

## BOARD POLICY

### Funds, Investment of

The district's primary investment objective shall be to maintain the safety and liquidity of its funds. Safety of principal is the foremost objective of the district. Investment factors that shall be considered, in order of descending importance, are the following:

- Safety of invested funds;
- Sufficient liquidity to meet cash flow requirements; and
- Maximum yield consistent with federal, state, and local laws, and prudent management practices.

In addition, any issuance of debt shall require the authorization of the Board of Education and must comply with all applicable state and federal laws, including federal and state securities laws.

The superintendent, or designee, shall be responsible for all decisions and activities performed under the district's investment policy to optimize the safety and liquidity of the district's investment portfolio.

### Legal Constraints

Pursuant to California Education Code Section 41001, the district shall deposit all funds received or collected from any source into the Orange County Treasury, to be placed to the credit of the proper Fund of the district within the protections afforded by California Government Code Section 27100.1.

Pursuant to California Education Code Section 41015, the district may invest all or part of funds deposited in a Special Reserve Fund or any surplus monies not required for immediate necessities in any of the investments specified in California Government Code Sections 16430 and 53601. Special Reserve Funds are defined as those funds which the Governing Board has designated for capital outlay or other purposes where an accumulation over a period of fiscal years is desired.

### Authorized Investments

The district shall make investments in the context of the "Prudent Investor Rule" (Probate Code 16047, Government Code 53600.5), which in substance states that:

“Investment shall be made with the judgement 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.”

Those funds maintained in a Special Reserve Fund or any surplus funds not required for immediate necessities shall be available for investment under the following conditions:

1. The Orange County Investment Pool(s) established by the Orange County Treasurer, for the benefit of local agencies and/or schools. The district may invest up to one-hundred percent (100%) of its funds available for investment in the Orange County Investment Pool(s).
2. The Local Agency Investment Fund established by the California State Treasurer for the benefit of local agencies. The district may invest up to one-hundred percent (100%) of its funds available for investment in the Local Agency Investment Fund.
3. To the extent that the district directs the investment of its funds to specific securities, those securities shall be limited to the securities identified in California Government Code Section 53601. However, the district will not, under any circumstances, direct the investment of its funds to reverse repurchase agreements.

Monies received for the purposes listed below may be deposited outside of the County Treasury in a bank or other financial institution as authorized by the Board in fully-insured or collateralized accounts or instruments:

- a. Cash Clearing Account
- b. Revolving Cash Account
- c. Trust Account
- d. Cafeteria Account
- e. Associated Student Body Account

#### Debt Issuance

The district shall not issue debt for the sole purpose of generating funds for investment. The district shall limit the issuance of debt for the purposes of meeting short term cash flow needs and to fund capital projects. Any debt offerings issued by the district will be authorized by the Board of Education. The district will retain appropriate counsel to review materials prepared in connection with any debt offering to ensure compliance with federal and state securities laws. The district's chief business official shall be responsible for the accuracy of information disclosed in such offering materials.

Investment Reviews

The district chief business official will prepare and present quarterly reports on investments to the superintendent and the Governing Board for review.

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Re: Government Code Sections 53600.3-53646

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