
Gold Mountain Community Services District

POLICY HANDBOOK

POLICY TITLE: Investment of District Funds

POLICY NUMBER: 2130

2130.1 Premise:

- a) The Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern (California Government Code (GC) §53600.6 and §53630.1); and,
- b) Government Code Sections 53601, et seq., allow the legislative body of a local agency to invest surplus monies not required for the immediate necessities of the local agency; and,
- c) The Treasurer of the Gold Mountain Community Services District (GMCS D) is required to annually prepare and submit a statement of investment policy, and any changes thereto, is to be considered by the District Board of Directors at a public meeting (GC §53646(a)). The statement shall also be annually presented to the District's Auditor.
- d) For these reasons, and to ensure prudent and responsible management of the public's funds, it is the policy of the GMCS D to invest funds in a manner which will provide the District with a high investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all statutes governing the investment of GMCS D funds.

2130.2 Scope:

This investment policy applies to all financial assets of the GMCS D. These funds are as accounted for in the annual audited financial statements of the District and include:

- a) Water and Sewer Operating Account
- b) Fire Operating Account
- c) Capital Restricted Water and Sewer Reserves
- d) Water and Sewer Operating Reserves
- e) Fire Capital Reserves
- f) Special Project Accounts as required

2130.3 Delegation of Authority:

Authority to manage the investment program is derived from CGC Sections 53600, et seq. Management responsibilities for the investment program is hereby delegated to the District Treasurer, who shall establish and maintain written procedures for the operation of the investment program consistent with this investment policy. Such procedures shall include explicit delegation to the designated Financial Director, responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the District Treasurer. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of the subordinate officials.

2130.4 Ethics and Conflicts of Interest:

Officers and employees involved in the investment process shall not engage in personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions. All such personnel shall meet the requirements for ethics training under AB 1234 and be current under California Code, Government Code - GOV § 87203 Conflict of Interest disclosures.

2130.5 Objectives:

As specified in GC §53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the primary objectives of the investment activities, in priority order, shall be:

- a) **Safety:** Safety of principal is the foremost objective of the investment program. Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of capital in the whole portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
- b) **Liquidity:** The secondary objective shall be to meet the liquidity needs of the District.
- c) **Yield:** The third objective shall be to achieve a return on the funds under the District's control.

2130.6 Prudence:

The Board of Directors and persons authorized to make investment decisions subject to these policies are fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a fiduciary shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including but not limited to, the general economic conditions and the anticipated needs of the District, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the District. Investments shall be made with 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. Investment officers acting in accordance with written procedures and the Investment Policy objectives and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from policy or expectations are reported in the next issued quarterly treasury report and appropriate actions are taken to control adverse developments. When a deviation poses a significant risk to the District's financial position, the District Treasurer shall notify the GMCS D Board immediately.