
**Kern Community College District
Administrative Procedure
Chapter 6 – Business and Fiscal Services**

AP 6320 Fiscal Management

References:

Government Code Sections 53600 et seq.

Note: This procedure is **legally required**.

The Chief Financial Officer 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 Governing Board in accordance with the Government Code Sections cited above 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.)

District funds maintained by the County Treasurer that are not required for the immediate needs of the District may be invested as follows:

County Treasurer's Investment Pool -- 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.

State's Local Agency Investment Fund (Government Code Sections 16429.1-16429.3) -- District funds not required for immediate needs of the District may be remitted to 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).

Other Investments - Other investments as permitted by Government Code Sections 53600 et seq., and in particular Government Code Sections 53601, 53601.8, 53635, and 53635.8 may be made by the Chief Financial Officer subject to prior approval of the Governing Board. **(NOTE: Government Code Sections 53601, 53601.8, 53605, and 53635.8 permit many very specific investments. Questions should be referred to financial advisors or legal counsel.)**

Excess funds of the District shall be invested by the Chancellor or designee and overseen by Board Finance and Audit Committee.

All funds will be held in the name of the Kern Community College District and will be invested in accordance with California Government Code Section 53600 et seq. Permissible investments include the following:

Investments will be selected based on the criteria which is prioritized as follows:

- Safety - The safety and risk associated with an investment refers to the potential loss of principal, interest or a combination of these amounts. The primary objective is to protect, preserve and maintain intact amounts invested under this policy.
- Liquidity - Liquidity refers to the ability to dispose of investments at any moment in time with a minimal chance of losing some portion of principal or interest. An adequate percentage of the portfolio should be maintained in liquid short-term securities which can be converted to cash if necessary to meet disbursement requirements. No investment shall be for a term greater than five (5) years, unless specifically authorized by the Board of Trustees as provided in Section 53601 of the California Education Code.
- Yield - Yield is the potential dollar earnings an investment can provide

The Chancellor or designee shall render periodic reports to the Board of Trustees of all outstanding investments and investment transactions for the month including the additional information specified by California Government Code Section 53646.

Securities purchased from brokers/dealers may be held by the broker/dealer provided that the total principal and interest of all securities held for the account of the Kern Community College District by each broker/dealer does not exceed the amount of the individual account insurance coverage carried by the broker/dealer. In the absence of adequate insurance coverage, securities shall be held in third party safekeeping by the trust department of a designated bank in the name of the Kern Community College District.