

Riverdale School District 51J

Code: **DFA-AR**
Adopted: 8/24/98
Readopted: 5/08/06
Orig. Code(s): DFA

Investment of Funds

Safekeeping and Collateralization

Purchased investment securities will be delivered by either Fed book entry, Depository Trust Company (DTC); 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 district listing the specific instrument, selling broker/dealer, issuer, coupon, maturity, cusip number, purchase or sale price, transaction date, and other pertinent information. Delivery versus payment will also be required for all repurchase transactions and with the collateral priced in compliance with applicable statutes and industry standard. Demand and time deposit 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. The business manager shall comply with ORS 294.145 in the purchase of, payment for and retention of securities.

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).

Internal Controls

The business manager shall maintain a system of written internal controls that shall be reviewed and tested by the independent auditor annually or upon any extraordinary event, i.e. turn-over of key personnel, the discovery of any inappropriate activity.

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 be limited to: portfolio activity, instruments held, market valuation, as well as any narrative necessary for adequate clarification.

This investment policy will be formally adopted by the Board. If investments exceeding a maturity of 18 months are contemplated, further review and comment by the Oregon Short-Term Fund Board will be sought and thereafter this policy will be readopted annually even if there are no changes (ORS 294.135 (1)(a)).

Qualified Institutions

The investment officer shall maintain a list of all authorized broker/dealers and financial institutions that are approved for investment purposes or investment dealings. Any firm is eligible to make an application to the district and upon due consideration and approval will be added to the list. Additions or deletions to the list will be made at the business manager's discretion. At the request of the district, the firms performing investment services shall provide their most recent financial statements or Consolidated Report of Condition (call report) for review. Further, there should be in place, proof as to all the necessary credentials and licenses held by employees of the broker/dealer who will have contact with the district as specified by but not necessarily limited to the National Association of Securities Dealers (NASD), Securities and Exchange Commission (SEC), etc. The district shall conduct an annual evaluation of each firm's credit worthiness to determine if it should remain on the list. Securities broker/dealers not affiliated with a bank shall be required to have an office located in Oregon and be classified as reporting dealers affiliated with the Federal Reserve as primary dealers.

Investment Maturity

Maturity limitations shall depend upon whether the funds being invested are considered short-term or long-term funds. All funds shall be considered short-term except those reserved for capital projects i.e. bond proceeds and special assessment prepayments being held for debt retirement. Except for special situations, as directed by the business manager, 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. 50 percentage minimum to mature under three months,
2. 25 percentage maximum to mature over one year out to 18 months.

For funds considered long-term (over 18 months) shall be held to a maximum maturity of three years. Maturities, shall be structured to meet anticipated cash needs. For example, investments of capital project funds shall be times to meet projected contractor payments.

PORTFOLIO DIVERSIFICATION

1. Diversification by Instrument	Maximum Percent of Portfolio
US Treasury Obligation	100 percent
US Government Agency Securities (GSE's)	100 percent
Bankers' Acceptances from qualified institutions	25 percent
Certificates of Deposit from qualified institutions	25 percent
Repurchase Transactions	25 percent
Commercial Paper	5 percent
Corporate Notes	5 percent

2. Diversification by Institution

Local Government Investment Pool	100 percent
Per Non-US Treasury/GSE issuer	25 percent

Competitive Selections 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 three institutions. The most favorable offer or bid will be awarded the transaction.

Monitoring and Adjusting the Portfolio

The business manager will routinely monitor the contents of the portfolio comparing the holdings to the markets, relative values of competing instruments, changes in credit quality, and benchmarks. If there are advantageous transactions, the portfolio may be adjusted accordingly.

Performance Evaluation

The performance of the district will be measured against the performance of the Local Government Investment Pool, using monthly net yield of both portfolios as the yardstick.