

DEPOSIT AND INVESTMENT

A. Investment Objectives

For all District funds, safety of principal and maintenance of sufficient liquidity are the primary investment objectives and achieving a market rate of return is a subsidiary investment objective.

The MSAD 11 Board recognizes that in order to achieve a rate of return that exceeds inflation, long-term reserve funds may be invested in securities that are subject to loss and whose return is not guaranteed. The Treasurer shall take into consideration the time frame in which the District will need the funds, and the investment of long-term reserve funds is otherwise subject to all other investment objectives and requirements of this policy.

1. Safety

The Treasurer (by law, the Superintendent of Schools serves as the District's Treasurer) shall seek to avoid realized or unrealized capital losses on all investments and deposits of District funds, except to the extent expressly permitted by this policy in the case of long-term reserve funds. The Treasurer shall manage risk through, as applicable, diversification, structuring maturities to meet anticipated cash needs, collateralization, and selection of investment grade securities. The Treasurer shall deposit District funds only in, and enter into repurchase agreements only with, FDIC-insured financial institutions that are adequately capitalized and are otherwise in compliance with the requirements of the federal agency responsible for the safety and soundness of that institution.

2. Liquidity

The Treasurer shall structure investments so that an adequate amount is maintained in short-term securities or deposits that can be converted to cash without loss to meet all reasonably anticipated needs.

3. Return

The Treasurer shall structure investments to seek a market-average 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 to the safety and liquidity objectives described above. This does not prohibit the Treasurer from investing long-term reserve funds to achieve a market rate of return in excess of inflation, as previously described.

B. Role of Treasurer

The Treasurer is responsible to invest District funds. The Treasurer shall invest District funds in a manner designed to achieve the objectives of safety, liquidity and return on investment as described in this policy. The Treasurer shall invest all District funds in a prudent manner in compliance with all applicable laws. The Treasurer is also responsible for the efficient and secure operation of the District's cash management system. The Treasurer shall provide a copy of this policy to any institution with which the District opens a deposit or investment account and to any party who provides investment advice to the District, and shall require all such parties to acknowledge that they shall comply with this policy.

The Treasurer may delegate any of the Treasurer's responsibilities under this policy to the Business Administrator to the fullest extent permitted by law. The Business Administrator shall keep the Treasurer at all times informed as to any matter so delegated. The Treasurer shall properly supervise the Business Administrator. Delegation to the Business Administrator shall not relieve the Treasurer from any responsibility under this policy or applicable law.

C. Role of Finance Committee

In investing or depositing District funds, the Treasurer shall be subject to and at all times act under the direction of the Finance Committee. If at any time the District does not have a Finance Committee, the Board shall serve as the Finance Committee for purposes of this policy. The Treasurer shall report to the Finance Committee on the investment or deposit of District funds quarterly or at such intervals as the Finance Committee shall determine. Reporting shall include cash flow requirements, quarterly investment reports, investment strategy, and the operations of the cash management system. The Treasurer shall also report to the Finance Committee any significant investment loss and any other significant adverse matter or change affecting the safety, liquidity or return on investment of the District's funds, and any action taken or proposed to address such loss or such adverse matter or change.

D. Statutory Considerations

The Treasurer shall invest or deposit District funds in compliance with applicable laws, including section 1491 (2) of Title 20-A and sections 5706 and 5711 through 5718 of Title 30-A of the Maine Revised Statutes, as the same may be amended from time to time. It is noted, however, that the investments described as legally permissible in sections 5712 through 5715 of Title 30-A may be suitable only for the investment of long-term reserve funds (with the exception of bankers' acceptances of prime commercial paper described in section 5712, which may also be suitable for investment of other District funds).

E. Ethics and Conflicts of Interest

The Treasurer, the Business Administrator and Finance Committee members shall refrain from personal business or investment activity that could conflict with the District's

investments and cash management, impair their ability to make impartial investment decisions, or impair public confidence in the District's investment and cash management decisions. They shall disclose to the Board any material finance interests in or employment by financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal finance/investment positions that could be related to the performance of the District's investments. They shall subordinate their personal investment transactions to those of the District, particularly with regard to the timing of purchase and sales. They shall otherwise comply with all applicable conflict of interest laws and the Board's conflict of interest policy.

F. Internal Controls

The District's auditors shall review annually the District's investment internal controls. The auditors will concentrate on control of collusion; separation of duties; separating transaction authority from accounting and record keeping; custodial safekeeping; clear delegation of authority; specific limitations regarding securities losses and remedial action; written confirmation of telephone transactions; code of ethics; and documentation of transactions.

Legal Reference: 20-A MRSA § 1491 (2)
 30-A MRSA § 5706, 5711-5718

Cross Reference: BCB – Conflict of Interest

Adopted: March 2, 2023