



BOARD POLICY: AUDITOR-CONTROLLER STATEMENT OF INVESTMENT

POLICY NUMBER: 1

Original Date: September 1985

Last Reviewed: October 2014

Last Revised: November 2013

North Marin Water District Statement of Investment Policy

1) Investment of sinking fund or reserve money of the North Marin Water District shall be made in securities in which North Marin Water District is legally empowered to invest such funds in accordance with Section 53601 of the Government Code, taking into consideration the probable income as well as the probable safety of said funds, exercising the judgment and care, under the circumstances then prevailing, which individuals of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation, but in regard to the permanent disposition of said funds.

2) As far as possible, all money shall be deposited for safekeeping in financial institutions insured by the Federal Deposit Insurance Corporation or may be invested as provided in Section 53635 of the Government Code.

3) Money may be invested in the Local Agency Investment Fund in accordance with Section 16429.1 of the Government Code.

4) A minimum of 20% of the District's investment portfolio shall remain liquid (i.e., in demand deposit accounts or equivalent) at all times. In addition, the weighted average life of the portfolio shall not exceed 2½ years.

5) No investments shall be made in financial futures or financial option contracts that are otherwise allowed pursuant to Section 53601.1 of the Government Code except that the District may sell option contracts against securities owned or positions owned by the District.

6) Interest earned through investment of the pooled District treasury shall be credited to the various water, sewer, and reserve account funds in direct proportion to their percentage of the total District treasury.

7) Accounts shall be maintained in North Marin Water District accounting records to record the reserve and inactive funds invested at all times in accordance with the State Controller's chart of accounts as authorized by Section 53891 of the Government Code.

8) Reserve fund account balances shall be maintained separately and shall reflect at all times the balance in each reserve fund in a manner consistent with generally accepted accounting practices.

9) Depositories having custody of North Marin Water District funds shall be directed to forward copies of all correspondence concerning North Marin Water District funds to the Auditor-Controller of North Marin Water District. In the Auditor-Controller's absence, the General Manager of the District shall serve as Treasurer. In addition to the Auditor-Controller, the General Manager and a Senior Accountant shall be signatories on all investment accounts maintained by the District. Banking Institutions shall require authorization from two signatories to execute any non-recurring wire transfer.

10) Verification that moneys have been on deposit at all times and collateralized in amounts equal to or in excess of funds designated by the Board of Directors as reserve funds shall be made in the annual audit of records.

11) The Auditor-Controller shall render a monthly investment report to the Board.

12) Criteria for selecting investments and the absolute order of priority shall be: (a) safety, (b) liquidity, (c) yield.

13) No more than two-thirds of District deposits in a depository shall be collateralized by mortgage backed securities, with the remainder to be backed by non-mortgage backed securities.

14) The Auditor-Controller shall maintain a list of authorized broker/dealers who are approved for investment purposes. All authorized broker/dealers must certify that they have received and read the District's Investment Policy and will follow the guidelines therein, and must submit a copy of their firm's most recent audited financial statement annually. Staff shall investigate broker/dealers who wish to do business with the District to verify their experience with California public sector agencies, verify that they are licensed and in good standing with the California Department of Securities, the Securities and Exchange Commission or other applicable self-regulatory organizations.