

Current Policy

3.9.2 Investments – The Board authorizes the investment of surplus funds in the manner prescribed by law and approved administrative guidelines.

Suggested Policy

3.9.2 Investments – Based upon the Board’s written system of internal controls and operational procedures, the Chief School Financial Officer shall direct the investment of temporarily idle funds in writing in Qualified Investments (defined below) to earn the maximum return for the period available while maintaining the desired liquidity of such funds, provided, however, that such funds must be invested in accordance with the requirements of the Security for Alabama Funds Enhancement (SAFE) Program, according to Sections 41-14A-2 through 41-14A-6, 41-14A-8 and 41-14A-9, *Code of Alabama 1975*, as amended.

For purposes of this policy:

- a. “Qualified Investments” means:
 1. Federal Securities,
 2. Secured Deposits,
 3. Any money market, cash, sweep or similar accounts or funds invested solely in Federal Securities, customarily utilized by the Board’s depository for the investment of public funds and rated "AAAm," "AAAm-G" or better by Standard & Poor’s Rating Group and if rated by Moody’s, "Aaa," "Aa1" or "Aa2." Such funds may be managed by the Board’s depository or any of its affiliates or subsidiaries of affiliates; and
 4. Investment pools managed and directed by an approved agency of the state.
- b. “Federal Securities” means direct general obligations (including obligations issued or held in book-entry form on the books of) of the Department of the Treasury of the United States of America.
- c. "Secured Deposits" means U.S. dollar denominated deposit accounts, federal funds and banker’s acceptances with domestic commercial banks, provided that such deposit is collaterally secured by the issuing bank by pledging securities having a market value (exclusive of accrued interest) not less than the face amount of such deposit less the amount of such deposit which is insured by the Federal Deposit Insurance Corporation.

Other investments may not be made unless specifically authorized by resolution of the Board.

[Reference: ALA. CODE §§ 16-8-9, 16-13A-1, 16-13-2, 16-11-9]