

INVESTMENT POLICY

1.0 PURPOSE:

It is the policy of the Pinckney Community Public Library to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to all state statutes and local ordinances governing the investment of public funds.

2.0 SCOPE:

This investment policy applies to all transactions involving the financial assets and related activity of the Pinckney Community Public Library except for its employee pension funds and its employee deferred compensation funds, which are organized and administered separately. These funds are accounted for in the annual financial report and include the following funds:

- General Fund
- Special Revenue Funds
- Capital Project Funds
- Enterprise Funds
- Debit Service Funds
- Special Assessment Funds
- Internal Service Funds
- Trust And Agency Funds
- Any new fund created by the governing body, unless specifically exempted by the governing body.

3.0 OBJECTIVES:

Funds of the Pinckney Community Public Library will be invested in accordance with Michigan Public Act 20 of the Public Acts of 1943, as amended, and in accordance with the following objectives in order of priority. The Board of the Pinckney Community Public Library must approve of the bank.

3.1 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.

3.2 Diversification - The investments shall be diversified by specific maturity dates, individual financial institution (s) or a specific class of securities in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

3.3 Liquidity - The investment portfolio will remain sufficiently liquid to meet all operating requirements, which might be reasonably anticipated.

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

4.0 DELEGATION OF AUTHORITY:

Authority to manage the investment program is derived from the Pinckney Community Public Library Board of Directors. Management responsibility for the investment program is hereby delegated to the Investment Officer, who shall establish procedures and internal controls for the operation of the investment program, consistent with the investment policy. No person may engage in investment transactions except as provided under the terms of this policy and the procedures established by the investment officer. The investment officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

5.0 AUTHORIZED INSTRUMENTS:

In accordance with Public Act 20 of the Public Acts of 1943, as amended, the surplus funds of the Pinckney Community Public Library may be invested as follows:

- (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, deposit accounts, or depository receipts of a financial institute, but only if the financial institution is eligible to be a depository of funds belonging to the state under law or rule of this state or the United States.

6.0 SAFEKEEPING AND CUSTODY:

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

7.0 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.

8.0 REPORTS

Within 120 days of the end of the fiscal year, the treasurer and/or accountant shall prepare an annual written report to the governing body concerning the investment of the funds.

9.0 EFFECTIVE DATE:

This policy shall become effective on November 20, 1998 the day following adoption by the Pinckney Library Board of Trustees