



## **INVESTMENT POLICY**

### **Purpose**

It is the policy of the Romeo District 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 Romeo District Library and comply with all State statutes governing the investments of the public funds.

### **Scope**

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

### **Objectives**

The primary objectives, in priority order, of the Romeo District 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 investment will be diversified either by security type or 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, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

### **Delegation of Authority to Make Investments**

Authority to manage the investment program is delegated to the Treasurer, who with the Finance Committee (if established) and the approval of the Board 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

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agreements, collateral/depository agreements and banking services 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 subordinate officials.

**List of authorized investments—if mutual funds are authorized, a statement indicating whether the authorization is limited to securities whose intention is to maintain a net asset value of \$1.00 per share or also include securities whose net asset value per share may fluctuate on a periodic basis.**

The Romeo District Library is limited to investments authorized by Act 20 of 1943, as amended, and may invest in the following: US Treasury Bills, US Treasury Notes, US Treasury Bonds, US Treasury Strips, PRINS or STRIPS Ps, CUBES, US Government Agency Obligations, Certificate of Deposits, Savings Deposit Receipts, Savings Accounts, Commercial Paper, Repurchase Agreement, Bankers' Acceptance and Investment Pools (Organized under the authority of the Urban Cooperation Act of 1967, 1967 (Ex Sess) PA 7 (MCL 124.501 to 124.512), the surplus funds investment pool act, 1982 PA 367 (129.111 to 129.118) and the local government investment pool act, 1985 PA 121, (MCL 129.141 to 129.150).

### **Safekeeping and Custody**

All security transactions, including collateral for repurchase agreements and financial institution deposits, entered into by the Romeo District 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 Treasurer.

### **Prudence**

Investments shall be made with judgement 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.