

**DRESDEN SCHOOL BOARD
INVESTMENT POLICY**

April 2007

I. PREFACE

The investment policy establishes a framework for the safe and prudent investment of public funds. It also provides guidance and direction for elected and appointed officials as well as staff in the daily conduct of investing activity, in addition to improving consistency, creating and defining accountability, and ensuring that laws are followed.

II. SCOPE

This investment policy applies to all financial assets in the custody of the School District Treasurer of the Dresden School District, Hanover, New Hampshire and all transactions involving those assets. These funds are 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, or by-law.

III. OBJECTIVES

The investment policy objectives are stated below:

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. DELEGATION OF AUTHORITY

The delegation of authority under this policy is stated below:

1. Responsibility for conducting investment transactions is assigned by the School Board to the School District Treasurer, who will carry out said transactions subject to approval of the School Board as set forth in Section VII. 6.
2. Any and all responsibilities of the Treasurer under this policy may be delegated to his or her Deputy and shall be carried out by such Deputy whenever the Treasurer may be unavailable or recused from carrying out any of his or her responsibilities pursuant to Section VI. hereof.
3. 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 School 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 like 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 with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Investment officials, elected Auditors and School Board Directors shall disclose to the School Board any material personal, business-related or financial interests in financial institutions that conduct business with the district, and they 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 conflict of interest cannot be avoided through policies or procedures approved by the School Board, affected official(s) shall recuse themselves from subject 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--bank statements, invoices, bond notices, investment advices, bond invoices--shall be the office of the

School District. All such documents received at the office shall be opened and date-stamped by SAU staff, and copied as the SAU staff may require; 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 SAU office shall receive and retain for a minimum of six (6) years copies of monthly bank statements including documentation of cleared checks.
3. The District Treasurer shall instruct each financial institution that SAU office staff designated by the superintendent shall be authorized to make inquiries of the bank(s) as to account transactions including, but not limited to, service charges, investment earnings, cleared checks, deposits either by telephone, internet or in person.
4. Monthly bank statement reconciliations should be provided by the Treasurer to the SAU office within 30 days from 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 match its cash balance to the Treasurer's records. Any discrepancies between the SAU's records and the Treasurer's records shall be rectified without delay.
5. Independent third-party documentation of all investment activity will be transmitted promptly to the Superintendent or designee.
6. The SAU office shall track and forecast the District's cash flow. The SAU office shall notify the Treasurer whenever it determines there are investable fund balances that would benefit from a higher yield than currently earning, and/or whose anticipated use is such that a longer term maturity might be appropriate. Upon such notification and consistent with any Board policies, if the period that the funds are not needed is less than or equal to three months, then the Treasurer shall invest them and later 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 financial institutions offering services in the community (see Section XI. below). Such offers shall be received at the SAU office and the Treasurer shall make an award to the highest yielding bidder that is deemed to be a safe and reputable institution, and if such award is determined to be in the best interest of the District and consistent with District policy.
7. Either the Treasurer shall promptly execute investment transfers or authorize appropriate SAU staff to transfer funds. If SAU staff members are authorized to make transfers, all such transfers shall require countersignatures from two administrators authorized by the Dresden Board.
8. Periodically, the SAU 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 that the District's interests may be better served by a

change in depository banks, the office or the Treasurer shall confer with the other party 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 bond to the District with sufficient sureties, to the acceptance of the School 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 account(s); and the SAU office shall forward to the Treasurer at least monthly a report of deposits made. The District's depository relationship for the District's funds shall be reviewed periodically and selected through a competitive process. The School Board shall approve the choice of depository.

X. INVESTMENT INSTRUMENTS

Funds of the Dresden School District may be invested in:

1. Participation units in the New Hampshire Public Deposit Investment Pool established pursuant to NH 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 the deposit in each case. The amount of collected funds on deposit in any one bank shall not at any time exceed the sum of its paid-up capital and surplus. The District's independent Auditors shall review 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,
5. [Shares of money market funds which are registered with the SEC and qualified for sale in the state of New Hampshire to the extent permitted pursuant to NH RSA 31:25 and 35:9.]

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 U.S. 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 eight qualified financial institutions for various options with regards to terms and instrument, as set forth in Section VII 6. 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 Superintendent 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 a fair and correct account of all sums received into and paid from the District treasury, and of all notes given by the District, with the particulars thereof. Within sixty days following the end of the fiscal year the Treasurer shall make a report to the District, giving a particular account of all of the Treasurer's financial transactions during the year. Such report shall list the various investment transactions entered into, showing institution, inception and maturity date, and interest rate and income received. The Treasurer shall furnish to the School Board statements from his or her books, and submit the books and vouchers to them and to the Auditors for examination, whenever so requested.

In addition, the Treasurer shall make a monthly report to the Board showing the current investments, their rates of return, and for comparison, rates of return for 3-month T-bills, rates for Treasury notes of various short term maturities and the current daily rate for the New Hampshire Public Deposit Investment Pool.

XIV. REVIEW

This policy shall be reviewed at least annually by the School Board, with changes made as warranted, followed by re-adoption by the Board. The Board reserves the right to implement changes to this policy, if it is deemed in the District's best interest. This policy is available for public review and inspection. A copy may be obtained by contacting the Superintendent.

XV. POLICY APPROVAL/ADMENDMENTS

The Dresden School Board approved adoption of the Dresden School District Investment Policy at its meeting held on April 24, 2007. Revised April 22, 2008