

Policy DFA: REVENUES FROM INVESTMENTS/USE OF SURPLUS FUNDS

Status: DRAFT

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25A UPDATE EXPLANATION

The Missouri State Treasurer's Model Investment Policy (MSTMIP) is a "safe harbor" under § 30.950.3, RSMo. which says, "The state treasurer shall prepare a model form of an investment policy reflecting the principles set forth herein which shall be made available to political subdivisions in the state. Any political subdivision which formally adopts such a model investment policy shall be deemed to be in compliance with the requirements of this section." The MSTMIP is at <https://treasurer.mo.gov/link/ModelInvestmentPolicy.pdf>.

Boards have discretion on how to meet the legal requirements of a sound investment policy, the first of which is, "commitment to the principles of safety, liquidity and yield, in that order ..." § 30.950.2(1), RSMo. However, the MSTMIP is a one-size-fits-all approach with a limited range of options that may not suit all the needs of some districts.

Over time, both the MSTMIP and the Government Finance Officers Association (GFOA) Sample Investment Policy have changed (see <https://www.gfoa.org/materials/investment-policy>). MSBA believes that it is prudent for boards to review their investment policy and consider what is available.

The text of any customized investment policy should meet the unique needs and circumstances of the district it covers. The MSBA Policy Department cannot give districts specific securities investment advice. Advice on how to customize your investment policy beyond the "safe harbor" model should come from a registered investment advisor. Therefore, this update to DFA permits boards to customize their district's investment policy using advice from a professional to arrive at a sound investment policy tailored to their needs.

MSBA previously offered two versions of this policy, but the revisions in this update mean only one version of this policy is now necessary. Districts should adopt this version, simply coded DFA, rather than revising their former DFA-1 or DFA-2 to ensure proper functionality within the Simbli policy module. Districts that had previously adopted DFA-1 or DFA-2 should move their adoption date from that policy to the new DFA.

The board authorizes the superintendent to invest surplus school district moneys that are determined as not being immediately needed for the operation of the school district. The superintendent is authorized to delegate this authority to another administrator with the knowledge and skills necessary to manage the district's investments. The superintendent or designee shall follow procedures established by the board in making investments and obtaining the best interest rates possible. Collateralized investments will comply with the requirements of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

Unless and until the board formally adopts and directs the district to comply with a customized written investment policy upon professional advice from a registered investment advisor, the board adopts and directs the district to follow the Missouri State Treasurer's Model Investment Policy, as may be amended from time to time, which is incorporated herein by reference.