

Investment of district funds

A. Purpose

It shall be the policy of the Board to optimize its return through investment of its unencumbered cash balances in such a way as to minimize non-invested balances and maximize return on investments in a manner consistent with Maine law. The primary objectives of investment activities, in priority order, shall be:

1. **Legality** - All investments shall be made in accordance with applicable laws of Maine (including MRSA 30-A Subchapter 3-A§5706-§5719.) and the US Government.
2. **Safety** - Safety of principal shall be of highest priority. Preservation of capital in the portfolio of investments shall be ensured through the mitigation of credit risk, interest rate risk, and attention to early withdrawal penalties.
3. **Liquidity** - Investments shall remain sufficiently liquid to meet all operating requirements that are reasonably anticipated. A fiscal year operations anticipated cash flow shall be developed so that investments can be made as early as possible, with maturities concurrent with anticipated cash demands.
4. **Yield** -maximize returns then available on the market subject to purposes A.1-A.3 by a process of receiving multiple competing quotes.

B. Authority

All investments of the RSU made by an officer and/or employee of the RSU shall be made in accordance with this policy and Maine and Federal law. The Board authorizes the Treasurer to make investments. After securing the best possible interest rate, the Treasurer shall authorize the bank, in writing, to invest and enter into written agreement with the bank for said investments. Perpetual investment records shall be maintained on all investments and include the cost and certificate number.

C. Acceptable Investments

C.1 Investments not requiring board authority

The treasurer may invest in the following instruments without receiving prior approval for the specific investment so long as all other requirements of this policy are followed.

- a) FDIC or National Credit Union Share Insurance Fund insured certificates of deposit, money market accounts, and ICS accounts for which any penalties for early withdrawal do not place principal at risk. Investments must be structured across banks to meet requirements for insurance such as maximum amounts per bank. These investments will be with large banks such that RSU investments are a small fraction (and always less than 25%) of the capital, surplus and profits of the bank.

C.2 Investments requiring board authority

The treasurer may recommend the following investments but must receive prior approval from the board for each specific investment including the amount, the bank, and nature of the investment.

- a) FDIC or National Credit Union Share Insurance Fund insured certificates of deposit, money market accounts, and ICS accounts for which penalties for early withdrawal may place principal at risk (i.e. an early withdrawal could reduce principal). Investments must be structured across banks to meet requirements for insurance such as maximum amounts per bank.
- b) US treasury bonds backed by the full faith and credit of the US government (subject to the provisions of 30-A - MRSA §5706.2)
- c) Maine bonds backed by the full faith and credit of the government of Maine

D. Portfolio

The treasurer shall monitor market conditions and from time to time but at least once a year evaluate if RSU 26's unencumbered cash is invested across instruments and institutions optimally with respect to the purposes identified in Section A. Either the treasurer or the board may request the creation of a board subcommittee on investments which shall then assume this authority, but in the absence of such a committee the authority remains with the

treasurer.

E. Reporting

The treasurer shall cause a report on current investments and returns realized to be provided to the board quarterly. The annual audit shall audit investment funds.

F. Use of funds

All net proceeds from investments in restricted funds shall be added to the balance of those restricted funds while all net proceeds from investment of undesignated funds shall be placed into the district's undesignated fund balance for allocation in future budget years at the discretion of the board.

References:

MRSA 20-A §1491

MRSA 30-A Subchapter 3-A (§5706-§5719)

Adopted: April 7, 2020

Revised: