



## **South Milwaukee Library**

1907 10<sup>th</sup> Avenue  
South Milwaukee, WI 53172  
P (414)768-8195  
W [smlibrary.org](http://smlibrary.org)

## **Investment Policy**

Approved by the Library Board of Trustees, 5/17/2016

Reviewed, 10/26/2023

It is the policy of the South Milwaukee Public Library to invest public funds in a manner which will provide maximum security while meeting the cash flow demands of the library and conforming to all state and local statutes and any bond resolution restrictions governing the investment of public funds.

### **Governing Authority**

The investment program shall be operated in conformance with federal, state, and other legal requirements, including Wisconsin State Statutes 66.0603.

### **Scope**

This policy applies to the investment of all funds.

The South Milwaukee Public Library will consolidate cash and reserve balances from all funds to maximize investment. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

### **General Objectives**

The primary objectives, in priority order, of investment activities shall be safety and liquidity.

1. *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. The objective will be to mitigate credit risk and interest rate risk.

- a. Credit Risk

The South Milwaukee Public Library will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting the investments to the types of securities identified in State Statute Section 66.0603.



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b. Interest Rate Risk

The South Milwaukee Public Library will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates.

2. *Liquidity*

The investment portfolio shall remain sufficiently liquid to meet all requirements that may be reasonably anticipated.

### **Standards of Care**

1. *Prudence*

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

The "prudent person" standard states that, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons 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."

2. *Ethics and Conflicts of Interest*

Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall disclose any personal financial/investment positions that could be related to the performance of the investment portfolio.

3. *Delegation of Authority*

The South Milwaukee Public Library Board of Trustees is responsible for investment decisions and activities. The Board is authorized to make investments of any and all financial assets of the library in accordance with Wisconsin Statutes. The Board will communicate its decision and instructions to financial institutions and other parties through the Library Board's Financial Secretary.



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### **Policy Consideration**

#### 1. *Exemptions*

Any investment currently held that does not meet this policy shall be temporarily exempted from the requirements of this policy. Investments must come in conformance with the policy within six months of the policy's adoption. The governing body must be presented with a plan through which investments will come into conformance.

#### 2. *Amendments*

This policy shall be reviewed at the annual meeting. Any changes must be approved by the Library Board.

### **Approval of Investment Policy**

The investment policy shall be formally approved and adopted by the governing body of the South Milwaukee Public Library and reviewed annually.