

INVESTMENT POLICY

CENTRAL ISLIP PUBLIC LIBRARY

I. SCOPE

This investment policy applies to all monies and other financial resources available for investment.

II. OBJECTIVES

The primary objectives of the Central Islip Public Library's investment activities are, in priority order:

- To conform with all applicable Federal, State and other legal requirements (legal).
- To adequately safeguard principal (safety).
- To provide sufficient liquidity to meet all operating requirements (liquidity).
- To obtain a reasonable rate of return (yield).

III. DELEGATION OF AUTHORITY

The Central Islip Public Library's Board of Trustees' responsibility for administration of this investment program is delegated to the Director or his/her designee who shall establish written procedures for the operation of the investment program consistent with these investment guidelines. Such procedures shall include an adequate internal control structure to provide a satisfactory level of accountability based on a data base or records incorporating description and amounts of investments, transaction dates, and other relevant information and regulate the activities of subordinate employees.

IV. PRUDENCE

All participants in the investment process shall seek to act responsibly as custodians of the public trust and shall avoid any transactions that might impair public confidence in the Central Islip Public Library.

Investments shall be made with prudence, diligence, skill, judgement and care in accordance with currently prevailing knowledge and prudent best principles. Speculation is never appropriate. Funds shall be invested considering the safety of the principal as well as possible income to be derived.

All participants 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. Officers of the Board, the Director, the Business Manager and the Board Treasurer must sign a Conflict of Interest Statement each year.

V. DIVERSIFICATION

It is the policy of the Central Islip Public Library to diversify its deposits and investments by financial institution, by investment instrument, and by maturity scheduling.

VI. INTERNAL CONTROLS

It is the policy of the Central Islip Public Library for all monies collected by any officer or employee of the Library to transfer those funds to the Business Office for deposit in a timely manner. The Director or her designee is responsible for establishing and maintaining an internal control structure to provide reasonable, but not absolute, assurance that deposits and investments are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly, and are managed in compliance with applicable laws and regulations.

VII. DESIGNATION OF DEPOSITORIES

The bank authorized for the deposit and investment of Library monies shall be approved annually by the Board of Trustees at their reorganization meeting.

VIII. DEPOSIT OF FUNDS

The Director, or a designee, is authorized to deposit all available funds in the short-term account that they feel best meets the Library's current financial needs. Funds may only be deposited into accounts that are FDIC insured with pledged collateral.

The Treasurer is to report the deposit of all Library funds to the Board of Trustees in the monthly financial report.

IX. COLLATERALIZING OF DEPOSITS

In accordance with the provisions of General Municipal Law ss10, all deposits of the Library, including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured by one of the following:

1. By a pledge of “eligible securities” with an aggregate “market value” as provided in General Municipal Law ss10, equal to the aggregate amount of deposits from the categories designated in the Appendix to this policy.
2. By an eligible “irrevocable letter of credit” issued by a qualified bank, other than the bank with deposits in favor of the Central Islip Public Library, for a term not to exceed 90 days with an aggregate value equal to 140% of the aggregate amount of the deposits and the agreed upon interest, if any. A qualified bank is one whose commercial paper and other unsecured short-term debt obligations are rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization or by a bank that is in compliance with applicable federal minimum risk-based capital requirements.

X. SAFEKEEPING AND COLLATERALIZATION

Eligible securities used for collateralizing deposits shall be held by the depository and/or a third party bank or trust company subject to security and custodial agreements.

The security agreement shall provide that eligible securities are being pledged to secure Library deposits together with agreed upon interest, if any, and any costs or expenses arising out of the collection of such deposits upon default. It shall also provide the conditions under which the securities may be sold, presented for payment, substituted or released and the events which will enable the Central Islip Public Library to exercise its rights against the pledged securities.

The custodial agreement shall provide that securities held by the bank or trust company, or agent of and custodian for the Library, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities. The agreement should also describe that the custodial shall confirm the receipt, substitution or release of the securities.

The agreement shall provide for the frequency of reevaluation of eligible securities and for the substitution of securities when a change in the rating of a security may cause ineligibility. Such agreement shall include all provisions necessary to provide the Library a perfected interest in the securities.

XI. PERMITTED INVESTMENTS

Authorized by General Municipal Law, Section 11, the Library authorizes the Director or his/her designee to invest monies not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of investments:

- Special time deposit accounts
- Money Market accounts
- Certificates of deposit
- Obligations of the United States of America
- Obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America
- Savings accounts
- Checking accounts

All investment obligations shall be payable or redeemable at the option of the Central Islip Public Library within such times as the proceeds will be needed to meet expenditures for purposes for which the monies were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable at the option of the Central Islip Public Library within two years of the date of purchase.

XII. AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

The Central Islip Public Library shall maintain a list of financial institutions and dealers approved for investment purposes and establish appropriate fund limits to the amount of investments which can be made with each financial institution or dealer. All financial institutions with which the Library conduct business must be credit worthy. Banks shall provide their most recent Consolidated Report Condition (Call Report) at the request of the Library. Security dealers not affiliated with a bank shall be required to be classified as reporting dealers affiliated with the New York Federal Reserve Bank, as primary dealers. The Director is responsible for evaluating the financial position and maintaining a listing of proposed depositories, trading partners and custodians. Such listing shall be evaluated at least annually.

XIII. PURCHASE OF INVESTMENTS

The Director is authorized to contract for the purchase of investments:

1. By participation in a cooperative investment program with another authorized governmental entity pursuant to Article 5G of the General Municipal Law where such program has been authorized by the governing board.
2. By utilizing an ongoing investment program with an authorized trading partner pursuant to a contract authorized by the governing board. All purchased obligations, unless registered or inscribed in the name of the Library, shall be purchased through, delivered to and held in the custody of a bank or trust company. Such obligations shall be purchased, sold or presented for redemption or payment by such bank or trust company only in accordance with prior written authorization from the officer authorized to make the investment. All such transactions shall be confirmed in writing to the Central Islip Public Library by the bank or trust company. Any obligation held in the custody of a bank or trust company shall be held pursuant to a written custodial agreement as described in General Municipal Law Section 10.
3. The custodial agreement shall provide that securities held by the bank or trust company, as agent of and custodian for the Library, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities. The agreement shall describe how the custodian shall confirm the receipt and release of the securities. Such agreement shall include all provisions necessary to provide the Library a perfected interest in the securities.

XIV. REPURCHASE AGREEMENTS

Repurchase agreements are authorized subject to the following restrictions:

- All repurchase agreements must be entered into subject to a Master Repurchase Agreement.
- Trading partners are limited to banks or trust companies authorized to do business in New York State and primary reporting dealers.
- Obligations shall be limited to obligations of the United States of America and obligations guaranteed by agencies of the United States of America.
- No substitution of securities will be allowed.
- The custodian shall be a party other than the trading partner.

Appendix

Schedule of Eligible Securities

1. Obligations issued, or fully insured or guaranteed as to the payment of principal and interest, by the United States of America, an agency thereof or a United States government sponsored corporation.
2. Obligations partially insured or guaranteed by any agency of the United States of America, at a proportion of the Market Value of the obligation that represents the amount of the insurance guaranty.
3. Obligations issued or fully insured or guaranteed by the State of New York, obligations issued by a municipal corporation, school district or district corporation of such State or obligations of any public benefit corporation which under a specific State statute may be accepted as security for deposit of public monies.
4. Obligations issued by states (other than the State of New York) of the United States rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.
5. Obligations of counties, cities and other governmental entities of a state other than the State of New York having the power to levy taxes that are backed by the full faith and credit of such governmental entity and rated in one of the three highest rating categories by at least one nationally recognized statistical rating.