

PELHAM SCHOOL DISTRICT POLICY

DFA – INVESTMENT

Category: Priority

The Pelham 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.

SCOPE

The Investment policy applies to all financial assets in the custody of the Treasurer of the Pelham School District. These funds are accounted for in the School District's annual audited financial reports and include the following:

- General Fund
- Special Revenue Funds
- Capital Project Funds
- Enterprise Funds
- Agency Funds (excluding Student Activity Funds not under the custody of the Treasurer)
- Any new funds created by the Pelham School District, unless specifically exempted by the governing body, in accordance with the law.

Furthermore, the Investment policy applies to all transactions involving the financial assets and related activity of all the foregoing funds.

DELEGATION OF AUTHORITY

The Treasurer shall have custody of all monies belonging to the District and shall pay out the same only upon orders of the School Board. The School District Treasurer shall hold the authority to deposit funds, invest funds, complete wire transfers, and authorize collateral agreements on behalf of the Pelham School District. A copy of such investment instruments and collateral agreements shall be maintained on file at the Superintendent's Office with the original maintained in the records of the School District Treasurer. Should the governing body authorize an Assistant Treasurer, the Assistant Treasurer is delegated this responsibility in the absence of the Treasurer.

OBJECTIVES

The three objectives, in priority order, of investment activities shall be safety, liquidity, and yield, provided all investments shall be made in accordance with RSA 197:23-a.

1. Safety of principal is the foremost objective in 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 shall be accomplished by limiting the type of the investments and institutions to those stipulated RSA 197:23-a.
2. Liquidity of the investment portfolio shall remain sufficient to meet all operating requirements that may be reasonably anticipated.

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3. Yield. 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.

STANDARDS OF CARE

1. Prudence. The standard of prudence to be used by the District Treasurer or Assistant Treasurer when the Treasurer is not available, involved in the investment process, shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. They are directed to use the GFOA Recommended Practices and Policy Statements Related to Cash Management as a guide to the prudent investment of public funds.
2. Ethics and conflicts of interest. The School District Treasurer or Assistant Treasurer 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 decisions. Employees and Investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial institutions with which they conduct business. They shall also disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officials shall subordinate their personal investment transactions to those of the School District, particularly with regard to the timing of purchases and sales.
3. Internal Controls. The District Treasurer shall establish a system of internal controls, which shall be documented in writing, and designed to ensure that the assets of the School District are protected from loss, theft, or misuse. The internal controls shall be reviewed periodically by the School Board and an independent auditor.
4. Investment Parameters. Investments shall be made with judgment and care, under circumstances then prevailing, which persons or prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

The investments shall be diversified by: limiting investments to avoid over concentration in securities from a specific issue or business sector (excluding U.S. Treasury Securities), and limiting investment in securities, which have been higher credit risks. Investment shall be made in securities with varying available funds such as local government investment pools, money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

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To the extent possible, the District shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the District shall not directly invest in securities maturing more than thirty (30) days from the date of purchase, unless the investment instrument carries a no-penalty provision for the withdrawal of any portion or total of the investment together with interest earned, or in accordance with state and local statutes and ordinances.

A report shall be presented to the School Board annually summarizing the investment portfolio of the prior year and outlining current investments. Whenever possible, a projection of the investments for the year shall be provided with such understanding that actual investments may differ from the projections.

5. Policy Considerations

This Investment Policy shall be reviewed and approved by the Pelham School Board not later than the anniversary date hereof pursuant to RSA 197:23-a. A copy of the approved Investment Policy shall be provided to and retained by the Pelham School District Clerk as part of the School District's official records. The Superintendent, or designee, shall publish to the School Board any recommended changes. However, policy changes shall only be adopted through a majority vote of the School Board.

The investment of funds shall be left to the discretion of the District Treasurer subject to all investments being made in accordance with RSA 197:23-a.

The investment of funds shall be left to the discretion of the District Treasurer without prior approval of the Board.

District Policy History:

September 21, 2016

May 10, 2017

May 20th, 2020

Legal References:

RSA 197:23-a, Treasurer's Duties

RSA 383:22, Public Deposit Investment Pool

RSA 386:57, Security for Certain Deposits of Public Funds