

Village of Pinckney Investment Policy

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To comply with Public Act 20 of 1943 as revised December 1997

Purpose

It is the policy of the Village of Pinckney to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow needs of the Village of Pinckney and comply with all State statutes governing the investment of public funds.

Scope

This investment policy applies to all financial assets of the Village of Pinckney. These assets are accounted for in the various funds of the Village and include the General Fund, Police Training Fund, Drug Enforcement Fund, Salvage Vehicle Fund, Police Reserves Fund, Major Streets Fund, Local Streets Fund, General Highway Fund, Capital Replacement Fund, DDA Fund, Portage Dells SAD Fund, Sewer Fund, Village Water Fund, Trust & Agency Fund, Cemetery Fund and any new fund established by the Village of Pinckney Council.

Objectives

The primary objectives, in priority order, for the Village of Pinckney investment activities shall be:

Safety – Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to insure the preservation of capital in the overall portfolio.

Diversification – The investments will be diversified by security type and institution in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

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

Return on Investment – The investment portfolio shall be designed with the objective of obtaining a rate of return throughout the budgetary and economic cycles, taking into account the investment risk constraints and cash flow characteristics of the portfolio.

Delegation of Authority

Authority to manage the investment program is derived from the following: Village Treasurer per MCL 64.9. Management responsibility for the investment program is hereby delegated to the Village Treasurer per MCL 64.9, who shall establish procedures consistent with the investment policy. Procedures should include references to safekeeping, ~~delivery vs. payment~~, or cash accounts, investment accounting, repurchase agreements, wire transfer agreements, collateral/depository agreements, and banking service contracts. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Village Treasurer. The Village Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

In the event that the Treasurer is unable to carry out her/his duties, the Village President and/or Village Clerk are authorized to handle all Village monies and investments until such time that the Treasurer is available, or another Treasurer is appointed.

Authorized Investments

The Village Treasurer is authorized to invest in the following types of securities authorized by Public Act 20 of 1943, as amended:

- A. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States; United States Treasury Bills, Notes, and Bonds.
- B. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of Michigan financial institutions.
- C. In certificates of deposit (CDARS) in accordance with all of the following conditions:
 - a. The funds are initially invested through a financial institution that is eligible to be a depository (Michigan Bank)
 - b. The financial institution arranges for the investment of the funds in certificates of deposit in one or more insured depository institutions
 - c. The full amount of the principal and any accrued interest of each certificate of deposit is insured by an agency of the United States (FDIC).

d. The financial institution acts as custodian for the public corporation with respect to each certificate of deposit.

e. At the same time that the funds of the public corporation are deposited and the certificate or certificates of deposit are issued, the financial institution receives an amount of deposits from customers of other insured depository institutions equal to or greater than the amount of the funds initially invested by the public corporation through the financial institution.

D. Commercial paper rated at the time of purchase at the highest classification established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.

E. Repurchase agreements consisting of instruments in subdivision A (above). The PSA Master Repurchase Agreement prototype agreement shall be employed with appropriate supplemental provisions regarding security delivery, security substitutions, and governing law. A signed Repurchase agreement must be on file before entering into a repurchase transaction.

F. 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 one standard rating service.

G. Obligations described in subdivisions A through F if purchased through an interlocal agreement under the urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.

H. Investment pools as specified by the Village Council.

Qualified Institutions

Pursuant to MCL 129.11 et seq, the Village Council will approve institutions as depositories of Village Funds on an annual basis. The Treasurer can add to this list during the year, with Council approval, if she/he deems it to be in the best interest of the Village.

Safekeeping and Custody

All security transactions, including collateral for repurchase agreements and financial institution deposits, entered into by the Village of Pinckney shall be on a cash basis. Securities may be held by a third-party custodian designated by the Treasurer and evidenced by safekeeping receipts as determined by the Treasurer.

Accounting

The Village maintains its records on the basis of funds and account groups, each of which is considered a separate accounting entity. All investment transactions shall be recorded in the various funds of the Village in accordance with generally accepted accounting principles as promulgated by the Government Accounting Standards Board.

Prudence

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 capital as well as the probable income to be derived.

Ethics and Conflicts of Interest

All participants in the Village's investment process shall seek to act responsibly as custodian of the public trust and should refrain from personal business activity that could impair one's ability to make impartial investment decisions. Also, the investment officer shall disclose to the Council any material financial interest in qualified institutions that conduct business with the Village and shall further disclose any material personal financial/investment positions that could be related to the performance of the Village's investment program.

Internal Controls

The Treasurer shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

Reporting

The Treasurer shall provide investment reports to the Council listing institutions, type of investments, amounts invested, rates of interest and maturities.

Approved by Village of Pinckney Council on March 27, 2023

Certified by:

Andera McCall, Village Clerk