

Administrative Policy 115

Investment Policy

Approved: May 1, 1998

Revised: July 8, 1998

Revised: December 14, 2004

Reviewed: February 16, 2018

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

This investment policy applies to all financial assets of the Spring Lake District Library. These assets are accounted for in the various funds of the Library and include the general fund and any new fund established by the Library.

The primary objectives, in priority order, of the Library's investment activities shall be:

Safety – Safety of the 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 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.

Return on investment – The investment 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.

Authority to manage the investment program is derived from the following:

Article I, of the Spring Lake District Library Bylaws, approved May 3, 1994.

Management responsibility for the investment program is hereby delegated to the Library Treasurer, who shall 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 Treasurer.

The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of the Library's other Board members.

The Library is limited to investments authorized by Act 20 of 1943, as amended December 31, 1997, and may invest in the following subject to limitations noted in the aforementioned Act as amended:

U.S. Treasury Bills	Savings Deposit Receipts
U.S. Treasury Notes	Saving Account
U.S. Treasury Bonds	Commercial Paper
U.S. Treasury Strips	Repurchase Agreement
Treasury Interest Securities	Bankers' Acceptance
Treasury Principal Securities	Investment Pools – organized under the Urban Corporation Act of 1967
Coupons under book entry system	Surplus Funds Investment Pool Act P.A. 1982
U.S. Government Agency Obligations	
Certificates of Deposit	
Mutual Funds	

All security transactions, including collateral for repurchase agreements and financial institution deposits, entered into by the 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 by the treasurer. This authorization is limited to securities whose intention is to maintain a net asset value of \$1.00.

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.