bonds backed by the full faith and credit of the issuing agency (fully insured issues are preferred)
4. Commercial loans
5. Letters of credit issued by a Federal Home Loan Bank

The district may request collateral at a minimum of 100% of the value of the deposit or investment. To determine the maximum level of collateral that can be required, the value of the investment at maturity should be determined and then multiplied by 110%. The collateral may be marked (To Market) on a monthly basis. The current value of the investment will be established using AICPA guidelines.

At the discretion of the Finance Committee, the district will require that the collateral be placed in a trust account, specifically marked as being held on behalf of the district, at a financial institution.

Legal Reference:

Cross References: 666 Investment of District Funds

Date of Adoption: December 17, 2008

Date of Revision: June 18, 2014