

Business/Non-Instructional Operations

Deposit Policy for Custodial Credit Risk

I. Purpose:

This policy establishes the process of evaluating the custodial credit risk and taking action to make sure the District's cash is maintained in a qualified public depository and/or the State Treasurer's Investment Fund (STIF).

II. Definitions:

Custodial credit risk is the risk that, in the event of a bank failure, the District will not be able to recover its cash deposits or will not be able to recover collateral securities that are in the possession of an outside party.

Qualified public depository means a bank, Connecticut credit union, federal credit union or an out-of-state bank that maintains in this state a branch, as defined in Connecticut General Statute Section 36a-410, which receives or holds public deposits and (A) segregates eligible collateral for public deposits as described in Connecticut General Statute Section 36a-333, or (B) arranges for a letter of credit to be issued in accordance with Connecticut General Statute Section 36a-337.

III. Responsibilities:

The Superintendent of Schools shall have the responsibility and authority to select the qualified public depository in which the District's cash deposits shall be maintained.

The Director of Finance and Administration shall have the responsibility to inform the Superintendent of Schools on the soundness and suitability of the qualified public depository used by the District.

The Superintendent of Schools and Board Treasurer shall approve all transfers of funds.

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IV. Evaluation of Depository:

- A. The Director of Finance and Administration shall monitor the soundness of the depository used by the District on a quarterly basis.
- B. The Director of Finance and Administration shall notify the Superintendent of Schools immediately when there is a known high risk of bank failure of the depository in which the District's cash deposits are maintained. The Superintendent of Schools and Treasurer of the Board will take immediate action to protect assets when there is a suspected or known risk of bank failure.
- C. The Superintendent of Schools shall report any changes in the depository in which the District's cash deposits are maintained to the Amity Finance Committee and Amity Board of Education.

Legal Reference: Connecticut General Statutes

36a-333 Collateral requirements

36a-337 Securing of public deposits

361-410 Definitions