

Business and Fiscal Affairs

AP 6320 INVESTMENTS

References:

Government Code Sections 53600 et seq.

The Chancellor is responsible for investing the funds of the District that are not required for the immediate needs of the District. Funds so invested shall follow the investment policy approved by the Board in accordance with the Government Code Sections 53600 et seq. and the following:

- Funds that are not required for the immediate needs of the District shall be prudently invested in order to earn a return on such investment.
- The preservation of principal is of primary importance. Each transaction shall seek to ensure that capital losses are avoided, whether from securities or erosion of market value.
- The investment program should remain sufficiently flexible to enable the District to meet all operating requirements that may be reasonably anticipated in any fund. After preservation of principal, liquidity is the objective.
- In managing District investments, District officials should avoid any transactions that might impair public confidence.
- Investments should be made with precision and care, considering the probable safety of the capital as well as the probable income to be derived. (See Government Code Section 53600.6 regarding solvency and creditworthiness.)

County Treasury Pooled Investment

Investment of District funds may be delegated to the County Treasurer. In accordance with county procedures, District funds may be pooled with other local agencies and invested by the County Treasurer in accordance with the investment guidelines specified by Government Code Section 53635 and investment policies adopted by the County Board of Supervisors. Pursuant to provisions of the Board and Accounting Manual, California Community Colleges, the following District funds shall use the County Treasury for deposits of monies received:

1. General Fund
2. Child Development Fund
3. Capital Outlay Fund
4. Self Insurance Fund
5. Special Reserve Fund
6. COP Fund

Investment of such funds maintained in the County Treasury shall be delegated to the County Treasury. In accordance with county procedures, District funds are pooled with other local agencies and invested by the County Treasurer in accordance with the investment policies adopted by the County Board of Supervisors.

State's Local Agency Investment Fund (Government Code Sections 16429.1-16429.3)

The District may participate in the Local Agency Investment Fund which is administered by the State Treasury.

District funds not required for immediate needs of the District may be remitted to the State Treasurer for deposit in the State Local Agency Investment Fund (LAIF) for the purpose of investment (Government Code Section 16429.1).

District funds deposited with the LAIF shall be invested by the State Treasurer in securities prescribed by Government Code Section 16430 or, the Surplus Money Investment Fund and as determined by the Local Investment Advisory Board (Government Code Section 16429.2).

District/college funds invested with the LAIF shall not exceed five million dollars at any one time or the maximum amount as specified by the State Treasury guidelines, whichever is greater.

Other District and College-Based Investments

Other District funds not required for the immediate needs of the District may be invested in accordance with the Board's investment policy. General guidelines of investment instruments available to the District are specified in Government Code Sections 53600 et seq., in Government Code Sections 53601 and 53635, and are further restricted and specified by policy.

The statement of investment policy shall annually, by March 1, be reviewed and approved by the governing board (Government Code Section 53646(a)).

College funds not required for the immediate needs of the college activity may be invested in accordance with policy.

1. Amounts investable may be combined for investment purposes with other District funds.
2. Appropriate interest earned on such pooled investments shall be allocated and distributed to each fund in accordance with generally accepted accounting principles.

College funds not required for the immediate needs of the college activity may also be invested in negotiable certificates of deposit and other accounts earning interest.

1. Such investments shall follow the guidelines stipulated in Local Agency Investment Fund and Other District and College-Based Investments.

2. Appropriate college personnel must notify the Chancellor or designee in writing to request the investment of a certificate of deposit.

Annual Investment Activity Report

No later than March 1 following the fiscal yearend, the Chancellor or designee shall prepare and present to the Board an annual report of investment activity.

The annual report shall include all investment activity of district/college funds and shall include:

1. Type of investment
2. Institution
3. Date of investment/maturity
4. Amount of investment
5. Rate of interest
6. Interest income earned/accrued as of fiscal yearend
7. Other data as required

Earnings from funds maintained and invested by the County Treasury and the Local Agency Investment Fund and other college-based investments shall also be included and reported annually by March 1 to the Board.

Authorized Personnel - Local Agency Investment Funds

The Chancellor, Vice Chancellor, Business Services, or designee is authorized to invest surplus funds with the Local Agency Investment Fund.

1. College funds include student association, trust accounts and bookstore funds.

Authorized Personnel - Other District Investments

Both the Chancellor or designee and the Vice Chancellor, Business Services, must jointly authorize the withdrawal of funds from the County Treasury to be remitted to the appropriate agency or financial institution for investment purposes.

1. Amounts available for investment shall be determined by the Vice Chancellor, Business Services, and shall be based upon cash flow projections and amounts not required for immediate necessities.
2. Amounts determined to be available for investing shall be reviewed and approved by the Chancellor.

The Chancellor or the Vice Chancellor, Business Services, is authorized to invest college funds not required for immediate use in certificates of deposits and other interest-bearing accounts.

Date Approved: March 18, 2014

(This procedure replaces current Administrative Rules and Procedures 3516)