

## Policy 807.0: Investment Policy

Reviewed: 01/14/2020

Revised: 04/16/18

Approved: 04/30/18

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It is the policy of the Salem-South Lyon District Library (SSLDL) 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 Library and conforming to all state statutes governing the investment of public funds.<sup>5</sup>

This investment policy applies to all transactions involving the financial assets and related activity of the Salem-South Lyon District 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, including both designated and undesignated portions
- Debt Service Funds
- Any new fund created by the Board of Trustees

### OBJECTIVES

Funds of the Salem-South Lyon District Library will be invested at official financial institutions as selected by the Board 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.

- A. 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. Whenever feasible, invested funds should be insured through FDIC or a similar program.
- B. Diversification – So potential losses on individual securities do not exceed the income generated from the remainder of the portfolio, investments shall be diversified by all of the following:
  - specific maturity dates
  - official financial institutions as determined by the first board meeting of the year
  - specific class of securities
- C. Liquidity – The ability of an asset to be converted into cash quickly and without any price discount.
- D. Return on Investment – The investment portfolio shall be designed with the objective of obtaining a favorable rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and cash flow characteristics of the portfolio

### DELEGATION OF AUTHORITY

The SSLDL Budget committee will make investment recommendations for approval by the Library Board. Upon Board approval, the Treasurer shall take the necessary action and provide a follow up report to the Board.

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<sup>5</sup> P.A. of 1968 et seq. Michigan Uniform Budgeting and Accounting Act, and P.A. 34 of 2001 et seq. the Revised Municipal Finance Act