

Investment

The School Board authorizes the School District Treasurer, working in conjunction with the Superintendent and his/her designee and pursuant to RSA 197:23-a, to invest the funds of the District subject to the following objectives and standards of care.

I. Objectives

The three objectives of investment activities shall be safety, liquidity, and yield.

1. Safety of principal is the foremost objective of this policy. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital by mitigating credit and interest rate risk. This will be accomplished by limiting the type of the investments and institutions to those required by RSA 197:23-a and fully covered by FDIC insurance or collateral approved pursuant to applicable law.
2. Liquidity of the investment portfolio shall remain sufficient to meet all operating requirements that may be reasonably anticipated.
3. Yield of the investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above.

II. Standards of Care

All participants in the investment process shall act responsibly as custodians of the public trust. They shall avoid any transaction that might impair public confidence in the ability of the School Board to govern effectively.

- A. Delegation of Authority. Authority to manage the investment program is granted to the duly elected Treasurer of the School District as derived from RSA 197:23-a *Treasurer's Duties*. Management responsibility for the investment program is delegated to the Treasurer of the School District who shall carry out the operation of the investment program consistent with this investment policy. The Treasurer of the School District shall be responsible for all transactions undertaken. Annually the School Board shall authorize investment of excess funds in accordance with RSA 197:23-a.
- B. Prudence. The standard of prudence to be used by the District Treasurer and Superintendent, or his/her designee involved in the investment process, shall be the "prudent person" standard and shall be applied in the context of managing an overall investment portfolio. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, considering the safety of capital as well as the probable income to be derived.
- C. Ethics and Conflict of Interest. The School District Treasurer, Superintendent, his/her designee, or other employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial investment decisions. Investment officials shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the School District.

Investment officials shall disclose, to the School Board, any material financial interest in banks that conduct business with the School District. They shall further disclose any personal financial positions that could be related to the performance of the investment portfolio.

III. Internal Controls

The School Board is responsible for establishing and maintaining internal control procedures designed to insure that assets of the School District are protected from loss, theft, or misuse. The internal control procedures shall be designed to provide reasonable assurance that the objectives are met.

The concept of reasonable assurance recognizes that (1) the cost of a control shall not exceed the benefits derived, and (2) the valuation of costs and benefits requires estimates and judgments by management. Accordingly, the School Board shall establish a process for annual independent review by an external auditor to assure compliance with policies and procedures. The internal control procedures shall address the following points.

1. Control of Collusion. Collusion is a situation where two or more employees are working in conjunction to defraud their employer.
2. Separation of transaction authority from accounting and record keeping. A separation of duties is achieved when the person who authorizes or performs a transaction is not the same person who records or otherwise accounts for the transaction.
3. Written confirmation of communications and electronic transfers for investment transactions. Due to the potential for error and improprieties arising from electronic transactions, all electronic confirmations and transfer requests should be supported by written communication and approved by the appropriate person. Written communications may be via electronic mail.

IV. Authorized Depositories

All depository accounts of the School District must be held in the name of the School District. All income payable to the School district and all revenue received by the School District shall be forwarded to the School District Treasurer. The Treasurer shall deposit said funds with one or both of the following institutions:

- Solvent banks whose deposits are federally insured in New Hampshire.
- Participation units in the public deposit investment pool established pursuant to RSA 383:22, known as the New Hampshire Public Deposit Investment Pool (NHPDIP).

V. Authorized Investments

All investment accounts and securities of the School District must be held in the name of the School District. Assets of the School District may be invested in the following securities:

- Participation units in the public deposit investment pool established pursuant to RSA 383:22, known as the New Hampshire Public Deposit Investment Pool (NHPDIP),
- Savings accounts in banks whose deposits are federally insured in New Hampshire,
- Certificates of deposit with the same restrictions.

VI. Safekeeping and Custody

Investment officials shall be bonded to protect the public against possible embezzlement and malfeasance. Safekeeping procedures shall be reviewed annually by an external auditor.

VI. Reporting

The investment official shall submit a monthly report to the District's business office that reconciles all depository cash accounts and all investment accounts of the School District.

Legal References:

RSA 197:23-a, Treasurer's Duties

RSA 383:22, Public Deposit Investment Pool

Reviewed: 11/83
Reviewed: 08/92
Revised: 01/06/99
Reviewed: 10/01/02
Rewritten: 04/30/03
Reviewed: 05/04/04
Revised: 09/16/14
PRC Reviewed : 09/03/19