



Kalamazoo  
Public Library

## Operational Policy: Operating Funds Investment

### Scope

Kalamazoo Public Library maintains two distinct fund types for Library purposes: (1) operating funds, containing the proceeds of all taxes and other sources of operating revenue, and (2) an endowment fund, containing the proceeds of revenue specifically designated as endowment or restricted by the donor to be not wholly expendable on a current basis.

This policy governs the investment of funds in Kalamazoo Public Library's Operating Funds.

### Objectives

The primary objective of this investment policy and the investment practices of operating assets are, in priority order, safety, liquidity, and return. 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. In addition, the portfolio must remain sufficiently liquid to ensure the availability of funds to complete the mission of Kalamazoo Public Library in a time frame dictated by both budget and programming. Last in importance is yield or return on investment. Subject to the constraints of safety and liquidity, Kalamazoo Public Library will strive to maximize the return on eligible legal investments.

### Delegation of Authority

The responsibility to oversee the investment of operating funds made on behalf of Kalamazoo Public Library shall rest with its board Treasurer. This

shall include the responsibility to ensure compliance with stated policies and procedures by the investing agents for the library. The Treasurer shall also review and approve procedures established in reference to fund safekeeping, wire transfer agreements, investment accounting, banking service contracts, and signature authority authorizations as part of that oversight responsibility.

### **Ethics and Conflict of Interest**

In the event an employee or board member conducts private investment business on a regular basis with an individual with whom the employee or board member would conduct business on behalf of the Library, the board member or employee shall disclose this matter to the board.

### **Authorized Investments**

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, or depository receipts of an eligible financial institution or in certificates of deposit in the Certificate of Deposit Account Registry Service as authorized by Section (1), Subsection (5) of PA 20, or the Insured Cash Sweep Service as authorized by Section (1), Subsection (6) of PA 20.
3. Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after date of purchase.
4. Repurchase agreements consisting of eligible investments.
5. Bankers' acceptances of United States banks.
6. Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than 1 standard rating service.
7. Mutual funds registered under the investment Company Act of 1940.
8. Obligations described in items 1 through 7 if purchased through an inter-local agreement under the Urban Cooperation Act of 1967.
9. Investment pools organized under the surplus funds investment pool act, 1982 PA 367, MCL 129.111 to 129.118.

10. Investment pools organized under the local government investment pool act, 1985 PA 121, MCL 129.141 to 129.150.

### **Eligible Financial Institutions**

An institution eligible to receive deposits of library operating funds or to provide investment instruments is defined as a state or nationally chartered bank, savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government. The institution must maintain a principal office or branch in Michigan operating under the laws of this state or the United States.

### **Reporting**

The Library's Assistant Director for Administrative Services shall include a statement of investments quarterly in the financial report to the Board and make additional information available to the Treasurer and the Finance and Budget Committee as needed.

### **Reference**

- Investment of Surplus Funds of Political Subdivisions, Act 20 of 1943, as amended.
- Surplus Funds Investment Pool Act, 1982 P.A. 367, MCL 129.141 to 129.150.
- Urban Cooperating Act of 1967, 1967 P.A. 7, MCL 124.501 to 124.512.
- Investment Company Act of 1940, title I of chapter 686, 54 Stat. 789, 15 U.S.C.

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