



Code: **DFA**
Adopted: 1/04/07
Readopted: 7/15/10
Orig. Code(s): DFA

Investment of Funds

Scope

This investment policy applies to activities of the district with regard to investing the financial assets of all funds. Funds held and invested by trustees or fiscal agents are excluded from these rules; however, such funds are subject to the regulations established by the state of Oregon.

Funds of the district will be invested in compliance with the provisions of, but not necessarily limited to, ORS Chapter 294 and other applicable statutes. Investments will be in accordance with these policies and written administrative procedures. Investment of any tax-exempt borrowing proceeds and any debt service funds will comply with the “arbitrage” restrictions of Section 148 of the Internal Revenue Code of 1986.

Objectives

The district’s investment objectives are:

1. Preservation of capital and the protection of investment principal.
2. Conformance with federal, state, and other legal requirements.
3. Maintenance of sufficient liquidity to meet operating requirements.
4. Diversification to avoid incurring unreasonable risks regarding specific security types or individual financial institutions.
5. Attainment of a market rate of return throughout budgetary and economic cycles.

Delegation of Authority

The director of business services is the designated investment officer of the district and is responsible for investment decisions, under the review of the board. In the absence of the investment officer, the fiscal services supervisor or the superintendent shall perform the duties. The investment officer is responsible for setting investment policy and guidelines subject to review and adoption by the board and, if required, review and comment by the Oregon Short-Term Fund Board. Further, the director of business services will be responsible for the day-to-day operations of the investment

Investment Diversification

The director of business services will diversify the portfolio, as needed, to avoid incurring unreasonable risks. However, the investments may be made up to 100 percent of available funds in the following:

1. U.S. Treasury obligations (Bills, notes, and bonds).
2. U.S. Government agency securities and instrumentalities of government-sponsored corporations.
3. State of Oregon investment pool.

Investment Maturity

Except for special situations, as directed by the director of business services, investments shall be limited to maturities not exceeding 18 months (ORS 294.135).

Funds considered short-term will be invested to coincide with projected cash needs or with the following serial maturity:

1. 0 percent minimum to mature under three months.
2. 25 percent maximum to mature over one year out to 18 months.

Funds considered long-term (over 18 months) shall be held to a maximum maturity of 36 months.

Maturities shall be structured to meet anticipated cash needs.

Competitive Selection of Bids or Offers

Before the investment officer invests funds or sells securities prior to their maturity, competitive offers or bids will be sought from at least two institutions. The most favorable offer or bid will be awarded the transaction.

Qualified Institutions

The investment officer shall maintain a list of financial institutions which are approved for investment purposes. The list will be reviewed and approved annually by the board.

Safekeeping and Collateralization

Purchased investment securities will be held in third party safekeeping with a designated custodian. Demand and time deposit shall be collateralize through the state collateral pool as required by statute for any excess over the amount insured by an agency of the United State government.

Internal Controls

The director of business services shall maintain a system of written internal controls which shall be reviewed by the independent auditor annually or upon any extraordinary event, i.e., turnover of key personnel or the discovery of inappropriate investments.

Accounting Method

The district shall comply with all 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, the American Institute of Certified Public Accountants (AICPA), the Financial Accounting Standards Board (FASB), and the Government Accounting Standards Board (GASB).

Reporting Requirements

The investment officer shall generate daily and monthly reports for management purposes. In addition, the board will be provided quarterly reports which will include, but not necessarily limited to, portfolio activity, instruments held, market valuation, as well as any narrative necessary for adequate clarification.

Performance Evaluation

The performance of the district's portfolio shall be measured against the performance of the Oregon Local Government Investment Pool, using monthly net yield of both portfolios as the yardstick.

END OF POLICY

Legal Reference(s):

[ORS 294.033](#)

[ORS 294.035](#)

[ORS 294.125](#)

[ORS 294.135](#)

[ORS 294.145](#)

[ORS 294.155](#)