

Brookings-Harbor School District 17C

Code: **DFA-AR**
Adopted: 3/15/91
Readopted: 1/15/14

Cash Management Program

These regulations are issued for the guidance of the portfolio manager in the day-to-day operation of the investment program.

These regulations apply to activities of the portfolio manager with regard to investing the financial assets of all excess funds of the district including the General Fund, Special Revenue Funds, Capital Project Funds, Internal Services Funds and any and all Trust and Agency Funds under the control and direction of the district.

The portfolio manager will routinely and actively monitor the contents of the investment portfolio, the available markets and the relative values of competing investments and will adjust the portfolio accordingly. The portfolio manager, acting in accordance with these procedures and exercising due diligence, shall not be held personally responsible for a specific security's credit risk or market price changes, provided that these deviations are reported as soon as practical and that appropriate action is taken to control adverse developments.

All investments will be carried at cost. Gains or losses from investments will be credited or charged to investment income at the time of sale. Premiums or discounts on securities may be amortized over the life of the security.

Diversification of Maturity

1. The district shall attempt, to the maximum extent possible, to match investment maturity schedules with anticipated cash flow requirements. In no event, unless specifically matched to specific requirements such as bond sinking funds or reserves, will the district invest in securities having a maturity more than 18 months from the date of purchase.
2. Investment maturities for operating funds shall be scheduled to coincide with projected cash flow needs.
3. In determining the amount of excess funds available for investment purposes, the portfolio manager will maintain cash flow projections and schedules as well as a historical record of expenditures and receipts. These forecasts and schedules will be reviewed and updated as required to reflect actual conditions as they exist.

Qualified Institutions for Investment Purchases

1. The district shall evaluate each financial institution (as used herein, the term is meant to include brokers/dealers) from whom it purchases investments as to financial soundness at least once annually. Investigation may include review of the most recent Consolidated Report of Condition ("call" report), rating reports, financial statements as well as analysis of the particular institution's management, profitability, capitalization and asset quality.

2. Any financial institution with whom the district wishes to do business shall provide financial data at the request of the portfolio manager. The information will be reviewed by the portfolio manager who will decide on the soundness of the institution before adding that institution to those that are on the approved qualified institution list for the district. The district reserves the right to be selective and to add or delete institutions from the approved list at will.
3. The portfolio manager will maintain a qualified institution list. A financial institution must be on this approved list prior to transacting any business with the district. A basic requirement for inclusion on the approved listing is a capital adequacy ratio in excess of 120 percent (1.2 to 1).
4. All approved financial institutions must be chartered in Oregon and insured by either the FDIC or FSLIC.
5. Brokers or dealers not affiliated with a bank shall have offices located in Oregon, be classified as reporting dealers affiliated with the New York Federal Reserve Bank as primary dealers, or be required to meet capital adequacy requirements.

Diversification of Instrument of Investment

1. The portfolio manager will diversify the investment portfolio to avoid incurring unreasonable risks inherent in overinvesting in specific instruments, individual institutions or maturities.
2. Time certificates of deposit: In purchasing a time certificate of deposit (TCD), the portfolio manager will not invest an amount which is more than 10 percent of the total deposits of any single institution. As required by Oregon Revised Statutes, the portfolio manager will be responsible to ensure that a Certificate of Participation has been presented by the issuing institution to cover any outstanding TCD above the statutory level of insurance provided by FDIC/FSLIC. The district will always require full collateralization on all TCD investments.
3. Banker's acceptances: All banker's acceptances (BA's) will be purchased from an Oregon chartered financial institution.
4. Repurchase Agreements: All repurchase agreements will be collateralized 110 percent by U.S. Government or Agency obligations. All collateral will be held by third party safekeeping. A signed repurchase agreement will be obtained from the issuing institution.
5. U.S. Treasury Obligations: No limits on purchase.
6. U.S. Government Agency Securities: No limits on purchases other than limit on concentration of 25 percent in any one type issue.
7. Local Government Investment Pool: The LGIP limits investment to accounts not to exceed the inflation-adjusted maximum under ORS 294.810. Other than this limitation, there is no limit to the amount that can be invested in the pool, although the pool does not collateralize or deliver investment instruments.
8. Diversification Guidelines: Investments will be consistent with statutory requirements under ORS 294.035 and Oregon Short Term Fund rules and recommendations.