

INVESTMENT POLICY

The members of the Newark Public Library Board of Trustees are the fiscal body of the Newark Public Library. The members serve without compensation.

Policy Statement and Scope

This policy applies to all monies and other financial resources available for deposit and investment by the Newark Public Library on its own behalf. The Library will invest funds in a manner that will maximize the security of the principal while satisfying cash flow demands using approved methods that will provide the highest possible return. All investments will conform to applicable laws and regulations of New York State.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence might exercise in the management of their own affairs.

The terms “public funds,” “public deposits,” “bank,” “trust company,” “eligible securities,” “eligible surety bond,” and “eligible letter of credit” shall have the same meanings as set forth in General Municipal Law § 10.

1. Objective

The primary objectives of the library’s financial investment activities are, in priority order:

- o Legality - Conform with all applicable federal, state, and other legal requirements of Safety - To adequately safeguard principal. At no time should the safety of the portfolio’s principal investment be impaired or jeopardized. All investments shall be undertaken in a manner that first seeks to preserve capital and secondly attempts to fulfill other investment objectives.

- o Liquidity – To provide sufficient liquidity to meet all operating requirements. Yield – To obtain a reasonable rate of return.

2. Delegation of Authority

- Management responsibility for the Library’s investment program is delegated to the Treasurer who is considered the Library’s chief financial officer. In the absence of the Treasurer, the Board President is authorized by the Board of Trustees to act in his/her stead.
- The Treasurer shall be responsible for the implementation of the investment and the establishment of investment procedures consistent with this policy. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Treasurer.

3. Ethics and Conflicts of Interest

All participantsThose involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the Library investment program, or

that could impair their ability to make impartial decisions. Officers of the Board, the Director, the bookkeeper, and the Board Treasurer must sign a Conflict of Interest Statement each year.

4. Internal Control

The Treasurer is responsible for establishing and maintaining internal control to insure that the assets of the Library are protected from loss, theft or misuse but not absolute, assurance that deposits and investments are safeguarded against loss from unauthorized use or disposition. Transactions are executed in accordance with Board authorization, recorded properly, and managed in compliance with applicable laws and regulations.. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The internal controls shall address the following points:

- Separation of transaction records from accounting data;
- Custodial safekeeping;

Written confirmation of telephone transactions for investments and wire transfers.

5. Authorized and Suitable Investments

The following investments are deemed to be suitable for inclusion in the Library's investment. The Treasurer is authorized to invest library funds only in those investments specifically delineated below:

- U. S. Treasury Bills and Notes, for which the full faith and credit of the United States Government is pledged for the repayment of principal and interest;
- Bonds, notes and other obligations issued by any federal government agency or instrumentality;
- Bonds or other obligations of the State of New York;
- Demand deposit accounts (such as checking accounts) established with local financial institutions, and properly insured through the Federal Deposit Insurance Corporation (FDIC) or suitable collateralization;
- Certificates of Deposit (CD) issued by local financial institutions, and properly insured through the FDIC or suitable collateralization.

6. Prohibited Investments

The Treasurer may not purchase securities on margin or open a securities margin account for the investment of Library funds.

7. Maturity of investments

No investment shall have a maturity date of more than five years from its date of purchase by the Library, unless an investment is matched to a specific obligation of the Library.

8. Diversification of Investments

- The Library shall diversify its investments to the best of its ability based on the type of funds invested and the cash flow needs of those funds. Diversification can be achieved by the type of investment, number of institutions, and length of maturity.
- The Treasurer will use the following guidelines in administering the Library's investment policy:
 - ◇ The Library's total (100%) portfolio may be invested in securities guaranteed by the United States, or those securities for which the full faith of the United States is pledged for the payment of principal and interest.
 - ◇ The Library's total (100%) portfolio may be invested in certificates of deposit, savings, or deposit accounts that have been fully collateralized.
 - ◇ No more than 50% of the total portfolio may be invested in bonds and other

obligations of the State of New York.

- ◇ No more than 50% of the total portfolio may be invested in securities issued by any federal government agency or instrumentality.

9. Deposit Requirements

The Library's Board of Trustees shall designate its public depositories. Any eligible financial institution that has offices with the State of New York may become a public depository of the Library.

10. Electronic Transfer of Library Funds

The Treasurer will maintain appropriate documentation of the transactions so these may be audited as required by statute. The Treasurer's signature will be on the letter of authorization for transfers which will be forwarded to the bank.

12. Library Funds

The Newark Public Library Board may establish funds for money and securities of the Library. All monies from whatever source derived will be receipted into funds established by the Library Board under authority of law. The authorized funds are as follows:

- Library Operating Fund
 - ◇ All money collected from tax levies, interest on investments of Library Operating Fund monies, fees, fines, rentals, and other revenues shall be deposited into the "Library Operating Fund," and must be budgeted and expended in the manner required by law
- Petty Cash Fund
 - ◇ This fund has been established for the purpose of paying small or emergency items of operating expense as designated by resolution of the Library Board.
- Library Improvement Reserve Fund
 - ◇ Money or securities may be accumulated in the Library Improvement Reserve Fund for the purpose of anticipating necessary future capital expenditures such as the purchase of land, the purchase and construction of buildings or structures, the construction of additions or improvements to existing structures, the purchase of equipment, and all repairs or replacements of buildings or equipment. The Fund is intended to meet future capital expenditures of repairs for which taxes cannot reasonably be levied in any one year.
 - ◇ Gift Funds Money or securities accepted and secured by the Library Board as a grant, gift, donation, endowment, bequest or trust may be set aside in a separate fund or funds. Such expenditures shall be in compliance with the Purchasing Policy.

13. Gifts of Stock

The Treasurer may not purchase securities for the investment of Library funds. When the Library receives gifts of stock certificates:

- ◇ When gift stock is transferred from the donor's broker to the Library's broker, the Library will automatically at transfer become the owner of record.
- ◇ The Treasurer will determine when the stock will be sold for cash.

14. Liability

When investments are made in accordance with this policy, no Library Trustee with investment

authority shall be held liable for a loss resulting from default or insolvency of a depository of Library funds.

15. Investment Advisors, Qualified Brokers and Dealers and Financial Institutions All brokers, dealers and other financial institutions that transact investment business with the Newark Public Library or give advice regarding its investments, must receive, read and comprehend the policy and agree to comply with it before providing any services or transacting any business with the library. This is to be evidenced by a signed statement of receipt of the policy by those identified above.

16. Reporting

The Treasurer shall provide the Board of Trustees with monthly reports which clearly provide an understanding of how the library's fiscal status related to the current budget by providing information on our revenue, expense and overall fiscal status. The Library's Board of Trustees will be informed of unusual financial activity when it becomes a concern.

17. Investment Policy Adoption

The Library's investment policy shall be adopted by resolution of the Library's Board of Trustees any modification made to it must be approved by the Board of Trustees of the Newark Public Library.

Adopted by the Newark Public Library Board of Trustess

Approved 9/12/2012

Amended 9/11/2014,11/12/2020,6/8/2023

Reviewed by Policy Committee 5/19/2023