

PURPOSE OF NONINSTRUCTIONAL AND BUSINESS SERVICES

This series of the board policy manual is devoted to the goals and objectives for the school district's non instructional services and business operations that assist in the delivery of the education program. These non instructional services include, but are not limited to, transportation and the school lunch program. ~~and child care.~~ The board, as it deems necessary, will provide additional non instructional services to support the education program. To the extent a group of employees has a recognized collective bargaining unit, the provisions of the master contract regarding such topics shall prevail.

It is the goal of the board to provide non instructional services and to conduct its business operations in an efficient manner.

DEPOSITORY OF FUNDS

Each year at its annual meeting, the board will designate by resolution the name and location of the Iowa located financial depository institution or institutions to serve as the official school district depository or depositories. The maximum deposit amount to be kept in the depository will be stated in the resolution. The amount stated in the resolution must be for all depositories and include all of the school district's funds.

It is the responsibility of the board secretary to include the resolution in the minutes of the meeting.

Note: While this policy is not mandatory, the content of it is.

Legal Reference:
Iowa Code §§ 279.33

Cross Reference:
210.1 Annual Meeting
206.4 Treasurer [or 206.3, Secretary-Treasurer]
704.1 Local - State - Federal - Miscellaneous Revenue

TRANSFER OF FUNDS

When the necessity for a fund has ceased to exist, the balance may be transferred to another fund or account by board resolution. School district monies received without a designated purpose may be transferred in this manner. School district monies received for a specific purpose or upon vote of the people may only be transferred, by board resolution when the purpose for which the monies were received has been completed. Voter approval is required to transfer monies to the general fund from the capital projects fund and debt service fund.

It is the responsibility of the board secretary to make recommendations to the board regarding transfers and to provide the documentation justifying the transfer.

Legal Reference:

Iowa Code §§ 24.21-.22; 279.8; 298A.

Cross Reference:

701.3 Financial Records

703 Budget

704.2 Sale of Bonds

FINANCIAL RECORDS

Financial records of the school district are maintained in accordance with generally accepted accounting principles (GAAP) as required or modified by law. School district monies are received and expended from the appropriate fund and/or account. The funds and accounts of the school district will include, but not be limited to:

Governmental fund type:

- General fund
- Special revenue fund
 - Management Levy fund
 - ~~-----Public Education and Recreation Levy fund (PERL)~~
 - Student activity fund
- Capital projects fund
 - Physical Plant and Equipment Levy fund (PPEL)
 - Secure and Advanced Vision for Education (SAVE)
- Debt service fund

Proprietary fund type:

- Enterprise fund
 - School nutrition fund
 - ~~-----Child care fund~~
- Internal service fund

Fiduciary funds:

- Trust
 - Expendable trust funds
 - Nonexpendable trust funds
 - Pension trust funds

- Agency Funds

Account groups:

- General capital assets account group
- General long-term debt account group

The general fund is used primarily for the education program. Special revenue funds are used to account for monies restricted to a specific use by law. Capital projects funds are used to account for financial resources to acquire or construct major capital facilities (other than those of proprietary funds and trust funds) and to account for revenues from SAVE. A debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. Proprietary funds account for operations of the school district operated similar to private business, or they account for the costs of providing goods and services provided by one department to other departments on a cost reimbursement basis. Fiduciary funds are used to account for monies or assets held by the school district on behalf of, or in trust for, another entity. The account groups are the accounting records for capital assets and long-term debt.

The board may establish other funds in accordance with generally accepted accounting principles and may certify other taxes to be levied for the funds as provided by state law. The status of each fund must be included in the annual report.

It is the responsibility of the superintendent to implement this policy and bring necessary changes in the maintenance of the school district's financial records to the attention of the board.

NOTE: The list of funds above does not include the "Library levy fund," which is only available to one school district. The school district eligible to levy the library levy must add this fund to its policy.

NOTE: For additional information about school district fund structure, please see Chapter 9 of the "Uniform Administrative Procedures for Iowa School District and AEA Officials," located on the "Uniform Administrative Procedures Manual" section of the Iowa Department of Education's website.

Legal Reference:

Iowa Code §§291; 298; 298A.
281 I.A.C. 98

Cross Reference:

704 Revenue
705 Expenditures

GOVERNMENTAL ACCOUNTING PRACTICES AND REGULATIONS

School district accounting practices will follow state and federal laws and regulations, generally accepted accounting principles (GAAP) and the uniform financial accounting system provided by the Iowa Department of Education. As advised by the school district's auditor, determination of liabilities and assets, prioritization of expenditures of governmental funds and provisions for accounting disclosures shall be made in accordance with governmental accounting standards.

In Governmental Accounting Standards Board (GASB) Statement No. 54, the board identifies the order of spending unrestricted resources applying the highest level of classification of fund balance - restricted, committed, assigned, and unassigned - while honoring constraints on the specific purposes for which amounts in those fund balances can be spent. A formal board action is required to establish, modify and or rescind a committed fund balance. The resolution will state the exact dollar amount. In the event, the board chooses to make changes or rescind the committed fund balance, formal board action is required.

The Board authorizes the Superintendent to assign amounts to a specific purpose in compliance with GASB 54. An 'assigned fund balance' should also be reported in the order of spending unrestricted resources, but is not restricted or committed.

It is the responsibility of the superintendent to develop administrative regulations implementing this policy. It is also the responsibility of the superintendent to make recommendations to the board regarding fund balance designations.

Legal Reference:

Iowa Code §§ 257.31(4); 279.8; 297.22-.25; 298A ~~(2013)~~.

Cross Reference:

701.3 Financial Records
703 Budget
704 Revenue

CASH IN SCHOOL BUILDINGS

The amount of cash that may be kept in the school building for any one day is sufficient for that day's operations. ~~Funds raised by students are kept in the~~ _____.

A minimal amount of cash is kept in the central administration office at the close of the day. Excess cash is deposited in the authorized depository of the school district.

It is the responsibility of the superintendent to determine the amount of cash necessary for each day's operations and to comply with this policy.

Legal Reference:
Iowa Code § 279.8

Cross Reference:
701.1 Depository of Funds
704 Revenue

BUDGET PLANNING

Prior to certification of the budget, the board will review the projected revenues and expenditures for the school district and make adjustments where necessary to carry out the education program within the revenues projected.

A budget for the school district is prepared annually for the board's review. The budget will include the following:

- the amount of revenues to be raised by taxation;
- the amount of revenues from sources other than taxation;
- an itemization of the amount to be spent in each fund; and,
- a comparison of the amount spent and revenue received in each fund for like purposes in the two prior fiscal years.

It is the responsibility of the Business Manager to prepare the budget for review by the board prior to the April 15 deadline each year.

Prior to the adoption of the proposed budget by the board, the public is apprised of the proposed budget for the school district. Prior to the adoption of the proposed budget by the board, members of the school district community will have an opportunity to review and comment on the proposed budget. A public hearing for the proposed budget of the board is held each year in sufficient time to file the adopted budget no later than April 15.

The proposed budget filed by the board with the board secretary and the time and place for the public hearing on the proposed budget is published in a newspaper designated for official publication in the school district. It is the responsibility of the board secretary to publish the proposed budget and public hearing information at least 10 but no more than 20 days prior to the public hearing.

The board will adopt and certify a budget for the operation of the school district to the county auditor by April 15. It is the responsibility of the board secretary to file the adopted and certified budget with the county auditor and other proper authorities.

The board may amend the budget for the fiscal year in the event of unforeseen circumstances. The amendment procedures will follow the procedures for public review and adoption of the original budget by the board outlined in these policies.

It is the responsibility of the superintendent and the board secretary to bring any budget amendments necessary to the attention of the board to allow sufficient time to file the amendment with the county auditor no later than May 31 of each year

Legal Reference:

Iowa Code §§ 24; 257; 279.8; 297; 298; 618.

Cross Reference:

214 Public Hearings
703 Budget
704 Revenue
705 Expenditures

SPENDING PLAN

The budget of the school district is the authority for the expenditures of the school district for the fiscal year for which the budget was adopted and certified. It is the responsibility of the superintendent to operate the school district within the budget.

Legal Reference:
Iowa Code § 24.9

Cross Reference:
703 Budget
704 Revenue

LOCAL - STATE - FEDERAL - MISCELLANEOUS REVENUE

Revenues of the school district are received by the board treasurer. Other persons receiving revenues on behalf of the school district will promptly turn them over to the board treasurer.

Revenue, from whatever source, is accounted for and classified under the official accounting system of the school district. It is the responsibility of the board treasurer to deposit the revenues received by the school district in a timely manner. School district funds from all sources will not be used for private gain or political purposes.

Tuition fees, **textbook fees and technology fees** received by the school district are deposited in the general fund. The tuition fees for kindergarten through twelfth grade during the regular academic school year are set by the board based upon the superintendent's recommendation in compliance with current law. Tuition fees for summer school, driver's education and adult education are set by the board prior to the offering of the programs.

The board may charge materials fees for the use or purchase of educational materials. Materials fees received by the school district are deposited in the general fund. It is the responsibility of the superintendent to recommend to the board when materials fees will be charged and the amount of the materials fees.

Rental fees received by the school district for the rental of school district equipment or facilities are deposited in the general fund. It is the responsibility of the superintendent to recommend to the board a fee schedule for renting school district property.

Proceeds from the sale of real property are placed in the physical plant and equipment levy (PPEL) fund. The proceeds from the sale of other school district property are placed in the general fund.

The board may claim exemption from the law prohibiting competition with private enterprise for the following activities:

- Goods and services directly and reasonably related to the educational mission;
- Goods and services offered only to students, employees or guests which cannot be provided by private enterprise at the same or lower cost;
- Use of vehicles for charter trips offered to the public, full- or part-time, or temporary students;
- Goods and services which are not otherwise available in the quantity or quality required by the school district;
- Telecommunications other than radio or television stations;
- Sponsoring or providing facilities for fitness and recreation;
- Food service and sales; and,
- Sale of books, records, tapes, software, educational equipment, and supplies.

It is the responsibility of the superintendent to bring to the board's attention additional sources of revenue for the school district.

Legal Reference:

Iowa Code §§ 12C; 23A; 257.2; 279.8; 282.2, .6, .24; 291.12, 297.9-.12, .22; 301.1.

Cross Reference:

701.1 Depository of Funds

703 Budget

803 Selling and Leasing

905 Use of School District Facilities & Equipment

DEBT MANAGEMENT POLICY

DEBT LIMITS

Credit Ratings

The school district seeks to maintain the highest possible credit ratings for all categories of short- and long-term debt that can be achieved without compromising the delivery of services and the achievement of adopted objectives. The school district recognizes that external economic, natural, or other events may from time to time affect the creditworthiness of its debt. Nevertheless, the school district is committed to ensuring that actions within their control are prudent.

Debt Limits

For general obligation debt, the school district's outstanding debt limit shall be no more than five percent (5%) of the actual value of property within the school district's boundaries, as prescribed by the Iowa constitution and statutory restrictions.

~~For revenue debt, the school district's goal is to provide adequate debt service coverage of at least 1.20 times the annual debt service costs.~~

In accordance with Iowa law, the school district may not act as a conduit issuer or issue municipal securities to raise capital for revenue-generating projects where the funds generated are used by a third party ("conduit borrower") to make payments to investors.

PURPOSES AND USES OF DEBT

Capital Planning

To enhance creditworthiness and prudent financial management, the school district is committed to systematic capital planning, intergovernmental cooperation and coordination and long-term financial planning.

Capital Financing

The school district may issue long-term debt for capital projects as authorized by Iowa law, which include, but are not limited to, the costs of planning, design, land acquisition, buildings, permanent structures, attached fixtures or equipment, and movable pieces of equipment. Capitalized interest may be included in sizing any capital project debt issue. The types of debt instruments to be used by the school district include:

- General Obligation Bonds
- General Obligation Capital Loan Notes
- Bond Anticipation Notes
- Revenue Anticipation Notes
- School Infrastructure Sales, Services and Use Tax Revenue Bonds

Lease Purchase Agreements, including Certificates of Participation

Working Capital Financing

The school district may issue debt for working capital for operations after cash flow analysis has determined that there is a mismatch between available cash and cash outflows. The school district shall strive to repay working capital debt by the end of the fiscal year in which the debt was incurred. A Working Capital Reserve may be included in sizing any working capital debt issue.

Refundings

Periodic reviews of all outstanding debt will be undertaken to determine if refunding opportunities exist. Refunding will be considered (within federal tax law restraints) if and when there is a net economic benefit of the refunding or if the refunding is otherwise in the best interests of the school district, such as to release restrictive bond covenants which affect the operations and management of the school district.

In general, advance refundings for economic savings will be undertaken when a net present value savings exceeding three percent of the refunded debt can be achieved. Current refundings, which produce a new present value savings of less than three percent will be considered on a case by case basis taking into consideration bond covenants and general conditions. Refundings with negative savings will not be considered unless there is a compelling public policy objective for doing so.

DEBT STANDARDS AND STRUCTURE

Length of Debt

Debt will be structured for the shortest period consistent with a fair allocation of costs to current and future beneficiaries or users. Long-term debt will not be issued for periods exceeding the useful life or average useful lives of the project or projects to be financed. All debt issued will adhere to state and federal law regarding the length of time the debt may be outstanding.

Debt Structure

Debt will be structured to achieve the lowest possible net cost to the school district given market conditions, the urgency of the capital project, the type of debt being issued, and the nature and type of repayment source. To the extent possible, the school district will design the repayment of its overall debt to rapidly recapture its credit capacity for future use.

Generally, the school district will only issue fixed-rate debt. In very limited circumstances, the school district may issue variable rate debt, consistent with the limitations of Iowa law and upon a finding of the board that the use of fixed rate debt is not in the best interest of the school district and a statement of the reasons for the use of variable rate debt.

All debt may be structured using discount, par or premium coupons, and as serial or term bonds or notes, or any combination thereof, consistent with Iowa law. The school district should utilize the coupon structure that produces the lowest True Interest Cost (TIC) taking into consideration the call option value of any callable maturities.

The school district will strive to structure their debt in sinking fund installments for each debt issue that achieves, as nearly as practicable, level debt service within an issue or overall debt service within a particular classification of debt.

Derivatives (including, but not limited to, interest rate swaps, caps, collars, corridors, ceiling and floor agreements, forward agreements, float agreements, or other similar financing arrangements), zero-coupon or capital appreciation bonds are not allowed to be issued consistent with State law.

Decision Analysis to Issue Debt

Whenever the school district is contemplating the issuance of debt, information will be developed concerning the following four categories commonly used by rating agencies assessing the school district's credit worthiness, listed below.

Debt Analysis – Debt capacity analysis; purpose for which debt is proposed to be issued; debt structure; debt burden; debt history and trends; and adequacy of debt and capital planning.

Financial Analysis – Stability, diversity, and growth rates of tax or other revenue sources; trend in assessed valuation and collections; current budget trends; appraisal of past revenue and expenditure trends; history and long-term trends of revenues and expenditures; evidences of financial planning; adherence to GAAP; audit results; fund balance status and trends in operating and debt funds; financial monitoring systems and capabilities; and cash flow projections.

Governmental and Administrative Analysis – Government organization structure; location of financial responsibilities and degree of control; adequacy of basic service provision; intergovernmental cooperation/conflict and extent of duplication; and overall planning efforts.

Economic Analysis – Geographic and location advantages; population and demographic characteristics; wealth indicators; types of employment, industry and occupation; housing characteristics; new construction; evidence of industrial decline; and trend of the economy.

DEBT ISSUANCE

Credit Enhancement

Credit enhancements (.i.e., bond insurance, etc.) may be used but only when the net debt service on the debt is reduced by more than the costs of the credit enhancement.

Costs and Fees

All costs and fees related to issuing the debt will be paid out of debt proceeds and allocated across all projects receiving proceeds of the debt issue.

Method of Sale

Generally, all school district debt will be sold through a competitive bidding process. Bids will be awarded on a TIC basis providing other bidding requirements are satisfied.

The school district may sell debt using a negotiated process in extraordinary circumstances when the complexity of the issue requires specialized expertise, when the negotiated sale would result in substantial savings in time or money, or when market conditions of school district credit are unusually volatile or uncertain.

Professional Service Providers

The school district will retain external bond counsel for all debt issues. All debt issued by the school district will include a written opinion by bond counsel affirming that the school district is authorized to issue the debt, stating that the school district has met all Iowa constitutional and statutory requirements necessary for issuance and determining the debt's federal income tax status. The bond counsel retained must have comprehensive municipal debt experience and a thorough understanding of Iowa law as it relates to the issuance of the particular debt.

The school district will retain an independent financial advisor. The financial advisor will be responsible for structuring and preparing all offering documents for each debt issue. The financial advisor retained will have comprehensive municipal debt experience, experience with diverse financial structuring and pricing of municipal securities.

The treasurer shall have the authority to periodically select other service providers (e.g., escrow agents, verification agents, trustees, arbitrage consultants, rebate specialists, etc.) as necessary to meet legal requirements and minimize net debt costs. These services can include debt restructuring services and security or escrow purchases.

Compensation for bond counsel, financial advisor and other service providers will be as economical as possible and consistent with industry standards for the desired qualification levels.

DEBT MANAGEMENT

Investment of Debt Proceeds

The school district shall invest all proceeds received from the issuance of debt separate from the school district's consolidated cash pool unless otherwise specified by the authorizing bond resolution or trust indenture. Investments will be consistent with those authorized by Iowa law and the school district's Investment Policy to maintain safety of principal and liquidity of the funds.

Arbitrage and Record Keeping Compliance

The treasurer shall maintain a system of record-keeping, reporting and compliance procedures with respect to all federal tax requirements which are currently, or may become applicable through the lifetime of all tax-exempt or tax credit bonds.

Federal tax compliance, record-keeping, reporting and compliance procedures shall include not be limited to:

- 1) post-issuance compliance procedures (including proper use of proceeds, timely expenditure of proceeds, proper use of bond financed property, yield restriction and rebate, and timely return filing);
- 2) proper maintenance of records to support federal tax compliance;

- 3) investments and arbitrage compliance;
- 4) expenditures and assets;
- 5) private business use; and
- 6) designation of primary responsibilities for federal tax compliance of all bond financings.

Financial Disclosure

The school district is committed to full and complete financial disclosure, and to cooperating fully with rating agencies, institutional and individual investors, other levels of government, and the general public to share comprehensible and accurate financial information. The school district is dedicated to meeting secondary disclosure requirements on a timely and comprehensive basis, as promulgated by the Securities and Exchange Commission.

The Official Statements accompanying debt issues, Annual Audits, and Continuing Disclosure statements will meet the standards articulated by the Municipal Securities Rulemaking Board (MSRB), the Government Accounting Standards Board (GASB), the Securities and Exchange Commission (SEC), Generally Accepted Accounting Principles (GAAP) and the Internal Revenue Service (IRS). The treasurer shall be responsible for ongoing debt disclosure as required by any Continuing Disclosure Certificate for any debt issue and for maintain compliance with disclosure standards promulgated by state and federal regulatory bodies

Legal Reference

Iowa Code §§ 74-76; 278.1; 298; 298A.

Cross Reference:

701 Financial Accounting System
704 Revenue

POST-ISSUANCE COMPLIANCE REGULATION FOR TAX-EXEMPT OBLIGATIONS

1. Role of Compliance Coordinator/Director of Finance

The Director of Finance shall:

- a. Be responsible for monitoring post-issuance compliance;
- b. Maintain a copy of the transcript of proceedings or minutes in connection with the issuance of any tax-exempt obligations and obtain records that are necessary to meet the requirements of this regulation;
- c. Consult with bond counsel, a rebate consultant, financial advisor, IRS publications and such other resources as are necessary to understand and meet the requirements of this regulation;
- d. Seek out training and education to be implemented upon the occurrence of new developments in the area and upon the hiring of new personnel to implement this regulation.

2. Financing Transcripts' Filing and Retention

The Director of Finance shall confirm the proper filing of an IRS 8038 Series return and maintain a transcript of proceedings and minutes for all tax-exempt obligations issued by the school district including, but not limited to, all tax-exempt bonds, notes and lease-purchase contracts. Each transcript shall be maintained until 11 years after the tax-exempt obligation documents have been retired. The transcript shall include, at a minimum

- a. Form 8038;
- b. Minutes, resolutions and certificates;
- c. Certifications of issue price from the underwriter;
- d. Formal elections required by the IRS;
- e. Trustee statements;
- f. Records of refunded bonds, if applicable;
- g. Correspondence relating to bond financings; and
- h. Reports of any IRS examinations for bond financings.

3. Proper Use of Proceeds

The Director of Finance shall review the resolution authorizing issuance for each tax-exempt obligation issued by the school district, and the school district shall:

- a. Obtain a computation of the yield on such issue from the school districts financial advisor;
- b. Create a separate Project Fund (with as many sub-funds as shall be necessary to allocate proceeds among the projects being funded by the issue) into which the proceeds of issue shall be deposited;
- c. Review all requisitions, draw schedules, and draw requests, invoices and bills requesting payment from the Project Fund;
- d. Determine whether payment from the Project Fund is appropriate and, if so, make payment from the Project Fund (and appropriate sub-fund if applicable);
- e. Maintain records of the payment requests and corresponding records showing payment;
- f. Maintain records showing the earnings on, and investment of, the Project Fund;
- g. Ensure that all investments acquired with proceeds are purchased at fair market value;

- h. Identify bond proceeds or applicable debt service allocations that must be invested with a yield-restriction and monitor the investments of any yield-restricted funds to ensure that the yield on such investments do not exceed the yield to which such investments are restricted;
- i. Maintain records related to any investment contracts, credit enhancement transactions, and the bidding of financial products related to the proceeds

4. Timely Expenditure and Arbitrage/Rebate Compliance

The board treasurer shall review the Tax-Exemption Certificate (or equivalent) for each tax-exempt obligation issued by the school district and the expenditure records provided in Section 2 of this regulation, above and shall:

- a. Monitor and ensure that proceeds of each such issue are spent within the temporary period set forth in such certificate;
- b. Monitor and ensure that the proceeds are spent in accordance with one or more of the applicable exceptions to rebates as set forth in such certificate if the school district does not meet the "small issuer" exception for said obligation;
- c. Not less than 60 days prior to a required expenditure date confer with bond counsel and a rebate consultant if the school district will fail to meet the applicable temporary period or rebate exception expenditure requirements of the Tax-Exemption Certificate. In the event the school district fails to meet a temporary period or rebate exception:
 - 1. Procure a timely computation of any rebate liability and, if rebate is due, file a Form 8038-T and arrange for payment of such rebate liability;
 - 2. Arrange for timely computation and payment of yield reduction payments (as such term is defined in the Code and Treasury Regulations) if applicable.

5. Proper Use of Bond Financed Assets

The Director of Finance shall:

- a. Maintain appropriate records and a list of all bond financed assets. Such records shall include the actual amount of proceeds (including investment earnings) spent on each of the bond financed assets;
- b. Monitor and confer with bond counsel with respect to all proposed bond financed assets;
 - i. management contracts;
 - ii. service agreements
 - iii. research contracts
 - iv. naming rights
 - v. contracts;
 - vi. leases or sub-leases
 - vii. joint venture, limited liability or partnership arrangement
 - viii. sale of property; or
 - ix. any other change in use of such assets.
- c. Maintain a copy of the proposed agreement, contract, lease or arrangement, together with the response by bond counsel with respect to said proposal for at least three years after retirement of all tax-exempt obligations issued to fund all or any portion of bond financed assets; and
- d. Shall contact bond counsel and ensure timely remedial action under IRS Regulation Sections 1.141-12 in the event the school district takes an action with respect to a bond financed asset, which causes the private business tests or private loan financing test to be met.

6. General Project Records

For each project financed with tax-exempt obligations, the Director of Finance shall maintain, until three years after retirement of the tax-exempt obligations or obligations issued to refund those obligations, the following

- a. Appraisals, demand surveys or feasibility studies
- b. Applications, approvals and other documentation of grants;
- c. Depreciation schedules
- d. Contracts respecting the project

7. Advance Refundings

The Director of Finance shall be responsible for the following current, post issuance and record retention procedures with respect to advance refunding bonds. The Director of Finance shall:

- a. Identify and select bonds to be advance refunded with advice from internal financial personnel, and a financial advisor;
- b. Identify, with advice from the financial advisor and bond counsel, any possible federal tax compliance issues prior to structuring any advance refunding;
- c. Review the structure with the input of the financial advisor and bond counsel, of advance refunding issued prior to the issuance to ensure
 - i. that the proposed refunding is permitted pursuant to applicable federal tax requirements if there has been a prior refunding of the original bond issue;
 - ii. that the proposed issuance complies with federal income tax requirements which might impose restrictions on the redemption date of the refunded bonds;
 - iii. that the proposed issuance complies with federal income tax requirements which allow for the proceeds and replacement proceeds of an issue to be invested temporarily in higher yielding investments without causing the advance refunding bonds to become "arbitrage bonds" and
 - iv. that the proposed issuance will not result in the issuer's exploitation of the difference between tax exempt and taxable interest to obtain a financial advantage nor overburden the tax exempt market in a way that might be considered an abusive transaction for federal tax purposes;
- d. Collect and review data related to arbitrage yield restriction and rebate requirements for advance refunding bonds. To ensure such compliance, the Director of Finance shall engage a rebate consultant to prepare a verification report in connection with the advance refunding issuance. Said report shall ensure said requirements are satisfied.
- e. Whenever possible, purchase State and Local Government (SLGS) to size each advance refunding escrow. The financial advisor shall be included in the process of subscribing SLGS. To the extent SLGS are not available for purchase, the Director of Finance shall, in consultation with bond counsel and the financial advisor, comply with IRS regulations.
- f. Ensure, after input from bond counsel, compliance with any bidding requirements set forth by the IRS regulations to the extent as issuer elects to the purchase a guaranteed investment contract;
- g. In determining the issue price of any advance refunding issuance, obtain and retain issue price certification by the purchasing underwriting at closing;
- h. After the issuance of an advance refunding issue, ensure timely identification of violations of any federal tax requirements and engage bond counsel in an attempt to remediate the same in accordance with IRS regulations.

8. Continuing Disclosure

The Director of Finance shall assure compliance with each continuing disclosure certificate and annually, per continuing disclosure agreements, file audited annual financial statements and other information required by each continuing disclosure agreement. The Director of Finance

will monitor material events as described in each continuing disclosure agreement and assure compliance with material event disclosure. Events to be reported shall be reported promptly, but in no event not later than 10 business days after the day of the occurrence of the event.

Currently, such notice shall be given in the event of:

- a. Principal and interest payment delinquencies;
- b. Non-payment related defaults, if material;
- c. Unscheduled draws on debt service reserves reflecting financial difficulties;
- d. Unscheduled draws on credit enhancements relating to the bonds reflecting financial difficulties;
- e. Substitution of credit or liquidity providers, or their failure to perform
- f. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the bonds, or material events affecting the tax-exempt status of the bonds.
- g. Modifications to rights of Holders of the Bonds, if material;
- h. Bond calls (excluding sinking fund mandatory redemptions), if material, and tender offers
- i. Defeasances of the bonds;
- j. Release, substitution, or sale of property securing repayment of the bonds, if material;
- k. Rating changes on the bonds;
- l. Bankruptcy, insolvency, receivership or similar event of the issuer;
- m. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its term, if material; and
- n. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

Legal Reference

Iowa Code §§ 257.31(4); 279.8: 297.22-.25; 298A (2013).

<http://www.irs.gov/taxexemptbond/article/0,,id=243503,00.html>

Cross Reference:

704 Revenue

707 Fiscal Reports

INVESTMENTS

~~The Board of Directors delegates the responsibility for the investment of funds in excess of current needs to the Superintendent or his designee and the Treasurer. They shall implement the investment program and shall report to the Board regularly on the results of the Investment Program. The investment program shall comply with all the provisions of state law, administrative rule, and this policy.~~

~~In making investments, the School District shall exercise the care, skill, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would be used to meet the goals of the investment program. The Superintendent and Treasurer are authorized to invest funds in any investments authorized by Iowa law.~~

~~The investment program shall have the safety and security of School District funds as its paramount goal. No other goal, objective, criteria, or procedure may compromise this primary consideration. After security is provided, decisions about the investment of funds shall be based on the goals of:~~

- ~~1. maintenance of necessary liquidity;~~
- ~~2. attainment of a reasonable rate of return;~~
- ~~3. efficient management of the investment program;~~
- ~~4. placement of investments with local financial institutions.~~

~~These four goals are listed in order of priority. However, if the goals are seen to conflict in a particular decision, the advantages of attaining a goal of higher priority must significantly outweigh any adverse impact to the attainment of a goal of lesser priority.~~

~~The Superintendent shall develop and recommend procedures including a system of investment practices, internal controls over the investment practices, and reporting of the investment portfolio.~~

~~Legal Reference: _____~~

~~Iowa Code §§ 11.2, .6; 12.62; 22.1, .13; 28E.2; 257; 279.29; 283A; 285; 452.10; 453; 502.701; 633.123 (1993.)~~

~~1992 Iowa Acts.~~

INVESTMENTS

School district funds in excess of current needs are invested in compliance with this policy. The goals of the school district's investment portfolio in order of priority are:

- To provide safety of the principal;
- To maintain the necessary liquidity to match expected liabilities; and
- To obtain a reasonable rate of return.

In making investments, the school district will exercise the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use it to meet the goals of the investment program.

School district funds are monies of the school district, including operating funds. "Operating funds" of the school district are funds which are reasonably expected to be used during a current budget year or within fifteen months of receipt. When investing operating funds, the investments must mature within three hundred and ninety-seven days or less. If, during the current budget year an amount of public funds will exceed operating funds by at least thirty-three percent, the amount of public funds that exceed operating funds by greater than thirty-three percent may be invested in certificates of deposit at federally insured depository institutions which mature within sixty-three months or less, in accordance with state and federal laws. When investing funds other than operating funds, the investments must mature according to the need for the funds.

The board authorizes the treasurer to invest funds in excess of current needs in the following investments.

- Interest bearing savings, money market, and checking accounts at the school district's authorized depositories;
- Iowa Schools Joint Investment Trust Program (ISJIT); and,
- Certificates of deposit and other evidence of deposit at federally insured Iowa depository institutions.

It is the responsibility of the treasurer to oversee the investment portfolio in compliance with this policy and the law.

The treasurer is responsible for reporting to and reviewing with the board at its regular meetings the investment portfolio's performance, transaction activity and current investments.

It is the responsibility of the superintendent to deliver a copy of this policy to the school district's depositories, auditor and outside persons doing investment business with the school district.

It will also be the responsibility of the superintendent, in conjunction with the treasurer, to develop a system of investment practices and internal controls over the investment practices. The investment practices are designed to prevent losses, to document the officers'

and employees' responsibility for elements of the investment process and address the capability of the management.

Legal Reference:

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

Cross Reference:

206.4 Treasurer

704 Revenue

GIFTS - GRANTS - BEQUESTS

The board believes gifts, grants, and bequests to the school district may be accepted when they will further the interests of the school district. The board will have sole authority to determine whether the gift furthers the interests of the school district.

Gifts, grants, and bequests ~~are~~ may be approved by the board based on the nature of the contribution. Once it has been approved by the board, a board member or the superintendent may accept the gift on behalf of the school district. Donors are encouraged to run their gifts, grants, and bequests through the Harlan Education Foundation when practical.

Gifts, grants, and bequests once accepted on behalf of the school district become the property of the school district. Gifts, grants, and bequests are administered in accordance with terms, if any, agreed to by the board.

Legal Reference:

Iowa Code §§ 279.42; 565.6.

Cross Reference:

217 Gifts to Board of Directors

402.4 Gifts to Employees

508.1 Class or Student Group Gifts

STUDENT ACTIVITIES FUND

Revenue raised by students or from student activities is deposited and accounted for in the student activities fund. This revenue is the property of and is under the financial control of the board. Students may use this revenue for purposes approved by the building principal.

Whether such revenue is collected from student contributions, club dues, and special activities or result from admissions to special events or from other fund-raising activities, all funds will be under the jurisdiction of the board and under the specific control of the building principal. They will be deposited in a designated depository and will be disbursed and accounted for in accordance with instructions issued by the superintendent.

It is the responsibility of the financial supervisor to keep student activity accounts up-to-date and complete.

Any unencumbered class or activity account balances will automatically revert to the activity fund when a class graduates or an activity is discontinued.

Legal Reference:

Iowa Code §§ ~~11.23~~; 279.8 ~~(2013)~~.

Cross Reference:

504 Student Activities

701 Financial Accounting System