

Business and Non-Instructional Operations

Investment Policy

**1. PURPOSE**

To establish a policy for investment of funds held by the Orange Unified School District. The policy also governs the issuance of debt by the 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; and
3. To generate investment income within the parameters of this policy.

**II. 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; and
3. Attain maximum yield consistent with the aforementioned requirements.

In addition, the District shall adopt measures as set forth herein to ensure that the issuance of debt by the District complies with all applicable state and federal laws, including federal and state securities laws.

The Superintendent or his/her designee, under the direction of the Board of Education, shall have the responsibility for all decisions and activities performed under the District's investment policy. The Superintendent shall have the ability to allocate resources or delegate responsibility as necessary to optimize the safety and liquidity of the investment portfolio and to implement this investment policy.

### **III. 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.

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 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 Education has designated for capital outlay or other purposes where an accumulation over a period of fiscal years is desired.

### **IV. AUTHORIZED INVESTMENTS**

The District shall make investments in the context of the “Prudent Investor Rule” (Probate Code Section 16045 et seq.), 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.”

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 and as allowed by California Government Code Section 53601.

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. Monies received from the sources, or for the purposes, listed below may be deposited in a bank or other 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:

- (a) Cash Clearing Accounts  
Purpose: To deposit receivable checks and then write check to County Superintendent once checks have cleared.
- (b) Revolving Cash Accounts  
Purpose: Emergency transactions for payroll and accounts payable.
- (c) Self-Insured Trust Accounts  
Purpose: To pay various insurance claims.
- (d) ASB and School Accounts  
Purpose: To maintain accounts for various ASB and school groups.
- (e) Medicare Account  
Purpose: To hold in account pending PERS and federal approval for certificated Medicare participation.
- (f) TRANS, COPs, & CFDs

## **V. COMPLIANCE WITH STATE AND FEDERAL SECURITIES LAWS**

The District will take reasonable steps to ensure that any debt offerings issued by the District comply fully with all applicable state and federal securities laws. In connection with all debt offerings issued by the District, the District will retain bond counsel and disclosure counsel to review the offering materials prepared in connection with the debt offering to ensure that disclosures contained in the offering materials comply with federal and state securities laws. The District Assistant Superintendent of Business shall be responsible for reviewing the offering materials in regard to the accuracy of information disclosed in such materials.

## **VI. DEPOSIT OF PROCEEDS FROM THE ISSUANCE OF DEBT**

The District shall not issue debt for the sole purpose of generating funds for investment. The District shall limit the issuance of debt to the purposes of meeting short-term cash flow needs and to fund capital projects.

When depositing proceeds from the issuance of debt, the District shall limit such investments to those authorized investments identified in this policy. Should a trust agreement of a particular debt issued by the District be more restrictive than the District's policy on authorized investments, then the trust agreement will take precedence.

## **VII. INVESTMENT REVIEW**

The Assistant Superintendent of Business will review quarterly reports on investment performance and shall submit the quarterly report to the Board of Education.

**VIII. CHANGES TO INVESTMENT POLICY**

This policy has been submitted to the Board of Education for review and approval. This policy will be reviewed at least annually to ensure its consistency with the objectives of income, growth and safety, and changes in applicable laws and financial trends. Any proposed amendments to the investment policy will require approval by the Board.

**IX. FINANCIAL PROFESSIONAL’S COMPLIANCE WITH INVESTMENT POLICY**

All outside investment advisors/managers, attorneys, and other financial professionals employed or retained by the District and/or its representatives, including without limitation financial advisors, underwriters, bond counsel, and disclosure counsel, must review this policy and sign a statement of compliance confirming that they have reviewed this investment policy and will fully comply with these policies. A copy of this Statement of Compliance is attached as Exhibit “A”.

**Legal Reference:**

Education Code

41001	Deposit of money in county treasury
41002	General fund deposits and exceptions
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 monies
27100.1	Responsibility of county treasury
27130-27137	County treasury oversight committees
53600-53609	Investment of surplus
53630-53686	Deposit of funds
53635	Local agency funds; deposit or investment
53646	Treasurer reports and statements of investment policy
53852.5	Investment term for funds designated for repayment of notes
53859.02	Borrowing by local agency

Probate Code:

16045 et seq.	Uniform Prudent Investor Act
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**ORANGE UNIFIED SCHOOL DISTRICT**

**STATEMENT OF COMPLIANCE WITH INVESTMENT POLICY**

The undersigned has been retained to perform services for the Orange Unified School District. The undersigned has been provided with a copy of the Orange Unified School District Investment Policy and has reviewed the Investment Policy thoroughly. In providing services to the Orange Unified School District, the undersigned agrees to comply fully with all of the policies and procedures set forth in the Investment Policy.

Date: \_\_\_\_\_

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Superintendent  
Orange Unified School District

Approved: (11-02) 2-06

ORANGE UNIFIED SCHOOL DISTRICT  
Orange, California