

**Lake Oswego
School District 7J**

Code: **DFA**
Adopted: 7/24/95
Readopted: 6/08/09
Orig. Code(s): 8212, 5210

Investment of Funds

Objective

To provide guidelines for the investment of surplus funds.

Responsibility

The director of finance, with the concurrence of the superintendent and the Board, is authorized to invest surplus funds in accordance with district policy and in compliance with Local Government Investment Statutes (ORS 294).

Qualified Institutions

The district will only use financial institutions which are approved by the state for investment purposes.

Qualified institutions will be those with the following characteristics:

1. Three years demonstrated profitability;
2. Minimum assets of \$500 million;
3. Compliant with other restrictions in ORS 294.046.

Diversification of the Investment Portfolio

The district will consider a diversity of investments to avoid incurring unreasonable risks inherent in overinvesting in specific instruments, individual financial institutions or maturities.

Instrument Guidelines Percent of Portfolio

Percent of Portfolio

Certificate of Deposit	100 percent maximum
U.S. Treasury Bills, Notes, and Bonds	100 percent maximum
Local Government Investment Pool	100 percent maximum
Federal Agency Securities	50 percent maximum
Repurchase Agreements	25 percent maximum
Banker's Acceptance	50 percent maximum

Financial Institution Guidelines

Certificate of Deposit (CD) or Negotiable Certificates of Deposit - Each institution permitted CD up to five percent of deposits.

U.S. Treasury Bills, Notes and Bonds - No limit except as to length and cash flow needs.

Federal Agency Securities - No limit except as to cash flow needs. Acceptable securities include: Federal Land Bank Notes, Banks for Cooperative Debentures, Federal Home Loan Discount Notes, FNMA Debentures, GMNA Notes and other securities approved under ORS 294.035 and 294.040.

Repurchase Agreements - Limit to 5 percent of deposits or not to exceed the capital, whichever is larger, of the institutions.

The maturity of the investment should coincide as nearly as practicable, with the planned use of the funds. Each year the director of finance will update the district's five year rolling cash flow statement and recommend instrument maturities accordingly.

District funds may be invested for periods longer than one year, but no longer than two years, with Board approval.

Competitive Selection of Instruments

A minimum of three interest quotations should be requested before a commitment is made to a financial institution with the following exceptions – excess funds less than \$500,000 or funds to be invested for less than seven days will be invested with a qualified institution at the discretion of the director of finance, records will be maintained of the quotations offered and the quotations accepted.

Safekeeping and Insurance

All investment securities purchased by the district shall be held in third party safekeeping by an institution designated as primary agent. The primary agent shall issue a safekeeping receipt to the district listing the specific instrument, rate, maturity and other pertinent information.

Deposit-type securities (i.e. certificates of deposit) shall be insured through the state collateral pool as required by Oregon State Statutes for any amount exceeding FDIC coverage.

Reporting Requirements

District staff will maintain the necessary cash flow projections and schedules as well as historical monthly records of expenditures and receipts.

Modifications

Any modifications to this standard practice will be submitted for Board approval prior to implementation.

Investment of Funds

The Board considers an investment program to be an integral part of sound fiscal management and authorizes the investing of surplus fund receipts to the best advantage to the district. The program shall provide for the following:

1. A continuous process for investing available money on a temporary basis;
2. Maintenance of a yearly cash-flow chart to provide data for planning and decision making;
3. Other than immaterial amount, crediting earned interest to the fund that generated the principal;
4. Compliance with all applicable statutes of the state of Oregon.

The Board authorizes the superintendent and director of finance to manage the program, including the execution in the Board's name of any documents relating to the program.

END OF POLICY

Legal Reference(s):

[ORS 294.033](#)

[ORS 294.035](#)

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

[ORS 294.155](#)