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OTSEGO DISTRICT LIBRARY INVESTMENT POLICY

Purpose:

It is the policy of the Otsego District Public Library (ODPL) 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 library and comply with all state statutes governing the investment of public funds.

Philosophy:

It is the philosophy of ODPL that its financial assets exist to provide long range benefits to ODPL to assist in achieving its overall goals of providing a first class library to its users. Because the philosophy is geared towards long range benefits, ODPL believes it is responsible, to the best of its abilities, to protect, nurture, and increase the corpus of these assets rather than use them for any short term benefits that may be inconsistent with its long range objectives.

Scope:

This investment policy applies to all financial assets of the Otsego District Public Library unless specifically exempted by resolution of the Board. These include the assets such as:

- General Fund
- Savings Funds
- Trust and Agency Funds
- Designated Savings Funds (Such as Building & Site Fund)
- Debt Service Funds
- Capital Project Funds
- Endowment Funds
- Any new Fund created by the governing body, unless specifically exempted by the governing body.

Objectives:

The primary objectives of this investment policy must be to ensure the safety and relative liquidity of our assets. Prudent consideration will be given to the security of

public funds and the availability of these funds to complete the charter mission of ODPL. Secondary to safety, and liquidity, and diversification of ODPL assets is the return on investment.

In priority order, the primary objectives of the Otsego District 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 ensure the preservation of capital in the overall portfolio.
- **Liquidity:** The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.
- **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.
- **Return of 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 from characteristics of the portfolio.

Specific investment objections of ODPL include capital preservation, income (i.e., rate of return), growth of principal, and liquidity. ODPL will strive to maximize the return on eligible legal investment instruments.

Delegation of Authority to Make Investments:

The responsibility for depositing ODPL funds and conducting investment transactions shall reside with the Library Director or the Library board Treasurer. This shall include the ability to move funds from one institution to another in order to gain a better return.

Investments shall be made with judgment and care, under circumstances then prevailing, which person 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.

Authorized Institutions:

The governing board of the Otsego District Library, shall select one or more institutions as its primary depository(ies). Eligible institutions will be re-examined as necessary.

Authorized Investments:

- Otsego District Public Library may invest in the following types of securities:

- Bonds, bills, or notes of the United States in which the principal interest is fully guaranteed by the United States: or obligations of the state.
- Certificates of deposit by a state or national bank, savings accounts of a state or federal savings and loan association, or certificates of deposit or share certificates of a state or federal credit union organized and authorized to operate in this state.
- Commercial paper rated prime at time of purchase and maturing no more than 270 days after date of purchase.
- Securities issued or guaranteed by agencies or instrumentality of the United States Government.
- Banker's acceptances issued by FDIC member banks.
- Mutual funds composed of eligible investment vehicles.
- United States government or federal agency obligation repurchase agreements.
- Investment pools composed entirely of eligible instruments.

No financial transaction shall be conducted on behalf of the library with an institution or agent not previously approved by the board.