Palmyra Community Library
Investment Policy

1. Purpose

This policy applies to all money held by the Palmyra Community Library except for true trust or endowment funds. It establishes the rules for depositing and investing public funds so that they remain safe, liquid, and compliant with New York State General Municipal Law.

2. Objectives

The Library's investment activities must follow these priorities, in this order.

1. Legal compliance: All investments must meet the requirements of New York State General Municipal Law and any other applicable laws.
2. Safety: The Library must safeguard principal and avoid undue risk.
3. Liquidity: Investments must mature when funds are needed to pay Library obligations.
4. Yield: The Library should earn a reasonable return within the limits of safety and liquidity.

3. Delegation of Authority

The Board of Trustees is responsible for the Library's investment program.

The Board delegates day to day responsibility to the Treasurer as the Library's Chief Fiscal Officer. Only the Treasurer, or another individual formally authorized by Board resolution, may initiate or execute investment or deposit transactions.

The Treasurer must provide monthly investment and deposit reports to the Board.

4. Ethical Standards

Anyone involved with Library investments must:

- Act responsibly as stewards of public funds.
- Avoid transactions that put Library money at unreasonable risk.
- Avoid personal business activity that conflicts with proper execution of this policy.
- Disclose any potential conflicts of interest immediately.

A conflict of interest is prohibited when it compromises, or appears to compromise, the impartial execution of investment duties.

5. Internal Controls

The Board and the Treasurer will maintain an internal control structure that provides reasonable assurance that:

- Deposits and investments are safeguarded.
- Transactions are properly authorized.
- Records are accurate and complete.
- Activities comply with New York State law and this policy.

Internal controls must include written procedures for authorizing transactions, verifying transfers, maintaining secure records, and reviewing monthly bank statements and collateral schedules.

6. Designation of Depositories

In accordance with General Municipal Law Section 10, the Board will annually designate one or more banks or trust companies as official Library depositories by Board resolution. The Board will set the maximum dollar amount that may be deposited in each institution.

The banks and trust companies that are authorized for the deposit of moneys, and the maximum amount which may be kept on deposit at any time, are:

Depository Name	Maximum Amount
Community Bank na	$750,000
Lyons National Bank	$250,000
Canandaigua National Bank	$250,000

The Library may deposit public funds only in institutions that:

- Are located in New York State
- Are authorized to do business in New York State
- Are FDIC insured.

Credit unions and investment brokerage firms may not hold public funds.

7. Permitted Investments

Under General Municipal Law Section 11, the Library may invest public funds only in the following.

- Special time deposit accounts in designated eligible banks.
- Certificates of Deposit (CDs) issued by designated eligible banks.
- Obligations of the United States of America.
- Obligations guaranteed by agencies of the United States where principal and interest are guaranteed by the United States.

- Obligations of the State of New York.
- Short term obligations of New York State local governments issued under Local Finance Law Section 24.00 or 25.00 when all legal requirements are met.
- Proceeds of obligations received from the municipality may be invested in accordance with Section 165.00 of the New York State Local Finance Law, as authorized by the Palmyra Community Library's enabling legislation.

The Library may not invest public funds in:

- mutual funds
- corporate bonds
- equities
- pooled endowments
- investment brokerage accounts
- private securities
- any product not explicitly permitted by New York State General Municipal Law.

8. Maturity and Liquidity Requirements

Public funds may be invested only for periods consistent with the Library's cash flow needs.

All investments must mature at a time when funds are required to meet operating obligations. The Treasurer will maintain documented cash flow projections to support maturity decisions.

9. Collateral Requirements for Deposits and Certificates of Deposit

In accordance with General Municipal Law Section 10, the Library requires that all deposits and Certificates of Deposit in excess of FDIC insurance be secured by eligible collateral.

Eligible Collateral

Eligible collateral includes the full list of "eligible securities" defined in General Municipal Law Section 10, including but not limited to:

- Obligations of the United States.
- Obligations guaranteed by agencies of the United States.
- Obligations of the State of New York.
- Certain municipal obligations rated in one of the three highest rating categories.
- Certain surety bonds or letters of credit from Federal Home Loan Banks, when permitted by law.

The market value of collateral must at all times equal or exceed the amount of public funds requiring protection.

Periodic Review of Collateral

The Treasurer will review collateral schedules at least quarterly to ensure:

- Adequate market value coverage
- Continued eligibility of collateral
- Proper documentation of substitutions or releases.

10. Security and Custodial Agreements

All collateral must be secured by a written security agreement and a written custodial agreement that comply with General Municipal Law Section 10.

Each custodial agreement must:

- Require that collateral be held separate from the custodial bank's assets.
- Prohibit commingling of collateral.
- Identify the types and amounts of eligible collateral.
- Require the custodial bank to provide periodic collateral statements.
- Permit substitution of collateral only with written approval of the Library.

Collateral must be held by the Library's depository bank or by a third party bank or trust company.

11. Purchase and Management of Investments

The Treasurer may purchase permitted investments only as follows.

- Directly from a designated eligible bank or trust company.
- Through a cooperative investment program authorized under Article 5 G of New York State law.

Securities must be registered in the name of the Palmyra Community Library or held under a written custodial agreement.

Competitive Quotations

When practical, the Treasurer should:

- Solicit at least two rate quotations for Certificates of Deposit or time deposits
- Select the most favorable rate consistent with required collateral.

12. Deposit Placement Programs

The Library may use deposit placement programs or reciprocal deposit programs that meet the requirements of General Municipal Law Sections 10 and 11.
Use of such programs must be authorized by Board resolution and supported by documentation showing full FDIC coverage or required collateralization.

13. Electronic Transfers

The Treasurer is authorized to transfer Library funds using secure electronic systems.

Controls must include:

- Written agreements with each financial institution
- Dual verification procedures when feasible
- Documentation of each transfer
- Limiting transfers to Library accounts held in the name of the Palmyra Community Library

Electronic transfer procedures must be reviewed annually.

14. Records and Reporting

The Treasurer will maintain:

- A detailed investment log
- Copies of all confirmations, agreements, and collateral schedules
- Monthly statements from financial institutions
- Cash flow projections supporting investment maturities
- Records sufficient for audit review.

The Treasurer will report all new investments, maturities, collateral status, and balances to the Board monthly.

15. Annual Review and Adoption

The Board will review this policy annually.

Any revisions must be adopted by Board resolution.

16. Trust and Endowment Funds (Non Public Funds)

The Library may receive gifts, bequests, or donations that are legally required to be held in trust or as an endowment. These funds are not public funds and are not governed by General Municipal Law Sections 10 and 11.

Definition of Trust or Endowment Funds

Trust or Endowment funds meet one or more of the following conditions.

- The donor specifies that the funds must be held as a trust or endowment.
- The Board formally accepts the funds as a restricted gift for long term investment.
- The funds qualify as a true trust under New York State law.

These funds must be accounted for separately and may not be commingled with public funds.

Investment Standard for Trust and Endowment Funds

Trust and endowment funds must be invested according to the Prudent Investor Standard in the Estates, Powers and Trusts Law.
These funds may be invested in a broader range of financial instruments than public funds.
The Board may authorize an outside foundation, endowment manager, or investment entity to administer these funds if appropriate.

Prohibition on Using Public Funds for Trust Style Investments

Public funds, including tax levy revenue, state aid, operating reserves, and any other funds governed by General Municipal Law, may not be invested in:

- pooled endowments
- community foundations
- investment brokerage accounts
- mutual funds
- equities or private securities
- any product not explicitly permitted by New York State General Municipal Law.

Documentation of Gift Classification

At the time a gift or bequest is received, the Board must adopt a written resolution identifying:

- whether the funds are public funds or trust/endowment funds'
- any restrictions placed by the donor
- the required investment standard
- where the funds will be held.

Adopted: 12/17/2020
Reviewed: 01/20/2022, 01/19/2023, 01/25/2024,
Amended: 6/18/2026