

# INVESTMENT POLICY

---

## Section 1: Purpose

It is the policy of the Garden City Public Library to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow needs of the Garden City Public Library and comply with all state statutes governing the investment of public funds.

## Section 2: Scope

This investment policy applies to all financial assets of the Garden City Public Library. These assets are accounted for in the various funds of the Garden City Public Library and include the general fund (101), building fund (471), and any new funds established by the Garden City Public Library.

## Section 3: Objectives

The primary objectives, in priority order, for the Garden City Public 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 insure 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, considering the investment risk constraints and the cash flow characteristics of the portfolio.

## Section 4: Finance Committee

The Board shall establish a Finance Committee comprised of no more than three (3) Board Members. The Finance Committee shall recommend to the Board investment strategies, monitor the performance of the investment portfolio, and provide quarterly reports to the Board.

## Section 5: Delegation of Authority to Make Investments

Authority to manage the investment program is derived from Public Act 164 of 1877 which states in part, "The governing board has exclusive control of the expenditure of all money collected to the credit of the library fund," and "All money received for the library shall be deposited in the treasury of the city to the credit of the library fund, shall be kept separate and apart from other money of the city, and drawn upon by the proper officers of the city upon the properly authenticated vouchers of the library board", and from the Library Board resolution (January 11, 2022) which states in part, "Resolved... to open a banking account(s) for the Garden City Public Library at a local bank or credit union from which to pay Library expenses."

Management responsibility for the investment program is hereby delegated to the Library Director who shall implement the investment strategies and follow the guidance of the Finance Committee. In this capacity, the Library Director is authorized to move money between investment and bank accounts to maintain efficient cash flow. The Library Director shall also establish written procedures and internal controls for the operation of 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 Library Director. The Library Director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities or subordinate officials.

### **Section 6: List of authorized investments**

The Garden City Public Library is limited to investments authorized by Public Act 20 of 1943, as amended.

### **Section 7: Safekeeping and Custody**

All security transactions, including collateral for repurchase agreements and financial institution deposits, entered into by the Garden City Public Library shall be on a cash (or delivery vs payment) basis. Securities may be held by a third-party custodian designated by the Director and evidenced by safekeeping receipts as determined by the Director.

### **Section 8: 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 own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.