DFE - Investment of Funds

The board shall designate the banks, savings and loan associations, and savings banks that shall serve as depositories of the district's funds and the officer(s) and employee(s) that shall serve as depositories of the board's funds on behalf of the district. Any changes in such designations shall be ratified by board action and recorded in board minutes. The depositories designated by the board shall be responsible for investment of school district monies, and no individual authorized to have custody of board and district funds shall deposit such funds other than at banks, savings and loan associations, and savings banks designated by the board.

Any monies not immediately required for the purposes for which the monies were collected or received may be invested as provided by current statute. Investment objectives are to protect the investment principal, provide liquidity, and maximize investment return.

All offerings of monies for investment shall state the type of investment, the amount to be invested, and the maturity date of each investment. All responses shall be directed to the superintendent, or one of the board's designated depositories as designated by the superintendent, and shall be specified on the basis of simple interest.

Posting Securities

All investments of district monies not covered by the Federal Deposit Insurance Corporation (F.D.I.C.) coverage shall be secured to 102% of the amount of district monies by a pledge of direct federal obligations, or direct guaranteed federal agency deposits in accordance with requirements of state law or by the public moneys pooled method. Any investments in savings deposits, demand deposits, time deposits, open accounts, certificates of deposit, or time certificates of deposit in excess of the amount insured or guaranteed by the F.D.I.C. shall be secured by the Pool Money Investment Board with the Kansas State Treasurer. All investments acquired by repurchase agreements shall be perfected in the name of the district and shall be delivered to a third-party custodian, which may be the Kansas State Treasurer. Exceptions to the required posting of securities shall be only as provided by law and with approval of the board.

Savings Investments

All banks, savings and loan associations, and savings banks (hereafter "financial institution(s)") with main or branch offices located within the district and the county or counties in which part of the district is located shall be given an opportunity to respond to requests for proposals on monies offered for investment. The depository institution shall have two business days to respond to the request for proposals. Proposals for savings type accounts will be for maturities of not more than two years. If one or more financial institutions will pay an interest rate equal to or greater than the investment rate, the district shall select one or more of the eligible financial institutions.

Repurchase Investments

The district may also make requests for proposals to invest in repurchase agreements for direct obligations of, or obligations that are insured as the principal and interest by, the United States government or any agency thereof with financial institutions located in the district. If there is no financial institution in the district, or the in-district institutions are not willing to pay an interest rate equal to or greater than the investment rate, then the district may use financial institutions in the county or counties in which the district is located. If no financial institution listed above is willing to enter into an agreement at an interest rate equal to or greater than the investment rate, then the district may enter into agreements with financial institutions located within Kansas.

Selection of Proposals

Distribution of monies for investment shall be as follows:

A depository designated by the board shall inform each eligible financial institution of the total amount of money to be invested on a specified date, the maturity date of the investment, and the type of investment. Each financial institution responding shall submit a proposal for the type of investment and the rate of interest it would pay on each type of investment for all or part of the funds to be invested.

Monies shall be invested with the financial institution offering the highest interest rate in such amount as the financial institution will accept, and any remaining amounts shall be invested with the financial institution(s) offering the next highest interest rates in such amounts as it will accept until all funds offered for investment are invested. No financial institution shall be eligible to receive any funds in the same offering at a rate lower than its proposal rate on each type of investment.

No proposal less than the most recently determined investment rate as defined in K.S.A. 12-1675a shall be accepted unless otherwise authorized by K.S.A. 12-1675.

Monies available for reinvestment as a result of maturities may be reinvested with the financial institution holding such monies provided the financial institution agrees to pay the same or higher rate as that offered by the highest proposal at the time the requests for proposals were accepted.

In the event of identical high proposals, the allocation of monies to be invested between the financial institutions offering the high proposals shall be at the discretion of the depository designated by the board.

The district treasurer shall record the following information: the date of each request for proposal; the name of each financial institution notified; the name of the officer notified; the proposal for each type of investment; the amount of monies the financial institution is willing to accept at the rate proposed.

To be eligible to receive invested funds or deposits from the district, any otherwise eligible financial institution shall have on file in the office of the district treasurer a letter requesting its inclusion in any request for proposal and providing proper assurance of compliance with requirements of applicable laws and board policy relating to maintenance of proper security and assurance of its membership in good standing consistent with current federal regulations. The superintendent shall report monthly to the board on the district's investments.

Approved: 8/26

KASB recommendation 6/06; 4/07; 6/18; 12/19; 6/20; 6/25; 6/26