

# WHITE CLOUD COMMUNITY LIBRARY INVESTMENT POLICY

## STATEMENT OF PURPOSE

It is the policy of White Cloud Community Library to invest its funds in a manner that will provide the highest investment return with the maximum security, while meeting the daily cash flow needs of the Library, and complying with all state statutes governing the investment of public funds.

## SCOPE OF POLICY

This investment policy applies to all financial assets of White Cloud Community Library. These assets are accounted for in the various funds of the Library and include the general fund, special revenue funds, debt services funds, capital project funds, enterprise funds, internal service funds, trust and agency funds and any new fund established by the Library.

## INVESTMENT OBJECTIVES

In priority order, the primary objectives of White Cloud Community Library's investment activities shall be:

**Safety:** Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

**Diversification:** The investments will be diversified by security type and institution in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

**Liquidity:** The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

**Return on Investment:** The investment portfolio shall be designed with the objective of obtaining a rate of return throughout the budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

## DELEGATION OF AUTHORITY TO MAKE INVESTMENTS

Authority to manage the investment program is derived from MCL 41.76 and board resolution designating depositories (copy of resolution attached). Management responsibility for the investment program is hereby delegated to the Board Treasurer, who shall establish written procedures and internal controls for operating the investment program consistent with this investment policy. Procedures should include references to: safekeeping, delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements,

collateral/depository agreements and banking service contracts. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Board Treasurer. The Board Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

### **AUTHORIZED INVESTMENT INSTRUMENTS**

The Library is limited to investments authorized by PA 20 of 1943, as amended.

### **SAFEKEEPING AND CUSTODY**

All security transactions, including collateral for repurchase agreements and financial institution deposits, entered into by White Cloud Community Library shall be on a cash basis. Securities may be held by a third party custodian designated by the treasurer and evidenced by safekeeping receipts as determined by the Board.

### **STANDARD OF PRUDENCE**

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their affairs, not for speculation, but for investment, considering the probable safety of their capital, as well as the probable income to be derived.

*Note: This version of an Investment Policy was developed by the Michigan Department of Treasury. In the opinion of Treasury staff, it meets the minimum requirements of Public Act 20 of 1943 as amended by PA196 of 1997.*