

POLICY

BOARD OF EDUCATION OF MONTGOMERY COUNTY

Related Entries:

Responsible Office: Chief Operating Officer

Operating Fund Investments

A. PURPOSE

This policy establishes the investment scope, objectives, and guidelines for the investment of school district operating funds.

B. ISSUE

It is important to ensure that operating fund investments comply with all state laws relating to investments. It also is important to guarantee that investment vehicles meet the primary criteria of prudence, safety of principal, liquidity, and market rate of return. This policy applies to cash operating funds of the school district only. Montgomery County Public Schools (MCPS) draws cash as needed from the Montgomery County Government, based on weekly projections and receives additional cash from other entities such as the state of Maryland that requires short-term investment.

C. POSITION

1. The scope of this policy shall be operating funds.

Guidelines for the investment of MCPS Employees' Retirement and Pension System investments are provided in the Investment Policy of the Retirement and Pension Board of Investment Trustees.

Guidelines for the investment of MCPS Other Post Employment Benefits (OPEB) Trust investments are provided in the Investment Policy of the OPEB Board of Investment Trustees.

Guidelines for the investment of schools' Independent Activity Funds (IAF) are provided in the *Manual of Policies and Procedures for Administering Independent Activity Funds*.

2. The primary objectives of the investment of operating funds are:

a) Legality

Operating funds shall be invested in accordance with this policy, local government investment guidelines adopted by the Maryland State Treasurer, and any other applicable law.

b) Safety of Principal

The investment of operating funds shall be undertaken in a manner that seeks to ensure the preservation of capital.

c) Liquidity

The operating funds shall be invested to assure that funds are available to meet immediate payment requirements.

d) Maximum Return

The investment of operating funds shall be managed in a manner to attain a market rate of return consistent with legal restrictions, risk, and prudent investment practices while preserving and protecting invested capital and taking into account constraints on risk and cash flow requirements.

3. The investment of the operating funds will be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

D. DESIRED OUTCOMES

1. A strategy and process that ensure safety and security of investment capital, liquidity to meet cash flow requirements, and a market rate of return on invested funds.

2. The superintendent of schools or his/her designee and the Board of Education shall monitor compliance with the objectives of this policy.

E. REVIEW AND REPORTING

This policy will be reviewed in accordance with the Board of Education policy review process.

Policy History: New Policy adopted by Resolution 201-10, April 15, 2010; amended by Resolution No. 239-11, May 10, 2011.