

College Procedure: 744.1 – Investment Procedure

Policy Reference: 744 – Investment Policy
Responsible Department: Finance
Approval Authority: Cabinet
Procedure Owner: Vice President, Finance
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Version Number: 1
Legal Counsel Reviewed (yes/no): No
Legal Reference(s):
Scope: College-wide

Reason for Procedure

The Investment Procedure of Kirkwood Community College shall apply to all operating funds, bond proceeds and other funds and all investment transactions involving operating funds, bond proceeds and other funds accounted for in the financial statements of Kirkwood Community College. Each investment made pursuant to this Investment Procedure must be authorized by applicable law and this written Investment Procedure.

The investment of bond funds or sinking funds shall comply not only with this Investment Procedure but also be consistent with any applicable bond resolution.

This Investment Procedure is intended to comply with Iowa Code Chapter 12B.10(Senate File 2036, 74th General Assembly, 1997 Regular Session) and comply with rules as adopted by the Iowa State Treasurer.

Upon passage and upon future amendment, if any, copies of this Investment Procedure shall be delivered to the following:

- The College’s Board of Trustees
- All depository institutions or fiduciaries for public funds of the College.
- The external auditor engaged to perform the audit of any fund of the College.
- All third parties assisting with or facilitating investments of the funds of the College.

The Procedure

Delegation of Authority

In accordance with Section 12B.10(1), the responsibility for conducting investment transactions resides only with the Board Treasurer and Executive Director of Finance of Kirkwood Community College. Only the Board Treasurer or Executive Director of Finance and those authorized by (ordinance or resolution) may invest public funds and a copy of any empowering (ordinance or resolution) shall be attached to this Investment Procedure.

All contracts or agreements with outside persons investing public funds, advising on the investment of public funds, directing the deposit or investment of public funds or acting in a fiduciary capacity for Kirkwood Community College shall require the outside person to notify, in writing, Kirkwood Community College within thirty days of receipt of all communication from the Auditor of the outside person or any regulatory authority of the existence of a material weakness in internal control structure of the outside person or regulatory orders or sanctions regarding the type of services being provided to Kirkwood Community College by the outside person.

The records of investment transactions made by or on behalf of Kirkwood Community College are public records and are the property of Kirkwood Community College whether in the custody of Kirkwood Community College or in the custody of a fiduciary or other third party.

The Board Treasurer and Executive Director of Finance shall establish a written system of internal controls and investment practices. The controls shall be designed to prevent losses of public funds, to document those officers and employees of Kirkwood Community College responsible for elements of the investment process and to address the capability of investment management. The controls shall provide for receipt and review of the audited financial statement and related report on internal control structure of all outside persons performing any of the following for this public body.

1. Investing public funds.
2. Advising on the investment of public funds.
3. Directing the deposit or investment of public funds.
4. Acting in a fiduciary capacity for this public body.

A Bank, Savings and Loan Association, or Credit Union providing only depository services shall not be required to provide an audited financial statement and related report on internal control structure.

The Officers listed in this procedure of Kirkwood Community College and all employees authorized to place investments shall be covered by professional liability insurance held by the College.

OBJECTIVES OF INVESTMENT PROCEDURE

The primary objectives, in order of priority, of all investment activities involving the financial assets of Kirkwood Community College shall be the following:

1. **Safety:** Safety and preservation of principal in the overall portfolio is the foremost investment objective.
2. **Liquidity:** Maintaining the necessary liquidity to match expected liabilities is the second investment objective.
3. **Return:** Obtaining a reasonable return is the third investment objective.

PRUDENCE

The Officers listed in this procedure of Kirkwood Community College, when investing or depositing public funds, shall exercise the care, skill, prudence and diligence under the circumstances then prevailing that a person acting in a like capacity and familiar with such matters would use to attain the above mentioned investment objectives. This standard requires that when making investment decisions, the Officers listed shall consider the role that the investment or deposit plays within the portfolio of assets of Kirkwood Community College and the investment objectives stated in this procedure.

INSTRUMENTS ELIGIBLE FOR INVESTMENT

To ensure the quality of the College's investment portfolio, assets of Kirkwood Community College may only be invested in the following:

1. Interest bearing savings accounts, interest bearing money market accounts, and interest bearing checking accounts at any bank, savings and loan association or credit union in the State of Iowa. Each bank must be on the most recent Approved Bank List as distributed by the Treasurer of the State of Iowa or as amended as necessary by notice inserted in the monthly mailing by the Rate Setting Committee. **Depository limits and Board authorization are addressed in College Policy 722 – Depository of Funds Policy and the underlying 722.1 Banks Depository Resolution.**
2. Iowa Schools Joint Investment Trust Program (ISJIT)
3. Obligations of the United States government, its agencies and instrumentalities.
4. Certificates of deposit and other evidences of deposit at federally insured Iowa depository institutions approved and secured pursuant to Iowa Code Chapter 12C.
5. Prime bankers' acceptances that mature within 270 days of purchase and that are eligible for purchase by a federal reserve bank, in accordance with Chapter 12B.10.
6. Commercial paper or other short-term corporate debt that matures within 270 days of purchase and is rated within the two highest classifications, as established by at least one of the standard rating services approved by the superintendent of banking, in accordance with Iowa Code Chapter 12B.10.
7. Repurchase agreements, provided that the underlying collateral consists of investments authorized in subparagraphs (3) through (6) of the section "Instruments Eligible for Investment" of this procedure and Kirkwood Community College takes delivery of the collateral either directly or through an authorized custodian.
8. An open-end management investment company organized in trust form registered with the Securities & Exchange Commission under the federal Investment Company Act of 1940, 15 U.S.C. Section 80(a) and operated in accordance with 17 C.F.R. Section 270.2a-7.
9. Any other investment expressly allowed under state and federal law.

All instruments eligible for investment are further qualified by all other provisions of this Investment Procedure.

PROHIBITED INVESTMENTS AND INVESTMENT PRACTICES

Assets of Kirkwood Community College shall not be invested in the following:

- Reverse repurchase agreements.
- Futures and options contracts.
- Derivatives.

Assets of Kirkwood Community College shall not be invested pursuant to the following investment practices:

- Trading of securities for speculation or the realization of short-term trading gains.
- Pursuant to a contract providing for the compensation of an agent or fiduciary based upon the performance of the invested assets.
- If a fiduciary or other third party with custody of public investment transaction records of Kirkwood Community College fails to produce requested records when requested by this public body within a reasonable time, Kirkwood Community College shall make no new investment with or through the fiduciary or third party and shall not renew maturing investments with or through the fiduciary or third party.

INVESTMENT MATURITY LIMITATIONS

Operating Funds must be identified and distinguished from all other funds available for investment. Operating Funds are defined as those funds which are reasonably expected to be expended during the current budget year or within fifteen (15) months of receipt.

All investments authorized in this procedure are further subject to the following investment maturity limitations:

- Operating Funds may only be invested in instruments authorized in this Investment Procedure that mature within three hundred ninety-seven (397) days.
- The Officers identified in this procedure may invest funds of Kirkwood Community College that are not identified as Operating Funds in investments with maturities longer than three hundred ninety-seven days (397) days. However, all investments of Kirkwood Community College shall have maturities that are consistent with the needs and use of the College.

DIVERSIFICATION

Where possible, it is the procedure of Kirkwood Community College to diversify its investment portfolio. Assets shall be diversified to eliminate the risk of loss resulting from overconcentration of assets in a specific maturity, a specific issuer, or a specific class of securities. In establishing specific diversification strategies, the following general policies and constraints shall apply:

1. Portfolio maturities shall be staggered in a way that avoids undue concentration of assets in a specific maturity sector. Maturities shall be selected which provide stability of income and reasonable liquidity.
2. Liquidity practices shall be used to ensure that the next disbursement date and payroll date are covered through maturing investments or cash on hand.
3. Risks of market price volatility shall be controlled through maturity diversification.

SAFEKEEPING AND CUSTODY

All invested assets of Kirkwood Community College involving the use of a public funds custodial agreement, as defined in Section 12B.10, shall comply with all rules adopted pursuant to Section 12B.10. All custodial agreements shall be in writing and shall contain a provision that all custodial services be provided in accordance with the laws of the State of Iowa.

All invested assets of Kirkwood Community College eligible for physical delivery shall be secured by having them held at a third party custodian. All purchased investments shall be held pursuant to a written third party custodial agreement requiring delivery versus payment and compliance with all rules set out elsewhere in this Investment Procedure.

ETHICS AND CONFLICT OF INTEREST

All officers and employees of Kirkwood Community College involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

Revision Log

Table 1 Revision Log

Version Number	Date Approved	Approved by	Description of Change
1	03/17/2026	Cabinet	New procedure added below the Investment Policy 744.