



Book	Northport-East Northport UFSD Board Policies
Section	Section 6000 - Fiscal Management
Title	Investment Policy
Code	6240
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Last Reviewed	June 15, 2023

INVESTMENT POLICY

I. SCOPE

This investment policy applies to all moneys and other financial resources available for investment on behalf of the Northport-East Northport Union Free School District.

II. OBJECTIVES

The primary objectives of the Northport-East Northport Union Free School District investment activities in priority order are:

- To conform with all applicable federal, state and other legal requirements (legal);
- To adequately safeguard principal (safety);
- To provide sufficient liquidity to meet all operating requirements (liquidity); and
- To obtain a reasonable rate of return (yield).

III. DELEGATION OF AUTHORITY

The governing board's responsibility for administration of the investment program is delegated to the Assistant Superintendent for Business who shall establish written procedures for the operation of the investment program consistent with these investment guidelines. The Assistant Superintendent for Business is further authorized to execute in the name of the Board of Education any and all documents relating to the investment program in a timely manner as well as to utilize reputable consultants regarding investment decisions when necessary.

IV. PRUDENCE

All participants in the investment process shall seek to act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in the Northport-East Northport School District to govern effectively.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs not for speculation but for investment, considering the safety of the principal as well as the probable income to be derived.

All participants involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

V. DIVERSIFICATION

It is the policy of the Northport-East Northport Union Free School District, when possible, to diversify its deposits and investments by financial institution, by investment instrument and by maturing schedule.

VI. INTERNAL CONTROL

It is the policy of the Northport-East Northport Union Free School District for all moneys collected by any officer or employee of the school district to transfer those funds to the Treasurer within five (5) days or within the time period specified in law, whichever is shorter.

The Assistant Superintendent for Business is responsible for establishing and maintaining an internal control structure to provide reasonable assurance that deposits and investments are safeguarded against loss from unauthorized use of disposition, that transactions are executed in accordance with management's authorization and recorded properly and are managed in compliance with applicable laws and regulations.

VII. DESIGNATION OF DEPOSITORIES

The school district is authorized to make deposits only to the following board approved banks maximum amount to be \$65,000,000.

JP Morgan Chase
Flushing Commercial
Capital One
Valley National
TD Bank
First National Bank of Long Island
Signature Bank
People's United Bank

VIII. COLLATERALIZING OF DEPOSITS/INVESTMENTS

All deposits of the Northport-East Northport Union Free School District shall be collateralized in accordance with applicable law and District Policy. The following forms of collateralization of District deposits are permitted.

In accordance with the provisions of General Municipal Law, §10, deposits of Northport-East Northport Union Free School District, including Certificates of Deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured by a pledge of eligible securities with an aggregate market value equal to 105% of the aggregate amount of deposits from the following categories:

- Obligations issued or fully insured or guaranteed as to the payment of principal and interest by the United States of America, an agency thereof or a United States government sponsored corporation (Subsection (i) of the Schedule of Eligible Securities in Appendix A to the Model Investment Policy provided in the State Comptroller Financial Management Guide).
- Obligations issued or fully insured or guaranteed by the State of New York, obligations issued by a municipal corporation, school district or district corporation of such State or obligations of any public benefit corporation which under a specific State statute may be accepted as security for deposit of public moneys (Subsection (iv) of the Schedule of Eligible Securities in Appendix A to the Model Investment Policy provided in the State Comptroller Financial Management Guide).

In accordance with the provisions of General Municipal Law § 10, deposits of Northport-East Northport Union Free School District, including Certificates of Deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured by a pledge of eligible securities and/or an irrevocable letter of credit issued in favor of the Northport-East Northport Union Free School District by a federal home loan bank as security for the payment of 100% of the aggregate amount of public deposits and the agreed upon interests, if any. For the irrevocable letter of credit to qualify for purposes of collateralization under this policy, such issuing federal home loan bank's commercial paper and other unsecured short-term debt obligations shall be rated in the highest rating category by at least one nationally recognized statistical rating category.

IX. SAFEKEEPING AND COLLATERALIZATION

Eligible securities used for collateralizing deposits shall be held by a third party bank or trust department or company of the depository.

The security agreement shall provide that eligible securities are being pledged to secure Northport-East Northport Union Free School District's deposits together with the agreed upon interest, if any, and any costs or expenses arising out of the collection of such deposits upon default. It shall also provide the conditions under which securities may be sold, presented for payment, substituted or released and the events which will enable the Northport-East Northport Union Free School District to exercise its rights against pledged securities. In event that the securities are not registered or inscribed in the name of the Northport-East Northport Union Free School District, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the Northport-East Northport Union Free School District or its custodial bank.

The custodial agreement shall provide that securities held by the bank or trust company, or agent of and custodian for the Northport-East Northport Union Free School District, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities. The agreement should provide that the custodian shall confirm the receipt, substitution or release of the securities and the frequency of revaluation of eligible securities and for the substitution of securities when a change in the rating of a security may cause ineligibility. Such agreement shall include all provisions necessary to provide the school district a perfected interest in the securities.

X. PERMITTED INVESTMENTS

As authorized by the General Municipal Law §11, the Northport-East Northport Union Free School District authorizes the Treasurer in consultation with the Assistant Superintendent for Business to invest moneys not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following type of investments:

- Special Time deposits accounts;
- Certificate of Deposits;
- Obligations of the United States of America
- Obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America

All investment obligations shall be payable or redeemable at the option of the Northport-East Northport Union Free School District within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable at the option of the Northport-East Northport Union Free School District within two years of the date of purchase.

XI. AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

The Northport-East Northport Union Free School District shall maintain a list of financial institutions and dealers approved for investment purposes and establish appropriate limits to the amount of investments which can be made with each financial institution or dealer. All financial institutions with which the school district conducts business must be credit worthy. Banks shall provide their most recent Consolidated Report of Condition (Call Report) at the request of the Northport-East Northport Union Free School District. Security dealers not affiliated with a bank shall be required to be classified as reporting dealers affiliated

with the New York Federal Reserve Bank, as primary dealers. The Assistant Superintendent for Business is responsible for evaluating the financial position and maintaining a listing of proposed depositories, trading partners and custodians. Such listing shall be evaluated at least annually.

XII. PURCHASE OF INVESTMENTS

The Treasurer in consultation with the Assistant Superintendent for Business is authorized to contract for the purchase of investments directly from an authorized trading partner. All purchased obligations, unless registered or inscribed in the name of the Northport-East Northport Union Free School District shall be purchased through, delivered to and held in the custody of a bank or trust company. Such obligations shall be purchased, sold or presented for redemption or payment by such bank or trust company only in accordance with prior written authorization from the officer authorized to make the investment. All transactions shall be confirmed in writing to the Northport-East Northport Union Free School District by the bank or trust company. Any obligation held in the custody of a bank or trust company shall be held pursuant to a written custodial agreement as described in General Municipal Law §10.

The custodial agreement shall provide that securities held by the bank or trust company, as agent of and custodian for, the Northport-East Northport Union Free School District, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposits or other liabilities. The agreement shall describe how the custodian shall confirm the receipt and release of the securities. The agreement shall include all provisions necessary to provide the school district a perfected interest in the securities.

Written contracts shall be required for certificates of deposits and custodial undertakings. The purchase of direct obligations of the United States government in which moneys may be invested in the school district's interests will be adequately protected by conditioning payment on the physical delivery of the purchased securities to the school district or custodial bank, or in the case of book-entry transactions on the crediting of the purchased securities to the custodian's Federal Reserve System account.

XIII. OPERATING PROCEDURES

The District's investment program will be administered in such a way as to assure the continual process of investing all monies available for investment purposes. The following are standard operating procedures relative to investments:

- Cash flow statements shall be prepared and updated periodically.
- The open competition system of bids and/or quotes to obtain the maximum yield possible on all investments shall be utilized.
- Investments in time and certificates of deposits are to be made only with commercial banks or trust companies located and authorized to do business in the State of New York as required by law.
- All school district's investments shall be in compliance with applicable provisions of the Education Law.

XIV. ANNUAL REVIEW

The investment program shall be reviewed and assessed annually by the Assistant Superintendent for Business and reaffirmed at the annual organizational meeting of the Board of Education. A quarterly progress report of investments should be submitted for the information of the Board of Education.

This policy replaces old policy #3301.1, Investment Policy as of 8/29/05

Adopted: 7/10/89

Revised: 6/12/95, 8/29/05, 06/18/12, 11/19/12, 1/31/17, 05/04/17

Reaffirmed: 07/01/13

This policy will automatically become null and void in the event that State or Federal legislation is passed which makes this policy inoperative.

Northport-East Northport Union Free School District