

Investment Policy
American River Flood Control District

Purpose

This policy statement governs the prudent management and investment of the funds of American River Flood Control District, Sacramento, California.

Objective

District funds in excess of short-term expenses for operations, administrative, and special project costs will be invested in accounts which provide a revenue return and maintain, in priority: first, the safety; second, the liquidity of the assets; and third, the rate of return.

Policy

The District's General Manager will implement the investment policy with the review and approval of the District's Treasurer and Board of Trustees (Board).

The General Manager and Office Manager will:

- a. Receive and deposit all revenues
- b. Make deposits, withdrawals, and transfers of District funds among its various accounts
- c. Submit a monthly list of accounts payable for review and approval by the Board
- d. Submit a monthly statement of expenses and revenues to the Board
- e. Submit monthly statements to the Board for the District's accounts with banks, the Local Agency Investment Fund (LAIF) administered by the California State Treasurer's Office, the City of Sacramento Investment Pool A (City Pool A), and to the extent that District funds are invested in other instruments, the items of information required by Government Code section 53646
- f. Submit a monthly certification for the District Treasurer's signature that states whether the District's investments are in compliance with this statement of investment policy
- g. Submit an annual report summarizing investment performance as part of the annual budget review
- h. Submit the investment policy for the Board's review annually at a public meeting. The Board may recommend changes or that the existing investment policy remain in place.

District funds will be deposited as follows:

- a. One or more checking accounts
- b. One or more interest paying accounts with an FDIC insured institution
- c. Investment accounts with the Local Agency Investment Fund (LAIF) of the State Treasurer's Office
- d. Investment accounts with the City of Sacramento Investment Pool A
- e. One or more investment instruments consistent with the objective of this investment policy and approved by the Board.

The checking account will be used for payment of monthly accounts payable approved by the Board, payroll, payroll taxes, and miscellaneous administrative expenses of the District. The balance in the checking account will be sufficient to pay short-term obligations. This account will be used for the initial deposit of District assessment and revenues for District contract services to others prior to transfer to the District investment accounts.

The LAIF and City Pool A accounts will be the District's principal investment instruments. The operation of these accounts will be in accordance with the rules established by the State Treasurer and the City Treasurer's Office. Up to 100 percent of the District's funds in excess of short-term obligations may be deposited in these accounts.

As approved by the Board all other investments of the District will be made as opportunity occurs for increased yield, but consistent with the primary objective of safety and secondary objective of liquidity.

District funds not invested with LAIF or City Pool A may be invested with state or federal banks or savings and loan institutions, or in government securities and debt obligations that carry the full faith and credit of the governmental agency.

District funds will not be invested in stocks, bonds, real estate investment properties, commodity futures, currency futures, or options contracts, except as such investments may be made by LAIF or City Pool A.

All District investments will be insured or collateralized as required by law and the District Treasurer may request certification or evidence of such insurance or collateral.

Income from all District investments is considered general revenue of the District and may be allocated by the Board to any legitimate and legal purpose of the District.

The revenues and expenditures of the District will be accounted for in accordance with generally accepted accounting practices within designated funds established by the Board, as follows:

- a. The Operations and Maintenance Reserve Fund (including administrative and contingency expenses)
- b. The Capital Outlay Reserve Fund (for general capital expenses of the District)
- c. The Emergency Flood Fight Reserve Fund (for short-term expenses of emergency flood fight activities, including contractors employed during emergencies)
- d. The Emergency Repair Reserve Fund (for unplanned, unexpected, short-term repairs for damages sustained during flood emergencies)
- e. The Retiree Health Benefit Reserve Fund (for post employment benefits as required by the Government Accounting Standards Board Rule 75)
- f. Any other funds which the Board may establish

The Board may allocate revenues from any source to any of the District accounts or transfer funds from one account to another as required for the prudent management of the District and implementation of its programs.

Depositories having custody of District funds will provide monthly activity statements and written confirmation of all deposits, transfers, and other transactions.

The District will not use brokers or dealers in placing investments.