

INVESTMENT

Scope of Investment

The Investments policy of the Riceville Community School shall apply to all public funds of the school district, which includes operating funds, bond proceeds, and all other funds, and all investment transactions involving public funds accounted for in the financial statements of the school district. Each investment made pursuant to this policy must be authorized by applicable law and this written Investments Policy.

The investment of debt service or sinking funds shall comply not only with this Investments policy but also be consistent with any applicable bond resolution.

The policy is intended to comply with Iowa Code 12B.

Upon passage and upon future amendment, if any, copies of this policy shall be delivered to all the following:

1. The governing body or officer of the school district to which the Investments policy applies.
2. All depository institutions or fiduciaries for public funds of the school district.
3. The auditor engaged to audit any funds of the school district

In addition, a copy of this policy shall be delivered to every fiduciary or third party assisting with or facilitating investment of school district funds.

Delegation of Authority

In accordance with Iowa Code 12B.140(1), the responsibility for conducting investment transactions resides with the Treasurer. Only the Treasurer and those authorized by resolution may invest public funds and a copy of any empowering resolution shall be attached to this policy.

All contracts or agreements with outside persons investing public funds, advising on the investment of public funds, directing the deposit or investment of public funds or acting in a fiduciary capacity for the school district shall require the outside person to notify the school district in writing within thirty (30) days of receipt of all communication from the Auditor of the outside person or any regulatory authority, of the existence of a material weakness in internal control structure of the outside person or regulatory orders or sanctions regarding the type of service being provided to the school district by the outside person.

The records of investment transactions made by or on behalf of the school district are public records and are the property of whether in the custody of the school district or in the custody of a fiduciary or other third party. If a fiduciary or other third party with custody of school district public investment transaction records fails to produce requested records when requested by the school district with a reasonable time, the school district shall make no new investment with or through the fiduciary or third party and shall not renew maturing investments with or through the fiduciary or third party.

The Treasurer shall establish a written system of internal controls and investment practices. The controls shall be designed to prevent losses of public funds, to document those officers and employees of the school district responsible for elements of the investment process and to address the capability of investment

management. The controls shall provide the receipt and review of the audited financial statement and related reports on internal control structure of all outside persons performing any of the following for the school district:

1. Investing public funds.
2. Advising on the investment of public funds.
3. Directing the deposit or investment of public funds.
4. Acting in a fiduciary capacity for the school district.

A bank, savings and loan association or credit union providing only depository services shall not be required to provide an audited financial statement and related report on internal control structure.

The Treasurer and all employees authorized to place investments shall be bonded in the amount of \$50,000.

Objectives

The primary objectives, in order of priority, of all investment activities involving the financial assets of the school district shall be the following:

1. Safety: Safety and preservation of principal in the overall portfolio is the foremost investment objective.
2. Liquidity: Maintaining the necessary liquidity to match expected liabilities is the second investment objective.
3. Return: Obtaining a reasonable return is the third investment objective.

Prudence

The Treasurer, when investing or depositing public funds, shall exercise care, prudence and diligence under the circumstances then prevailing that a person acting in a like capacity and familiar with such matters would use to attain the investment "Objectives". This standard required that when making investment decisions the Treasurer shall consider the role that the investment or deposit plays within the portfolio assets of the school district and the investment objectives states in "Objectives".

When investing school district assets for a period longer than two (2) years, the Treasurer shall request competitive investment proposals and comparable credit and term investments from a minimum of three (3) investment providers.

Instruments Eligible for Investment

School district assets may be invested in the following:

- Iowa schools Joint Investment Trust Program (ISJIT);
 - Obligations of the United States government, its agencies and instrumentalities;
 - Certificates of deposit and other evidences of deposit (i.e., savings accounts, interest-bearing checking accounts, money market account, etc.) at federally insured Iowa depository institutions approved and secured pursuant to Iowa Code 125C.
Repurchase agreements provided that the underlying collateral consists of obligations of the United States government, its agencies and instrumentalities and takes delivery of the collateral either directly or through an authorized custodian.
- Insured deposits or certificates of deposits, invested pursuant to Iowa Code 12B.10(7), in an amount above any insured portion of the public funds on deposit at a federally insured Iowa depository institution approved and secured pursuant to Iowa Code 12C.
Prime bankers' acceptances that mature within two hundred seventy days and that are eligible for purchase by a federal reserve bank
An open-end management investment company registered with the federal Securities & Exchange Commission under the federal Investment

Company Act of 1940, 15 U.S.C. Section 80(a) and operated in accordance with 17 C.F.R. Section 270.2a-7. Whose portfolio investments are limited to those instruments individually authorized in this "Instruments Eligible for Investment" of this Investment Policy.

- Warrants or improvement certificates of a levee or drainage district.

All instruments eligible for investment are further governed by all other provisions of this of this investment policy, including “Investment Maturity Limitations” and “Diversification Requirements”.

Prohibited Investments and Investment Practices

School district assets shall not be investe4d in the following:

1. Reserve repurchase agreements.
2. Futures and options contracts.

School district assets shall not be invested pursuant to the following investment practices:

1. Trading of securities for speculation or the realization of short-term trading gains.
2. Pursuant to a contract providing for compensation of an agent or fiduciary based upon the performance of the invested assets.

Investment Maturity Limitations

Operating Funds must be identified and distinguished from all other funds available for investment. Operating Funds are defined as those funds which are reasonably expected to be expended during a current budget year or with in fifteen months of receipt.

1. All investments authorized in “Instruments Eligible for Investment” are further subject to the following investment maturity limitations Operating Funds may only be invested in instruments authorized in “Instruments Eligible for Investment” of this investment policy that mature within three hundred ninety-seven (397) days. However, if the school district has or expects to accrue in the current budget year an amount of public funds that exceeds Operating Funds by at least thirty-three percent, the school district may invest amounts exceeding thirty-three percent of Operating Funds in certificates of deposit at federally insured depository institutions approved pursuant to Iowa Code 12C which mature within sixty-three months or less provided that the school district invests an amount reasonably expected to be expended during the current budget year or within fifteen months of receipt in investments authorized in “Instruments Eligible for Investment” of this investment policy that mature within three hundred ninety-seven (397) days.
2. The Treasurer may invest funds that are not identified as Operating Funds in investments with maturities longer than three hundred ninety-seven (397) days. However, all investments of the school district shall have maturities that are consistent with the school district’s needs and use of funds.

Diversification

School district investments are subject to the following diversification requirements:

Prime bankers’ acceptances:

1. At the time pf purchase, no more than (10%) of the investment portfolio of the school district shall be invested in prime bankers’ acceptances; and
2. At the time of the purchase, no more than five (5%) of the investment portfolio of the school district shall be invested in the securities of a single issuer.

Commercial paper or other short-term corporate debt:

1. At the time pf purchase, no more than (10%) of the investment portfolio of the school district shall be in commercial paper or other short-term corporate debt;
2. At the time of the purchase, no more than five (5%) of the investment portfolio of the school district shall be invested in the securities of a single issuer; and
3. At the time of the purchase, no more than five (5%) of all amounts invested in commercial paper and other short-term corporate debt shall be investe4d in paper and debit rated in the

second-highest classification.

Where possible, it is the policy of the school district to diversify its investment portfolio. Assets shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. In establishing specific diversification strategies, the following general policies and constraints shall apply:

1. Portfolio maturities shall be staggered in a way that avoids undue concentration of assets in a specific maturity sector. Maturities shall be selected which provide stability of income and reasonable liquidity.
2. Liquidity practices to ensure that the next disbursement date and payroll date are covered through maturing investments, marketable U.S Treasury bills or cash on hand shall be used at all times.
3. Risks of market price volatility shall be controlled through maturity diversification so that aggregate price losses on instruments with maturities approaching one year shall not be greater than coupon interest and Investment Income received from the balance portfolio.

Safekeeping and Custody

All school district invested assets involving the use of a public funds custodial agreement, as defined in Iowa Code 12B.10C, shall comply with all rules adopted pursuant to Iowa Code 12B.10C. All custodial agreements shall be in writing and shall contain a provision that all custodial services be provided in accordance with the laws of the state of Iowa.

All school district invested assets eligible for physical delivery shall be secured by having them held at a third-party custodian. All purchased investments shall be held pursuant to a written third-party custodial agreement requiring delivery versus payment and compliance with all rules set out in this Section, "Safekeeping Custody."

Ethics and Conflict of Interest

The Treasurer and all officers and employees of the school district involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Any personal investments or loans in excess of \$50,000. In or with any entity that the school district has declared as a depository or with the school district regularly conducts investment business shall be disclosed in writing to the board of directors.

Reporting

The Treasurer shall monthly, submit to the Board of Directors an investment report that summarizes recent market conditions and investment strategies employed since the last report. The investment report shall set out the current portfolio in terms of maturity, rates of return and other features and summarize all investment transactions that have occurred during the reporting period and compare the investment results the budgetary expectations.

Investment Policy Review and Amendment

The Investments policy shall be reviews every three (3) years or more frequently as appropriate. Notice of amendments to the Investment policy shall be promptly given to all parties noted in the "Scope of Investment" section.

NOTE: This is a mandatory policy.

NOTE: Discussion with a municipal advisor is recommended with respect to limiting investment to U.S. Government Money Market Funds as opposed to Institutional Prime and Municipal Money Market Funds. Recently adopted SEC rules require Institutional prim and municipal money market funds to move from a stable net asset value of \$1.00 per share to a floating new asset value.

NOTE: With their municipal advisor, districts should discuss the credit risks inherent to the investment options listed in "Instruments Eligible for Investment" to be fully informed.

Legal reference: Iowa Code §§ 11.2, .6; 12.62; 12B.10; 12C; 22.1, .14; 28E.2; 257; 279.29;
283A; 285; 502.701; 633.123

Cross Reference: 206.3 Secretary
 206.4 Treasurer

Approved: September 14, 1992 Reviewed: November 17, 2025 Revised: September 21, 2026