

INVESTMENT POLICY**I. PREFACE**

The investment policy establishes a framework for the safe and prudent investment of short term operating funds of the school district in accordance with the provisions of RSA 197:23-a.

II. SCOPE

This investment policy applies to all financial assets in the custody of the district's treasurer and all transactions involving those assets. Investment income will be deposited into the general fund unless provisions of state or federal law concerning certain funds require otherwise. All funds will be accounted for in the district's annual audited financial reports and include, but are not limited to, the following:

- General Fund;
- Special Revenue Funds;
- Capital Project Funds;
- Enterprise Funds;
- Agency Funds;
- Any new funds created by the district, unless specifically exempted by the governing body, in accordance with law.

III. OBJECTIVES

The investment policy objectives are:

1. to ensure the preservation of capital and the protection of investment principal;
2. to maintain sufficient liquidity to meet operating requirements;
3. to satisfy all legal requirements;
4. to attain a competitive rate of return on investments taking into account risk and legal constraints and cash flow considerations;
5. to ensure full transparency of investment strategies, transactions and results.

IV. AUTHORITY OF THE TREASURER

The authority of the treasurer under this policy is as follows:



1. in accordance with RSA 197:23-a, whenever the treasurer has, in custody, any excess of funds which are not immediately needed for the purpose of expenditure, the treasurer shall invest the same with the approval of the board (see Section VII.6);
2. in accordance with RSA 197:24 and 197:24-a, any and all responsibilities of the treasurer under this policy may be delegated to an acting or deputy treasurer and shall be carried out by said individual whenever the treasurer is unable, as defined by the above statutes or in Section VI of this policy, to carry out his/her responsibilities;

No person may engage in an investment transaction except as provided under the terms of this policy, the internal procedures and controls hereby established, or in accordance with decisions that may be taken by the board.

V. PRUDENCE

All activity carried out under this investment policy shall be conducted in accordance with the “prudent person” standard, which requires that investments shall be made with the care, skill, prudence, and diligence under circumstances then prevailing that a prudent person acting in a similar capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims.

VI. CONFLICT OF INTEREST

Officials involved in the investment process shall not engage in or have a financial interest in any activity or investment that could conflict with or could create the appearance of conflict for the proper execution of the investment program, or which could impair their ability to make impartial investing decisions. Investment officials and individual board members shall disclose to the full Board any material personal, business-related or financial interests in a financial institution that conducts business with the district, and shall further disclose any material financial relationships or business responsibilities that could be related to the impartial management of the district’s financial assets. Where conflicts of interest or the appearance of a conflict of interest cannot be avoided through policies or procedures approved by the board, affected official(s) shall recuse themselves from financial decisions.

VII. INTERNAL CONTROLS

The following internal controls and financial procedures shall be followed and shall be reviewed annually by the district’s independent auditors. These internal controls and procedures are designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties,



unanticipated changes in financial markets, imprudent actions by employees and officers of the district:

1. The official address for all banking and investment correspondence in which includes bank statements, invoices, bond notices, investment advices, bond invoices—shall be either the Superintendent of Schools Office or the home address of the district treasurer. All financial documents received at the superintendent of schools office shall be opened and date stamped by SAU staff, and copied by the SAU staff; with originals held either for pickup by the district treasurer, or mailed to the Treasurer, at the Treasurer's discretion.
2. In order to document interest income, service charges, and records of check clearances, the business office shall receive and retain bank statements for a minimum of three (3) years.
3. The district treasurer shall instruct each financial institution, with which the district has accounts, that certain business office staff shall be authorized to make inquiries by telephone, internet or in person of the financial institution(s) with regard to account transactions including, but not limited to, service charges, investment earnings, cleared checks and deposits.
4. Monthly bank statement reconciliations shall be provided by the treasurer to the business office within 30 days from the end of month. The reconciliation report will include a detailed listing of all reconciling items, i.e. deposits in transit, outstanding checks, or other adjustments necessary to reconcile the district's cash balance. Any such entries shall be documented by original third-party source documentation. The business office shall reconcile the financial records to the treasurer's records on a monthly basis.
5. Independent third-party documentation of all investment activity will be transmitted promptly to the superintendent or designee.
6. The business office shall forecast and track the district's cash flow. The business office shall notify the treasurer whenever it determines there may be investable fund balances available that would benefit from a higher yield than currently earning, and/or their anticipated use is such that a longer term investment maturity might be appropriate. Changes in cash flow investments may be made when they are determined to be in the best interest of the district and consistent with district policy. When funds are not needed for periods of less than or equal to three months, the treasurer shall invest the excess funds and report such investment activity to the board. For periods of more than three months, the treasurer shall present a recommendation to the board, for approval, prior to making the investment. In either case, the treasurer shall solicit



investment offers from various approved financial institutions offering investment services in the community (see Section XI below). Such offers shall be received at the business office and the treasurer shall make an award to the highest yielding bidder that is deemed to be a safe and reputable institution.

7. The treasurer shall promptly execute investment transfers or may authorize appropriate SAU staff to transfer funds.
8. Periodically, the business office or the treasurer shall solicit proposals from financial institutions offering services in the community for the purpose of choosing a depository that offers the best package of services, fees, and investment earnings for the district's accounts. If the proposals indicate the district's interests may be better served by a change in depository banks, the business office or the treasurer shall confer and present the proposal(s) to the board for discussion and/or approval.

VIII. BOND REQUIRED

The treasurer and deputy treasurer shall, before entering upon the duties of such office, give a fidelity bond to the district with sufficient sureties, to the acceptance of the board, for the faithful performance of the treasurer's official duties. The district shall pay for such bond.

IX. DEPOSITORIES

All depository accounts of the district shall be held in the name of the district. All income payable to the district and all revenue received by the district shall be deposited to district depository account(s); and the business office shall forward to the treasurer, at least monthly, a report of deposits recorded. The district's depository relationship for the district's funds shall be reviewed periodically and selected through a competitive process. The board shall approve the choice of depository.

X. INVESTMENT INSTRUMENTS

Funds of the district may be invested in:

1. Participation units in the New Hampshire Public Deposit Investment Pool established pursuant to RSA 383:22;
2. Solvent banks in the State of New Hampshire, except that funds may be deposited in banks outside the state if such banks pledge and deliver to a third-party custodial bank or the regional federal reserve bank; collateral security for such deposits; United States government obligations, United States government agency obligations, or obligations of the State of New Hampshire in value at least equal to the amount of



such funds on deposit. The amount of collected funds on deposit in any one bank shall not at any time exceed 10% of the sum of its paid-up capital and surplus. The district's independent auditors shall review and confirm these collateral safekeeping procedures annually;

3. Obligations of the United States government;
4. Savings bank deposits of banks incorporated under the laws of the state of New Hampshire or in certificates of deposits and repurchase agreements of banks incorporated under the laws of the state of New Hampshire or in banks recognized by the state treasurer not to exceed 10% of their paid-up capital and surplus.

Investment maturities for operating funds shall be scheduled to coincide with projected cash flow needs, taking into account large routine expenditures (payroll and accounts payable) as well as anticipated revenue inflows.

XI. COMPETITIVE SELECTION OF INVESTMENT INSTRUMENTS

Before the district invests any excess funds in investment instruments other than US Treasury Securities or the New Hampshire Public Deposit Investment Pool, the treasurer shall conduct a competitive bid process. Bids shall be solicited from at least three qualified financial institutions for various options with regards to terms and instrument. Bids shall be held in confidence until the bidding is closed.

XII. ACCOUNTING

All financial institutional activity shall be reconciled monthly with the treasurer and reported on a monthly basis to the business administrator or designee. General ledger entries will be posted to the accounting system monthly in order to accurately reflect the district's cash position.

XIII. REPORTING

The treasurer shall keep in suitable books provided for the purpose of an accurate accounting of all revenue received and expenditures made from the district treasury, and of all notes given by the district. Within twenty-five days following the end of the fiscal year the treasurer shall issue a detailed report to the board, giving an accurate account of all of the treasurer's financial transactions during the year. The report, listed as the "F-4", shall list the various investment transactions entered into, showing the institution type of investment, inception and maturity date, interest rate, and income received. The treasurer shall furnish to the board statements from his / her financial records, and submit these financial records and vouchers to the board and/or to the auditors for examination, whenever so requested.



XIV. POLICY REVIEW

This investment policy shall be reviewed at least annually by the board.

Legal References:

RSA 21-J:19, *Department of Revenue Administration: Audit*
RSA 41:6, *Choice and Duties of Town Officers: Surety Bond Required*
RSA 197:23-a, *School Meetings and Officers: Treasurer's Duties*
RSA 197:24, *School Meetings and Officers: Acting Treasurer*
RSA 197:24-a, *School Meetings and Officers: Deputy Treasurer*
RSA 198:4-d, *School Money, Reports Required; Cities and School District*
Policy BDCC, *Duties and Responsibilities of the School District Treasurer*

Adopted 1999

Revised 2012

