5.30 INVESTMENT POLICY

Purpose

The purpose of this policy is to establish guidelines for the investment of Richland Community Library funds in a manner that ensures the preservation of principal, maintains adequate liquidity to meet operational needs, and provides a reasonable rate of return consistent with the safety and prudence required for public funds.

All investments shall be made in accordance with applicable Michigan law governing the investment of public funds, as amended.

Scope

This policy applies to all Library funds held by the Richland Community Library, including operating funds, reserve funds, and any other funds under the control of the Library Board of Trustees or its designee.

This policy applies to all individuals responsible for managing or overseeing Library investments, including the Library Director, Treasurer, Bookkeeper, or any Board-appointed financial agent.

Investment Objectives

All Library investments shall be made in accordance with the following objectives, listed in order of priority:

- **Safety of Principal**
  The preservation of principal is the primary objective of the Library's investment program. Investments shall be undertaken in a manner that seeks to ensure the safety of capital.
- **Liquidity**
  The Library shall maintain sufficient liquidity to meet anticipated and unanticipated operating and cash flow requirements.
- **Diversification**
  The investment portfolio shall be diversified to minimize risk, including diversification by financial institution, investment type, and maturity date.

- **Rate of Return**
  The investment portfolio shall be designed to achieve a reasonable market rate of return, consistent with the preservation of principal, liquidity needs, and risk constraints of public funds.

Authorized Investments

Library funds may be invested only in instruments permitted under Michigan law, which may include:

- U.S. Treasury obligations
- U.S. government agency or instrumentality securities
- Certificates of deposit (CDs)
- Savings accounts and interest-bearing deposit accounts
- Money market accounts held at federally insured financial institutions

All financial institutions used for deposits or investments must be federally insured or otherwise appropriately secured in accordance with applicable law.

Prudence Standard

All individuals responsible for investment decisions shall act with the care, skill, prudence, and diligence that a prudent person would exercise in managing the financial affairs of another. This includes consideration of both current income and long-term preservation of capital.

Investment decisions shall be made in the context of the overall portfolio and the Library's cash flow needs.

Ethics and Conflicts of Interest

Individuals involved in investment management shall avoid any personal financial interest or activity that could conflict with the proper execution of Library investment responsibilities.

No individual shall benefit personally from the placement or management of Library funds.

Safekeeping and Custody

All investment transactions shall be executed on a delivery-versus-payment basis whenever practical.

Securities and investment holdings shall be held by a financial institution or custodian approved by the Library Board of Trustees. Internal custody of securities shall only occur when properly documented and authorized.

Appropriate records and statements shall be maintained to verify all investment holdings and transactions.

Reporting

The Library Treasurer or designee shall provide the Board of Trustees with an investment report at least annually within 120 days of the end of the fiscal year.

The report shall include:

- A summary of investment holdings
- Investment income earned
- Compliance with this policy
- Any material changes in investment positions

The Board may request additional reporting as needed.

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