

Urban Pathways K-5 College Charter School

Board of Trustees Policy

INVESTMENTS POLICY

The Urban Pathways K-5 College Charter School (“Charter School”) shall optimize its return through investment of its unencumbered cash balances in such ways as to minimize non-invested balances and maximize return on investments in accordance with and as permitted by state and federal law. All investments of the Charter School shall be in accordance with the following policy:

Funds of the Charter School may be invested in U.S. Treasury Securities or placed in time accounts or share accounts of institutions insured by the FDIC to the extent such certificates are insured by a proper bond in accordance with law and Board of Trustees (“Board”) policy.

Investment of Charter School funds may be made in the sole discretion of the Board when operating within applicable statutes, provided that no commitment of this Board may be put in default at time due but be paid properly and promptly.

Delegation of Responsibility

The Board shall delegate to a designated individual the responsibility to manage the Charter School’s investment program, in accordance with written, Board approved rules and procedures for operation of the investment program. The Board requires that the Business Manager report to the Board monthly:

- Amount of funds in investments;
- Interest earned to date and anticipated interest on investments;
- Types and current market value of each investment and the interest rate on each;
- Transactions occurring since the last report;
- Collateralization of deposits exceeding insurance limits.
- Other information required by the Board.

The Business Manager working with the Treasurer and President of the Board shall, as soon as is practicable after the end of each fiscal year, and prior to the annual meeting of the Board submit to the Board an annual financial statement for the Charter School for the past year. Such statement shall include itemized data with respect to all assets of

the Charter School, outstanding indebtedness, if any, and such other information relating to the finances of the Charter School as the Board may deem necessary or proper.

The Board shall, consistent with law, determine which officers and employees shall be required to furnish surety bonds, conditioned on the faithful performance of their respective duties, to determine the amount of such bonds, and to approve the surety or sureties in each case.

The Board shall have the power to amend the budget to authorize the transfer of any unencumbered balance or portion thereof from one appropriation to another.

The Board shall have the power to make additional appropriations or increase existing appropriations to meet emergencies which could not be anticipated when the budget was adopted, the funds therefore to be provided from unexpended balances in existing appropriations, from unappropriated revenues if any, or from temporary loans. Under no circumstances may the Board increase the aggregate total of budget appropriations unless unappropriated revenues become available in sufficient amount to maintain the budget in balance, in which event the Board may make additional or increased appropriations.

The Board shall, at least thirty (30) days before the end of the fiscal year, adopt by majority vote of all its members an operating budget setting forth in lump sum amounts the proposed expenditures of the Board during the next fiscal year and the estimated receipts of the Board during the next fiscal year including approximate estimates of proposed revenues and all other receipts. The total amount of proposed expenditures shall not exceed the amount of funds available for the Charter School's purposes.

Funds of the Board may be withdrawn from approved public depositories, or negotiable instruments owned by the Board may be sold before maturity at the sole discretion of the Board so long as such withdrawals or sales are beneficial to the Charter School and are permissible in accordance with applicable state and federal law.

All securities shall be purchased in the name of the Charter School.

All investment advisors or bidders shall verify in writing that they have received a copy of this Board policy. Such written statement shall indicate that they have read and understand this policy and all applicable laws related to Charter School investments, along with their intent to comply fully with these requirements. The Charter School shall require all investment advisors/bidders to submit annually any or all of the following, as appropriate:

1. Audited financial statements.
2. Proof of National Association of Securities Dealers (NASD) certification.

3. Proof of state registration.
4. Rating from a recognized rating agency.

Disclosure

Designated officers and employees involved in the Charter School's investment process shall disclose any personal business activity that could conflict with the proper execution and management of the investment program or could impair their ability to make impartial decisions.

Audit

The Board directs that all investment records be subject to annual audit by the Charter School's independent auditors. The audit shall include but not be limited to independent verification of amounts and records of all transactions, as deemed necessary by the independent auditors.

It shall be the responsibility of the investment advisor and/or bidder to maintain necessary documents to permit independent audit of the Intermediate Unit's investments.

Bond Proceeds

Bond proceeds shall be invested in accordance with the Local Government Unit Debt Act and applicable federal and state laws, subject to approval by the solicitor and/or bond counsel and the Board. Investment transactions arising from bond proceeds shall be reported monthly to the Board, in accordance with policy.

Compliance With GAAP

The following is intended to guide Charter School investments as limited by law:

1. Charter School funds shall not be invested in foreign currency and shall have no related risk that would require disclosure pursuant to GASB Statement 40.
2. Charter School investments shall limit the exposure to loss of principal due to market changes in interest rates.
3. Charter School investments in authorized instruments that are not backed by the "full faith and credit" of the federal or state government shall be limited to those with the highest two (2) credit ratings available for such instruments issued by a recognized organization. If, after purchase, the rating of any instrument is reduced and no longer in compliance with Board policy, the individual responsible for Charter School investments shall make appropriate adjustments and advise the Board at the earliest opportunity.

4. When Charter School funds are invested in any one (1) issuer other than designated depository accounts (which includes external investment pools), and securities issued or explicitly guaranteed by the U.S. Government, owned directly by the Charter School, the amount of the investment shall be unlimited, but the Board shall be notified of such investment monthly.
5. For purposes of interest rate disclosure in the annual financial report, the method of determining interest rate risk shall be based on weighted average maturity.

Protection Of Bank Balances In Excess Of FDIC Limits

When Charter School cash is deposited in an authorized depository, if the cash balance exceeds the insurance limits, Charter School funds shall be collateralized pursuant to law. The collateral shall be limited to investments authorized by law. It shall be the responsibility of the CEO or designee to verify with the depository the value of the instrument(s) based on the instrument being "marked to market." Verification of the value of the collateral instrument(s) shall occur no less than quarterly. Following a review of valuation, the CEO or designee may request an additional review by the Charter School's investment advisors or financial consultant, and shall require additional collateral if the existing collateral has declined in value and exposes the Charter School to potential loss of principal. The Board shall be advised of the status of the valuation review and any additional collateral at the first meeting following the review.

TO THE EXTENT THAT ANYTHING IN THIS POLICY COULD BE CONSTRUED TO CONFLICT WITH THE SCHOOL'S CHARTER OR APPLICABLE STATE AND/OR FEDERAL LAWS, THE APPLICABLE STATE AND/OR FEDERAL LAWS AND/OR CHARTER CONTROL.