

# Pendleton School District 16R

Code: **DFA**  
Adopted: 02/08/99  
Readopted: 4/12/10  
Orig. Code(s): DEA

## Investment of Funds

### General Statement

The Board authorizes the investment or reinvestment of any funds which are not immediately needed for operation of the district. Such investments will comply with state law and regulations.

### Scope

All district funds in excess of operating requirements will be invested in compliance of this policy.

### Objectives

Investment objectives are safety (preservation of capital), liquidity (availability of funds), and rate of return (yield), in that order.

### Prudence

The standard of prudence to be used by the investment officer in the context of managing the overall portfolio 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 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 advisors, acting in accordance with written 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 known and that appropriate action is taken to control adverse developments.

### Procedure

The deputy clerk is designated as the investment officer of the district. The investment officer shall oversee and direct the investment of excess funds. The superintendent/clerk is also designated as an individual who can act as investment officer. All persons shall work in consort with any district board-selected financial advisor and the Board's finance committee.

### Safekeeping and Custody

All securities purchased from a financial institution shall be secured through dealer-bank safekeeping. Securities purchased from a dealer not affiliated with a financial institution will be delivered to the

safekeeping of the primary banking services provider and therein held in third party safekeeping by the trust department.

The purchase or sale of securities shall be subject to ORS 294.145(4) and (5). Payment shall not be made for the purchases of securities until title is received and securities may not be delivered upon their sale prior to receipt of payment; however, the primary banking services may serve as intermediary while transactions are being processed.

**Permitted Investments**

Maximum percentages of securities listed below have been set based on the assumed risk factors of each security.

Investments	Minimum Rating	Maximum Portfolio
U.S. Treasury Bills, Notes and Bonds	N/A	100%
U.S. Government Agency Discount Notes and Bonds	N/A	100%
Banker’s Acceptances (Oregon Issued)	A-1, P-1	50%
Commercial Paper (Oregon Issued) Maximum Single Issue (included above)	A-2, P-2 or better	25% total
Non-negotiable Time Certificates Commercial Banks (Must have a branch in Oregon)	N/A	25%
Savings and Loans (Must have a branch in Oregon)		10%
Local Government Investment Pool	N/A	100%
Repurchase Agreements (See qualification below)		

**Commitment and Investment Term**

Under no circumstances will forward commitments exceeding five business days be allowed. Also, none of the investments are to exceed 18 months unless special approval is provided through the proper channels. (Exception: See special purpose portfolios.)

## **Special Purchase Portfolios**

Special purpose portfolios may be established as needed to match long-term investments with long-term needs.

Liquidity of mix will be established by the district's financial advisor for each special purpose portfolio in advance and in conformance with the intent of this policy to preserve capital and protect the investment principal while meeting the cash flow requirements. Investments exceeding 18 months shall be limited to U.S. Treasury Obligations, U.S. Government Agency Securities and Instrumentalities of Government Sponsored Corporations.

## **Repurchase Agreements**

Securities concerned must be priced at 102 percent of market value and must be U.S. Treasury or Federal Agency securities. Securities must be held in safekeeping at depository institution. Repos of a single institution shall not exceed 1 percent of its total assets.

## **Bank Liabilities**

Bank liabilities of a single institution shall not exceed 1 percent of its total assets. Certificate of deposits (CDs) with savings and loans will be limited to insured amount only. Banks with total assets less than \$10,000,000 will be limited to CDs of \$100,000. Bank liabilities will be limited to commercial banks and savings and loan institutions where owner's equity or net worth is not less than 5 percent of total liabilities.

## **Collateralization**

The deputy clerk and/or appointed financial advisor will be responsible to ensure that a Certificate of Participation has been issued by the institution to cover outstanding deposits. The extent of collateralization must comply with ORS Chapter 295. Collateralization shall be through the State Collateral Pool for that amount exceeding FDIC and FSLIC coverage. Other investments shall be collateralized by the actual security held in safekeeping by the primary agent.

## **Internal Codes**

Investments shall be reviewed by an independent auditor so as to insure and protect the loss of public funds due to fraud, error, misrepresentation or imprudent actions.

## **Reporting Requirements**

The deputy clerk will generate monthly reports for management purposes. The Board will be provided such reports including data on all investment instruments held as well as any narrative necessary for clarification. Such reports shall be in GAAP form.

## **Review and Adoption**

This policy will be reviewed by the Board annually, or upon an extraordinary event such as the turnover of key personnel.

END OF POLICY

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### **Legal Reference(s):**

[ORS 294.033](#)

[ORS 294.035](#)

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

[ORS 294.155](#)