

INVESTMENT POLICY

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

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

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

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

Any investments of idle or surplus monies shall be invested with a designated depository wherein the investment shall be fully insured under the Federal Deposit Insurance Corporation (FDIC) provisions when possible and practicable. The board shall designate such investment with due care and prudence, including review of financial ratings and other relevant factors in selecting potential designated depository or depositories to be utilized, to fulfill its fiduciary duties to the district as a whole and to public funds. The board shall at all times seek consultation and advice as may be necessary to make prudent determination as to the protection of such funds and the management of risks to those funds. Unless otherwise provided by law, any interest or profit accrued from the investment of any funds will be credited to the general fund of this district.

CREDIT RISK

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

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

INTEREST RATE RISK

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

YIELD/RETURN ON INVESTMENT

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

FOREIGN CURRENCY RISK

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

AUTHORIZED INVESTMENT INSTITUTIONS AND DEALERS

Only firms meeting the following requirements shall be eligible to serve as "Authorized Institution":

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

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

AUTHORIZED INVESTMENTS AND PORTFOLIO COMPOSITION

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

These include:

1. United States Government Securities
2. United States Government Agencies
3. Federal Instrumentalities
4. Certificates of Deposit
5. Repurchase Agreements of government securities
6. Bankers' Acceptance
7. Registered Investment Companies (Money Market Mutual Funds)
8. Investment Pools composed entirely of instruments that are legal for direct investment by an intermediate school district (Idaho State Investment Pool)

A maximum of 50% of the investment portfolio can be composed of Certificates of Deposit, Bankers' Acceptance, non-government money market mutual funds, or any combination thereof. No investment portfolio may contain any Commercial Paper. Short-term investments are required to be made in corporations organized in the United States with assets exceeding \$500,000,000.00, and whose obligations are rated with one of the top two classifications (AAA or AA) at the time of the purchase as rated by both S&P and Moody's. Short-term obligations must have a maturity life not to exceed 185 calendar days. Government Securities (as defined by the Government Securities Act of 1986) must be purchased from a custodial bank, which is a member of the Federal Reserve System and authorized to conduct business in the State of Idaho. Repurchase Agreements must have a maturity not to exceed one day.

Securities shall be registered and collateralized in the District's name and held by a third-party custodian. Safekeeping practices should qualify for the Governmental Accounting Standards Board Statement #3 and Statement #40.

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

DEFINITION

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



LEGAL REFERENCE:

Idaho Code Sections: 33-701

33-901

57-101, *et seq.*

67-1210

Governmental Accounting Standards Board (GASB) Statement #3 and
Statement #40

ADOPTED: June 20, 2006

Reviewed: October 18, 2011

Revised: June 21, 2016

Revised: July 20, 2021