

MEMO

Date: January 6, 2020
To: MVCSC School Board of Trustees
From: Greg Elkins, Chief Financial Officer
Subject: 2019 Interest Earnings
CC: Dr. Jack Parker, Superintendent

Board Policy #6144 (copy attached) allows investments as follows:

- A. Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State;
- B. Certificates of deposit issued by a State or National bank organized and authorized to operate a bank in this State;
- C. Any other financial instrument authorized by Indiana laws. Public Law 43, effective July 1, 2012, expanded our ability to invest in longer-term funds.

Attached is a copy of the pertinent part of this law. Because this allows limited investment in longer-term instruments, we expect to earn up to additional investment income. This law requires the Board to pass a resolution specifically allowing this type of investments. Resolution 2020-02 is included in your board packet. Note that these investments would still fall under the guidelines established by Board Policy F200.

IC 5-13-9-5.7 Political subdivision investment policy

Sec. 5.7.

(a) The fiscal body of a political subdivision may adopt an investment policy authorizing the investment of public

funds of the political subdivision for more than two (2) years and not more than five (5) years. The policy must:

- (1) be in writing;
- (2) be adopted at a public meeting;
- (3) provide for the investment of public funds with the approval of the investing officer;
- (4) provide that the investments must be made in accordance with this article;
- (5) limit the total investments outstanding under this section to not more than twenty-five percent (25%) of

the total portfolio of public funds invested by the political subdivision, including balances in transaction accounts; and

(6) state a date on which the policy expires, which may not be more than four (4) years after the date on which the policy takes effect.

(b) A policy adopted by a fiscal body under subsection (a) remains in effect only through the date of expiration established in the policy, which may not be more than four (4) years after the date on which the policy takes effect.

(c) A fiscal body that has adopted a written investment policy under subsection (a) may adopt an ordinance authorizing its investing officer to make investments having a stated final maturity that is:

- (1) more than two (2) years; but
- (2) not more than five (5) years;

after the date of purchase or entry into a repurchase agreement.

(d) An ordinance adopted by a fiscal body under subsection (c) and the power to make an investment described in subsection (c) expire on the date on which the policy expires, which may not be more than four (4) years after the date on which the policy takes effect.

(e) After an investment of public funds of a political subdivision is made by the investing officer under this section, the total investments of the political subdivision outstanding under this section may not exceed twenty-five percent (25%) of the total portfolio of public funds invested by the political subdivision, including balances in transaction accounts. However, an investment that complies with this section when the investment is made remains legal even if:

(1) the investment policy has expired; or

(2) a subsequent decrease in the total portfolio of public funds invested by the political subdivision, including balances in transaction accounts, causes the percentage of investments outstanding under this section to exceed twenty-five percent (25%) of the total portfolio of public funds invested by the political subdivision.

(f) An investing officer may contract with a federally regulated investment advisor or other institutional money manager to make investments under this section.

As added by P.L.43-2012, SEC.2. Amended by P.L.13-2013, SEC.9

F200 Adopted/Revised: July 21, 2014 : The School Board authorizes the Business Manager or Superintendent to make investments of available monies from the several funds of the Corporation in:

A bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State;

B. certificates of deposit issued by financial institutions organized and authorized to operate in this State.

The purpose of the investments is to maximize the returns on the Corporation's excess cash balances consistent with safety of those monies and with the desired liquidity of the investments.

Investments in U.S. Treasury securities and those other securities completely guaranteed by the Treasury as to payment of principal and interest may be purchased in any dollar amount up to 100% of the available reserves.

All investments must mature or be redeemable within one (1) year of the date of purchase.

An obligation when received by the Business Manager, shall be deposited with the bank or trust company having the deposit of the money of the particular fund from which the obligation was purchased.

Money in the several funds of the Corporation may be commingled for the purpose of making an investment. The Treasurer may also join with other school treasurers, the regional service region, for the purpose of investing Corporation funds. S/He shall account for such investments separately.

The Board may authorize the Board's investing officer to invest in certificates of deposit from depositories that have been designated by the State Board of Finance as a depository for State funds under I.C. 5-13-9-5 but have not been designated by the Corporation's Board of Finance established by Board Bylaw 0151.1. This authorization shall be in the form of a resolution approved by the Board. Such resolution must provide that the authority to invest in these certificates of deposit granted by the resolution expires on a date that is not later than two (2) years after the date of the Board's vote adopting the resolution.

I.C. 5-13-9, 20-26-5-4

I.C. 5-13-9 – Deposit and investment of public funds

I.C. 5-13-9-5(a) – Authorization to invest in certificates of deposit

I.C. 20-26-5-4 – Specific powers

I.C. 36-1-2-10 – "Municipal corporation" defined to include "school corporation"

I.C. 36-1-2-13 – "Political subdivision" defined to include "municipal corporation"

State Board of Accounts Public Schools Manual Part 1