

# **Fullerton School District**

## **Board Policy**

### **Investing**

**BP 3430**

#### **Business and Noninstructional Operations**

**Board Adopted: April 7, 1987**

**Revised: December 5, 2017**

It is the intent of the Board of Trustees to establish a policy for investment of funds held by Fullerton School District. This policy is based upon federal, State, and local laws, and prudent money management practices. To the extent that this policy conflicts with applicable law, the applicable law shall prevail. The primary goals of this policy are:

1. To assure compliance with all federal, State, and local laws governing the investment of monies and the issuance of debt
2. To protect the principal deposits of the District
3. To generate investment income within the parameters of this policy.

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. The investment factors the District shall consider, in order of descending importance, are the following:

1. Safety of invested funds
2. Sufficient liquidity to meet future cash flow requirements
3. Attain maximum yield consistent with the aforementioned requirements.

The Assistant Superintendent, Business Services for the District, under the direction of the Superintendent, shall have the responsibility for all decisions and activities performed under the District's Investing policy. The Assistant Superintendent, Business Services, shall have the ability to allocate resources or delegate responsibility as necessary to optimize the safety and liquidity of the investment portfolio within the parameters established by the Board of Trustees in this Investing policy.

#### 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, except as otherwise provided herein. The County Treasurer will be instructed by the District to segregate the funds from funds on deposit by other non-school related depositors to maintain the protections afforded by California Government Code, section 27100.1.

Pursuant to California Education Code, section 41016, the District may invest all or part of funds deposited in a Special Reserve Fund or any surplus monies not required for the immediate necessities of the District in any of the investments specified in California Government Code, sections 16430 or 53601. Special Reserve Funds are defined as those funds which the Board of Trustees 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" (Civil, Code section 2261, et seq.), which in substance states that:

"Investment shall be made with the 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 District shall deposit all funds received or collected from any source into the Orange County Treasury, except as provided for through the California Education Code. Those funds maintained in a Special Reserve Fund or any surplus funds not required for the immediate necessities of the District shall be available for investment ("funds available for investment") under the conditions set forth in this policy.

1. The Orange County Educational Investment Pool(s) established by the Orange County Treasurer for the benefit schools—The District may invest up to one hundred percent (100%) of its funds available for investment in the Orange County Educational Investment Pool(s).
2. The Local Agency Investment Fund established by the California State 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 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.
4. When gifts of stocks, real estate, and other items that would not meet the investment policy guidelines are received, they will be sold as soon as is practical. At times, this may mean holding onto items, such as restricted stock, for a period of time until the restriction on selling is lifted. These restrictions should not be ones imposed by the donor, but legal restrictions placed on the item.

Monies received from the sources or for the purposes listed below may be deposited in a bank or another financial institution. Monies so deposited shall be in a fully insured or collateralized account(s) or instrument(s). Bank accounts maintained outside of the County Treasury shall be limited to the following purposes:

1. Revolving Cash
2. Associated Student Body Accounts
3. Self-Insurance Funds
4. Proceeds of Debt Issuances
5. Cafeteria Fund
6. Income Awaiting Deposit for All Funds
7. Petty Cash Accounts

## Legal Reference:

### EDUCATION CODE

41001 Deposit of money in county treasury

42001 General fund deposits and exceptions

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41002.5 Deposit of certain funds in insured institutions  
41003 Funds received from rental of real property  
41015 Authorization of and limitation investment of district funds  
41017 Deposit of miscellaneous receipts  
41018 Disposition of money received  
42840-42843 Special reserve fund  
GOVERNMENT CODE  
16430 Eligible securities for investment of surplus money  
17581.5 Mandates contingent upon state funding