

Investment of Funds

This policy applies to activities of Medford School District 549C with regard to investing the financial assets of all funds except for the funds held in trust for deferred compensation for employees of Medford School District 549C which have separate rules. In addition, funds held by trustees or fiscal agents are excluded from these rules; however, all funds are subject to regulations established by the State of Oregon. Other than bond proceeds or other unusual situations, the total of all funds ranges from approximately \$1,000,000.00 to \$15,000,000.00. This policy provides direction for all district funds.

These funds will be invested in compliance with the provisions of state statutes ORS 294.035- 294.047. Investments of any tax-exempt borrowing proceeds and any related debt service funds will comply with the arbitrage restrictions in all applicable Internal Revenue Codes.

Objectives

The investment objectives are:

1. Preservation of capital and the protection of principal.
2. Maintenance of sufficient liquidity to meet operating requirements.
3. Avoidance of imprudent credit, market, or speculative risk.
4. Attainment of a market rate of return throughout all economic and fiscal cycles.

Delegation of Authority

The Chief Financial Officer is the designated investment officer of Medford School District and is responsible for carrying out the investment activities, under the review of the Superintendent and the School Board. The Fiscal Controller is responsible for investment decisions. The investment officer is responsible for proposing investment policy and guidelines subject to review and adoption by the School Board and, if required, review and comment by the Oregon Short-Term Fund Board. Further, the Fiscal Controller will be responsible for the day-to-day operations of the investment process which includes but is not limited to what to buy or sell, from whom investments will be purchased, executing the buy/sell orders, producing the necessary reports, and supervising staff. In addition to the active management of the investment portfolio, the Fiscal Controller is responsible for the maintenance of other written administrative procedures consistent with this policy and the requisite compliance. To further optimize the total return of the investment portfolio, the Fiscal Controller will administer an active cash management program the goal of which will be to maintain historical cash flow information for payroll, debt service, revenue, and other expenditures.

Prudence

The standard of prudence to be used by the investment officer in the context of managing the financial resources shall be the prudent investor rule, which states: “Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence would exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.”

The investment officer and staff, acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for a specific security’s credit risk, market price changes, or loss of principal if securities are liquidated prior to maturity provided that these deviations and losses are reported as practical and action is taken to control adverse developments.

Safekeeping and Collateralization

Purchased investment securities will be delivered by either federal book entry, Depository Trust Company, or physical delivery, and held in third party safekeeping with a designated custodian. The trust department of a bank may be designated as custodian for safekeeping securities purchased from that bank. The purchase and sale of securities will be on a delivery versus payment basis. The custodian shall issue a safekeeping receipt to the Medford School District listing the specific instrument, selling broker/dealer, issuer, coupon, maturity, CUSIP number, purchase or sale price, transaction date, and any other pertinent information. Delivery versus payment will also be required for all repurchase transactions and with the collateral priced and limited in maturity in compliance with ORS 294.035(11). Demand and time deposits shall be collateralized through the state collateral pool as required by statute for any excess over the amount insured by an agency of the United States government.

Accounting Method

The Medford School District shall comply with all the required legal provisions and Generally Accepted Accounting Principles (GAAP). The accounting principles are those contained in the pronouncements of authoritative bodies including but not necessarily limited to American Institute of Certified Public Accountants (AICPA), the Financial Accounting Standards Board (FASB), and the Government Accounting Standards Board (GASB).

Internal Controls

The Chief Financial Officer shall maintain a system of written internal controls, which shall be reviewed by the independent auditor annually or upon any extraordinary event such as turnover of key personnel, or the discovery of any inappropriate activity.

Reporting Requirements

The Fiscal Controller shall generate monthly reports for management purposes. In addition, the Chief Financial Officer will receive monthly reports that will include the portfolio activity.

Investment Policy Adoption

This investment policy will be adopted by the School Board of the Medford School District and subject to review and comment by the Oregon Short-Term Fund Board. Thereafter, the policy will be reviewed and readopted as significant changes are required.

Qualified Institutions

The investment officer will maintain a list of all authorized broker/dealers and financial institutions used for investment purposes or investment dealings. Any firm is eligible to make an application to the Medford School District and upon due consideration will be added to the list.

Performance Evaluation

The performance of the Medford School District portfolio will be measured against the performance of the local government investment pool and/or the three-month U.S. T-bill.

Investment Maturity

Unless matched to a specific cash flow, the Medford School District will not purchase securities maturing in more than 18 months and thereby considered being short-term. With the approval from School Board of Medford School District, an investment that is related to a specific flow or capital project securities may be held to a maximum of 60 months. Funds considered short-term will be invested to coincide with projected cash needs with the following maturity guidelines.

1. 50% minimum to mature under three months.
2. 25% maximum to mature three months to one year.
3. 25% maximum to mature one year to eighteen months.

Portfolio Diversification

The portfolio diversification is not to exceed Oregon Statutes (ORS 294.035). The objective of the district's portfolio diversification is to obtain the maximum earnings that liquidity will allow.

Monitoring Performance and Adjusting the Portfolio

The Chief Financial Officer will routinely monitor and adjust the contents of the portfolio comparing the holdings to the markets, relative values of competing instruments, changes in credit quality, and benchmarks.