



Administrative Regulation 3211

INVESTMENTS

Responsible Office: Office of Business & Finance

PURPOSE

1. The purpose of this regulation is to outline the general guidelines for the prudent investment of public funds of the Washoe County School District. Cash balances are to be invested with the goal of providing the highest degree of safety, liquidity and rate of return. Major objectives in order of priority are as follows:
 - a. The primary objective of the district investment program is the preservation of capital and investment principal. All investment transactions will be made to ensure capital losses are avoided.
 - b. The secondary objective will be to provide for sufficient liquidity to meet operating requirements. Liquidity shall be achieved by matching investment maturities with forecasted cash flow requirements. Ability for converting an investment into cash must be considered to satisfy changing requirements of cash flow while allowing for minimal risk of loss of principal and accrued interest.
 - c. After the basic requirements of safety and liquidity have been met, rate of return shall become a consideration. Investments shall be acquired to attain the maximum rate of return through budgetary and economic cycles, taking into account the statutory constraints on investment instruments.

REGULATION

1. This regulation applies to the investment of cash balances of the following funds:
 - a. General Fund
 - b. Capital Projects Funds
 - c. Debt Service Fund
 - d. Internal Service (Insurance) Funds
 - e. Special Revenue Funds
 - f. Agency (Student Activity) Funds

2. Legal Requirements

- a. Public funds of the Washoe County School District will be invested in compliance with the provisions of Chapters 355 and 356 of the Nevada Revised Statutes.

3. Responsibility

- a. The Board of Trustees designates the Chief Financial Officer to be responsible for the investment program. Written procedures consistent with this investment regulation shall be established and will include explicit delegation of authority to persons responsible for investment transactions and will include a system of controls to regulate investment activities.
- b. The Chief Financial Officer shall utilize an Investment Committee to determine general strategies for the investment of district funds. This committee will be comprised of the Chief Financial Officer, the Chief Accountant, and two (2) members of the Financial Advisory Committee. Appointed members will serve two-year staggered terms with appointment determined by the Board. The Board President will appoint a Board of Trustee liaison.
- c. No person shall engage in an investment transaction except as provided under the terms of this investment regulation and written procedures established by the Chief Financial Officer.
- d. All participants in the investment process shall act responsibly as custodians of district funds. District employees shall avoid any transaction that might impair public confidence in the district's ability to govern effectively. Any district employee involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair his/her ability to make impartial investment decisions.
- e. A report of investments will be provided to the Board each quarter for their review.

4. Diversification

- a. The district shall diversify its investment portfolio to eliminate the risk of loss that could result from one concentration of assets in a specific maturity, a specific issuer, or a specific class of maturities.
- b. Long-term investments (those exceeding 90-day duration) of the Capital Projects Funds are limited to U.S. Government securities and 100 percent (100%) of these investments can be made with one financial institution (broker/dealer).

5. Safekeeping and Custody

- a. Safekeeping of investments shall be provided through a third party Federal Reserve Bank selected by the Chief Financial Officer. All safekeeping arrangements shall be in accordance with a Safekeeping Agreement signed by the President and Clerk of the Board of Trustees and the Bank.
- b. All deposits and investments of district funds other than direct purchases of U.S. Treasuries or U.S. Agencies shall be secured by pledged collateral with a market value equal to no less than 102 percent (102%) of the deposits or investments less any amount insured by the FDIC or FSLIC. Evidence (safekeeping receipts) of the pledged collateral shall be maintained by the third party Federal Reserve Bank and repurchase agreements shall be documented by a specific agreement noting the collateral pledged in each agreement.
- c. Acceptable collateral shall be limited to the securities defined in NRS 356.020 and shall be subject to inspection by the school district's independent auditor or the chief internal auditor.
- d. Investment brokers and dealers selected by the school district shall only include those reporting to the Market Report Division of the Federal Reserve Bank of New York also known as the "primary government securities dealers."
- e. U.S. Government securities will be held by the third party Federal Reserve Bank acting as custodian.
- f. Collateral shall be held in the name of the school district or held on behalf of the school district and the custodial agent's records shall assure the

notation of the school district's ownership of or explicit claim on the securities. Original copies of all safekeeping receipts shall be delivered to the school district.

- g. Use of money market mutual funds used for shorter term investments and sweep accounts are limited to funds which are registered with the Securities and Exchange Commission, are rated "AAA" by a nationally recognized rating service and invest only in securities issued by the federal government or agencies of the federal government or repurchases agreements fully collateralized by such securities in accordance with NRS 355.170 (1) (k).

6. Delivery vs. Payment

- a. All investments shall be purchased using the delivery vs. payment method, which provides that funds shall not be wired or paid until verification has been made that the security or collateral was received by the custodial agent.

7. Investments

- a. Investments of the Washoe County School District shall be limited to the following types:
 - i. Bankers Acceptances (not to exceed 20% of investment portfolio, see NRS 355.170 1(i))
 - ii. Repurchase Agreements (Repos) (NRS 355.170 1(i))
 - iii. Certificate of Deposit (CD's) (NRS 355.170 1(e))
 - iv. U.S. Treasury Bonds, Debentures, Bills and Notes (NRS 355.170 1(a) & 1(c))
 - v. Commercial Paper (not to exceed 20% of investment portfolio, see NRS 355.170 1 (k))
 - vi. Money Market Mutual Funds (NRS 355.170 1(1))
 - vii. Obligations of an agency of the United States of America (NRS 355.170 1(d))

1. Federal National Mortgage Association Securities (FNMA)
 2. Federal Home Loan Mortgage Corporation (FHLMC)
 3. Federal Home Loan Bank Securities (FHLB)
 4. Federal Farm Credit Bank (FFCB)
 5. Any other agency or instrumentality of the United States with prior approval of the investment committee.
- viii. Notes, bonds and other unconditional obligations for the payment of money issued by corporations organized and operating in the United States (Corporates) (NRS 355.171 1 (a)).
1. Are purchased from a registered broker-dealer;
 2. At the time of purchase have a remaining term to maturity of no more than 5 years;
 3. Are rated by a nationally recognized rating service as "A" or its equivalent, or better;
 4. Purchases of corporates may not exceed 20% of the investment portfolio on day of purchase;
 5. Not more than 25 percent of such investments may be in notes, bonds and other unconditional obligations issued by any one corporation;
 6. If the rating of an obligation is reduced to a level that does not meet the requirements of that paragraph, the obligation must be sold as soon as possible;
- ix. Collateralized Mortgage Obligations (CMOs) (NRS 355.171 1(b))
- x. Asset-Backed Securities (ABSs) (NRS 355.171 1(a))
- xi. Collateralized Investment Contracts (NRS 350.659)

8. Student Activity Funds

- a. This investment regulation permits the investment of student activity funds under the supervision of the principal of the school. Investment of these funds are limited to:
 - i. Certificates of Deposit (CD's) with commercial banks insured by the FDIC;
 - ii. Certificates of Deposit (CD's) with savings and loan associations insured by FSLIC;
 - iii. District Investment through the Transfers Fund (Expendable Trust Fund);
 - iv. Savings Account (limit one per school) at a commercial bank insured by the FDIC or a credit union insured by NCUSIF or a savings and loan association insured by FSLIC.
 - v. Interest bearing checking accounts;
 - vi. Money market accounts with no check writing.
- b. Investments must be made by the principal whenever the reported checking account_balance of all student activity funds under his/her jurisdiction exceeds \$100,000. Business Office staff shall review the monthly school financial reports and report any balances exceeding the limit to the Chief Financial Officer who will advise the principal of the requirements of this policy.

9. Internal Control

- a. The Chief Financial Officer shall establish a system of internal control, which shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties; and designed to minimize losses due to unanticipated changes in financial markets or imprudent actions by school district employees involved in investment activities.
- b. Controls and managerial emphasis deemed most important that shall be used where practical are:

- i. Control of collusion
- ii. Separation of duties
- iii. Delegation of authority
- iv. Reconcilements and comparisons of security receipts and investment records with the accounting system
- v. Compliance with this investment regulation

10. Risk of Loss

- a. The Board of Trustees recognizes that in a diversified portfolio, occasional measured losses due to market volatility are inevitable, and must be considered within the context of the overall portfolio's investment return.

IMPLEMENTATION GUIDELINES & ASSOCIATED DOCUMENTS

- 1. This regulation reflects the goals of the District's Strategic Plan, Envision WCSD 2015 – Investing in Our Future.
- 2. This regulation aligns with Board Policy 3211, Investments.
- 3. This regulation complies with Nevada Revised Statutes (NRS) Chapter 355, Public Investments.
- 4. This regulation complies with Nevada Revised Statutes (NRS) Chapter 356, Depositories of Public Money and Securities.

REGULATION HISTORY

Date	Revision	Modification
6-19-90	1.0	Adopted
5-12-1992	2.0	Revised
10-22-1996	3.0	Revised
11-11-1997	4.0	Revised
7-25-2000	5.0	Revised
2-10-2004	6.0	Revised
6-21-2005	7.0	Revised

10-02-2007	8.0	Revised
12-14-2011	9.0	Revised