

FINANCIAL Investment

I. **STATEMENT** The objectives of investment activities of public funds are, to adequately safeguard principal, to provide sufficient liquidity to meet all operating requirements, and lastly, to obtain a reasonable rate of return.

II. **PURPOSE** To provide instructions to officers and staff regarding the investment and deposit of funds of the Red Jacket Community Library. All investments and deposits must conform to all applicable laws and legal requirements of New York State.

III. **POLICY**

A. **DELEGATION OF AUTHORITY**

1. The Board of Trustees responsibility for administration of the investment program is delegated to the Library Director.
2. The Finance Committee, in consultation with the Library Director and Library Treasurer, shall establish written procedures for the operation of the investment program consistent with this policy.
 - a. Such procedures shall include internal controls to provide a satisfactory level of accountability based upon records incorporating the description and amounts of investments, the fund(s) for which they are held, the place(s) where kept, and other relevant information, including dates of sale or other dispositions and amounts realized.
 - b. In addition, the internal control procedures shall describe the responsibilities and levels of authority for key individuals involved in the investment program.

B. **PRUDENCE**

1. All participants in the investment process shall seek to act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in the Red Jacket Community Library to govern effectively.
2. Investments shall be made with prudence, diligence, judgment and care, under circumstances then prevailing, which knowledgeable and prudent persons acting in like capacity would use, not for speculation, but for investment, considering the safety of the principal as well as the probable income to be derived.
3. Any participant involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair their ability to make impartial investment decisions.

C. **INTERNAL CONTROLS**

1. The Library Director, having custody of money, is responsible for establishing and maintaining internal control procedures to provide reasonable, but not absolute, assurance that deposits and investments are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with board-adopted policy, properly recorded, and managed in compliance with applicable laws and regulations.

- a. The Library Director shall recommend any purchase of certificates of deposit or recommend opening any new investment account to the Board of Trustees.
 - b. The Board of Trustees shall authorize the purchase of certificates of deposit and authorize opening new investment accounts.
 - c. The Library Director has the authority to temporarily invest funds not required for immediate expenditure in interest bearing time deposit accounts and certificates of deposits.
 - d. The Treasurer will reconcile time and savings account, certificates of deposit, and the checking account against bank statements consistent with the Library Treasurer Policy.
 - e. The Treasurer will post reconciliation reports prior to each regular monthly board meeting.
 - f. Library trustees will review reconciliation reports and seek clarity to understand any changes or discrepancies.
 - g. Interest earned from investment accounts shall be allocated to the general operating fund as revenue.
 - h. Excess moneys from various library funds may be commingled for investment purposes into one or more investment accounts, but the Treasurer must maintain accounting records to clearly record the separate sources of money, including board designated funds, memorial funds, the general operating fund.
 - i. Tax revenues turned over to the Library from the School District must be deposited within three business days.
 - j. At the time of deposit, the total tax revenue may be split into two portions; one portion may be deposited into the money market deposit account and the other portion may be deposited into the checking account. The Library Director should consider existing account balances and the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) to determine the amount of each portion.
 - k. Cash flow needs and the balance of accounts should be monitored monthly. Funds in excess of \$10,000 of projected cash flow needs should be transferred into investment accounts at that time, unless such a transfer would result in account balances in excess of the amount insured under the provisions of the FDIC.
2. All investments must conform to all applicable laws and regulations governing the investment of public funds.

D. BANK ACCOUNTS

1. Types of Authorized Investments
 - a. Permitted types of time deposit accounts include NOW (negotiable order of withdrawal) accounts and money market deposit accounts in a bank or trust company located and authorized to do business in New York State.
 - b. Certificates of deposit must be issued by a bank or trust company located and authorized to do business in New York State

- c. Unauthorized types of investments are prohibited. The Library is not authorized to invest in mutual funds (including money market mutual funds), stocks, or bonds of private corporations.
2. Demand Deposits (Traditional Checking Accounts)
 - a. A single checking account will be used to process debit purchases from the general operating fund and process vendor checks from the general operating fund and other board designated funds. This account will also be used for processing Automated Funds Transfer (AFT) deductions including payroll deductions.
 - b. Deposits may be made into the checking account up to a maximum balance of \$250,000.

E. DESIGNATION OF DEPOSITARIES

1. Approved financial Institutions are limited to FDIC insured banks or trust companies located and authorized to do business in New York State.
2. All financial institutions and dealers with which the Library transacts business shall be creditworthy, and have an appropriate level of experience, capitalization, size and other factors that make the financial institution or the dealer capable and qualified to transact business.
3. The banks and trust companies that are authorized for the deposit of funds, and the maximum amount which may be kept on deposit at any time, are:

Depository Name	Maximum Amount	Investing Officer
Canandaigua National Bank and Trust	\$500,000	Library Director

4. The Library is not authorized to make deposits or invest with savings banks, savings and loan associations or credit unions.

F. ANNUAL REVIEW AND AMENDMENTS

1. The Library shall not make any deposit or investment in excess of the amount insured under the provisions of the FDIC without considering amending this policy.
2. The Board of Trustees shall annually review this policy and shall have the power to amend this policy, as necessary, at any time.

IV. REFERENCES

- A. Office of the New York State Comptroller (2014). *Local Government Management Guide: Investing and Protecting Public Funds*. Division of Local Government and School Accountability 110 State Street, Albany, New York 12236. Retrieved from: <https://www.osc.state.ny.us/files/localgovernment/publications/pdf/investingpublicfunds.pdf>

Revision History	
6/21/2021	GML §39 requires the adoption of an investment policy.