

Business & Non-Instructional Operations

Investment and Deposit of Operating Funds

It shall be the policy of the Region 9 Board of Education (Region 9) to optimize its return through investment of cash balances in such a way as to minimize non-invested balances and to maximize return on investments.

The investment program shall be operated in conformance with federal, state, and other legal requirements. The director of finance and operations will report to the Financial Oversight Committee monthly as to the status of Region 9 deposits and investments.

Scope

These regulations apply to the investment and deposits of all funds, excluding the investment of employees' retirement funds.

General Objectives

The primary objectives, in priority order, of investment activities shall be safety, liquidity, and yield:

1. Safety

Safety of principal is the foremost objective of the investment and deposit program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

a. Credit Risk

Region 9 will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by: limiting investments to the safest types of securities, pre-qualifying the financial institutions and advisors with which Region 9 will do business, and diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

b. Interest Rate Risk

Region 9 will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by: structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, daily liquid money market mutual funds, or investment pools.

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General Objectives (continued)

2. Liquidity

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs. Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary markets or local government investment pools which offer same-day liquidity.

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 director of finance and operations shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. The director of finance and operations exercising due diligence and acting in accordance with written procedures and these investment regulations shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

2. Ethics

Officers and 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 decisions. Employees shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio.

3. Delegation of Authority

Authority to manage the investment program is granted to the director of finance and operations and derived from CGS 3-24f, 3-27a, 7-400 and 7-402. Responsibility for the operation of the investment program is hereby delegated to the director of finance and operations, who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with these investment regulations. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the director of finance and operations. The director of finance and operations shall be responsible for all transactions undertaken and shall establish a system of controls to

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Delegation of Authority (continued)

regulate the activities of subordinate officials. The director of finance & operations shall provide a monthly report of all investments and investment activity to the Financial Oversight Committee and the Region 9 Board of Education.

Deposit of Public Funds

In accordance with CGS 7-402, the director of finance and operations may deposit public funds in any qualified public depository, as identified by the Banking Commission, provided such deposit is made in the name of Region 9.

Suitable and Authorized Investments

1. Investment Types

The following investments will be permitted by these regulations and are those defined by state and local law where applicable:

- U.S. Treasury obligations which carry the full faith and credit guarantee of the United States government and are considered to be the most secure instruments available.
- U.S. government agency and instrumentality obligations that have a liquid market with a readily determinable market value.
- The State Treasurer's Short Term Investment Fund (STIF) established pursuant to CGS 3-27a.
- The State Treasurer's Tax-Exempt Proceeds Fund (TEPF) established pursuant to CGS 3-24a.
- Certificates of deposit and other evidences of deposit at qualified public depositories, as defined in CGS 362-330.
- Highest investment-grade obligations of state and local governments and public authorities.

Legal Reference: Connecticut General Statutes

7-400 Investment of funds.

10-51 Fiscal year. Budget. Payments by member town; adjustments to payments. Investment of funds. Temporary borrowing.

PA 06-192 An Act Concerning Minor Revisions to the Education Statutes.