

Central School District 13J

Code: **DFAC**
Adopted: 2/02/09
Readopted: 2/07/11
Orig. Code(s): DFAA

Investment of Operating Fund

1. Policy Statement

The district has implemented the policy to provide for the guidance of investment decisions for operating and all other funds.

2. Scope

This investment policy applies to the operating and other specified funds of the district. The portfolio shall be invested in maturities that do not exceed 18 months. The guidelines of this policy have been determined to meet the specific objectives of the district.

3. Objective

The primary objectives, in order of priority, for the district investment activities are as follows:

- a. **Legality:** The investments will be in compliance with all statutes governing the investment of public funds in the State of Oregon.
- b. **Liquidity:** The investments will be made in a manner that provides for sufficient cash flow to meet budgeted cash flow. A liquidity component of at least 50% of all operating fund balances will be maintained in the LGIP fund, assuming that this amount is within ORS 294.810 restrictions.
- c. **Safety:** Investments are limited to the requirements of ORS 294.035.
- d. **Yield:** The return on the funds is expected to achieve market rates of return over interest rate cycles.

4. Delegation of Authority

The business manager is responsible for all investment decisions.

5. Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that may conflict with the proper execution of the investment program, or may impair their ability to make impartial investment decisions.

6. Authorized Financial Dealers and Institutions

The business manager will maintain a list of dealers that they are authorized to do business. These may include “primary” dealers or regional dealers that qualify under SEC Rule 15C3-1 (uniform net capital rule). If an investment advisor is hired, the advisor may execute directly with the District’s approved dealers.

7. Investment Advisory Services

The district may seek outside investment advisory services to assist with the investment of bond proceeds. The services will be non-discretionary and the advisor shall be required to act with fiduciary responsibility.

8. Authorized and Suitable Investments

The district is empowered to invest in the following types of securities:

Eligible investments are only those securities and deposits authorized by statute (ORS 294) Eligible investments include:

- a. Obligations of the U.S. government;
U.S. Treasury Notes, Bonds and Bills.
- b. Obligations of U.S. government agencies, corporations wholly owned by the U.S. Government or any Government Sponsored Enterprises (GSE’s) as provided by the Oregon State Treasurer pursuant to ORS 294.046, including but not limited to:
 - i. Federal Home Loan Bank - FHLB;
 - ii. Federal Farm Credit Bank-FFCB;
 - iii. Federal Home Loan Mortgage Corporation - FHLMC;
 - iv. Federal National Mortgage Association - FNMA.
- c. Oregon Short Term Investment Pool - LGIP
- d. Certificates of Deposit - only issuing banks that are on the State Finance division’s public depositories list, reporting to the State Treasury, Finance Division as allowed under ORS 294.035.
- e. Commercial Paper - As provided for in the ORS 294.035, with the exception that the rating must be A1+P1 and no asset backed commercial paper is allowed.
- f. Corporate indebtedness as provided for in the ORS 294.035, with the exception of required rating an AA or better for all issuers, including Oregon companies.

9. Safekeeping and Custody

All security transactions, entered into by the district will be conducted on a delivery-versus-payment (DVP) basis. Securities will be held in a segregated safekeeping account by a third party custodian, approved broker/dealer or approved Oregon depository bank.

10. Diversification

The district will diversify the total bond project funds by issuer:

| Diversification by Issuer at the time of purchase | Percentage |
|---|----------------------|
| U.S. Treasury Issues | 100% |
| Agency (GSE's) | Up to 50% per issuer |
| LGIP | Per ORS 294.810 |
| Certificates of Deposit | Up to 10% |
| Commercial Paper | Up to 10%* |
| Corporate Indebtedness | Up to 10%* |

* Maximum total Commercial Paper and Corporate Indebtedness is limited to a combined 10% of total holdings, and no more than 5% in any one issuer, per ORS 294.035(9)d.

11. Maximum Maturities

| | |
|---|-----------|
| Maximum Maturity of Single Issue | 1.5 years |
| Maximum Average Maturity of Total Portfolio | .5 years |
| Minimum required to be held under 1 month | 10% |

12. Reporting Requirements

The business manager shall prepare a quarterly and annual investment reports summarizing the investment portfolio as to types of investments, earnings, maturities, cost, transactions and mark-to-market values. Performance measurements will be based on yield earnings.

13. Internal Controls and Accounting Method

The district shall comply with all required legal provisions and Generally Accepted Accounting Principles (GAAP) relating to investment accounting and internal controls.

14. Investment Policy Adoption

The policy shall be reviewed annually by the Board.

END OF POLICY

Legal Reference(s):

[ORS 294.033](#)

[ORS 294.035](#)

[ORS 294.135\(1\)\(a\)](#)

[ORS 294.155](#)