

DUNNIGAN WATER DISTRICT

INVESTMENT POLICY

The purpose of this Investment Policy Statement (“IPS”) is to codify the policies that will govern the investments and the management of the investments assets of the Dunnigan Water District. The IPS will establish guidelines to ensure Plan assets are managed according to valid statutory fiduciary requirements.

The Board of Directors has therefore established a general fund from which monies may be expended for general operating purposes; and the in addition, established certain reserves funds which monies may be expended for specific purposes only. In addition to the monies in the established reserve funds, Dunnigan Water District has on hand in the general fund from time to time monies which are surplus to the District’s immediate operating needs and it has been determined to be in the public interest to invest such surplus and inactive moneys in a manner which insures a maximum return consistent with safety on such investments while maintaining the integrity of such surplus and inactive funds.

1. Investment of sinking fund or surplus money of DUNNIGAN WATER DISTRICT (“DISTRICT”) shall be made in securities in which the DISTRICT is legally empowered to invest such funds in accordance with Section 53601 of the Government Code, taking into consideration the profitable income as well as the probable safety of said funds, exercising the judgment and care and under the circumstances then prevailing which people 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 those funds.
2. As far as possible, all shall be deposited for safekeeping in state or national banks or state of federal savings and loan associations or may be invested as provided by Section 53635 of the Government Code, but always in accordance with the District’s Investment Policy and Guidelines.
3. Money may be invested in the Local Agency Investment Fund in accordance with Section 16429.1 of Government Code.
4. Interest earned and received on investments on contract-mandated reserves shall be credited to those funds in the same proportion that such funds bear to the total monies invested to the extend required by the District’s contractors. All other interest shall be credited to the general fund.
5. Accounts shall always be established and maintained in the DISTRICT accounting records to record the surplus and inactive funds invested in accordance with the State Controller’s chart of accounts as authorized by Section 53891 of the Government Code.
6. Reserve fund account balance shall be maintained separately and shall always reflect the balance of each reserve fund in a manner consistent with general accepted accounting practices.
7. Depositories having custody of the DISTRICT funds shall be directed to forward copies of all correspondences concerning those funds to the Treasurer of the DISTRICT.
8. Verification that monies have always been on deposit in amounts equal to or more than funds designated by the Board of Directors as reserve funds shall be made in the annual audit of records.

9. The Treasurer shall render a monthly report of investments to the Board.
10. Internal controls shall be reviewed annually by District auditor.
11. The accounting method shall be in compliance with GAAP.
12. It is recommended that investment policy be reviewed annually.

Approved: January 15, 2004