

6.10 Investment Policy

Purpose

It is the Richland Community Library's policy to invest public funds in a manner which will provide the highest investment return with the maximum level of safety while meeting the daily cash flow needs of the Library and conforming to all state statutes and local ordinances governing the investment of public funds.

Scope

The Richland Community Library's investment policy applies to all transactions involving the financial assets of the Richland Community Library and related activity of the treasurer or Board appointed bookkeeper.

Objectives

All investments must comply with PA 20 of 1943, as amended, by PA 217 of 1982, PA 196 of 1997 and any additional amendments, and in accordance with the following objectives in order of priority.

- A. SAFETY – Safety of principal is the foremost objective of the investment program.
- B. LIQUIDITY – The investment portfolio will remain sufficiently liquid to meet all operating requirements that might be reasonably anticipated.
- C. DIVERSIFICATION – The investments shall be diversified by avoiding over concentration in securities from a specific issuer or business sector. Investments shall have varying maturity dates.
- D. RETURN OF INVESTMENT – The investment portfolio shall be designed with the objective of obtaining a market average rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and cash flow characteristics of the portfolio.

Eligible Investment Instruments Include

- A. Bonds, securities and other obligations of the United States, or an agency or instrumentality of the United States.
- B. Certificates of deposit, savings accounts and deposit accounts.
 - 1. Qualified bank that is a member of the Federal Deposit Insurance Corporation.
 - 2. Qualified savings and loan that is a member of the Federal Savings and Loan Corporation.
 - 3. Qualifying the banks and/or savings and loan. (Use one or more of the rating services to annually evaluate each bank and/or savings and loan for credit worthiness.)

Safekeeping and Custody

All security transactions, include collateral for financial institution deposits, entered into by the Richland Community Library shall be of cash (or delivery versus payment) basis. Securities may be held by the bookkeeper, designated by the Richland Community Library Board, and evidenced by safekeeping receipts as determined by the investment officer.

Prudence

The treasurer, and/or designee, shall make such investments and only such investments as a prudent person would make in dealing with the property of another, having in view the preservation of the principal and the amount and regularity of the income to be derived. The standard of prudence to be used shall be the "fiduciary" standard and shall be applied in context of managing an overall portfolio.

Ethics

The treasurer, and/or designee, shall refrain from personal business activity that could conflict with the proper execution and management of the Richland Community Library investments, or that should impair the ability to make impartial decisions.

Reports

Within 120 days of the end of the fiscal year, the treasurer, and/or designee, shall annually provide a written report to the Richland Community Library Board concerning the investment of Richland Community Library funds.

Effective Date

This policy shall become effective on September 16, 1998, as adopted by the Richland Community Library Board.