

INVESTMENT POLICY

Board of Finance

The duly appointed members of the Wells County Public Library Board are the fiscal body of the library and thus constitute “The Board of Finance” of the Wells County Public Library. The members serve without compensation. (IC 5-13-7-5, IC 36-1-2-6)

Annual Meeting

The Wells County Public Library Board of Finance shall meet directly following the first board meeting of the year to elect a president and secretary, review the written report of the investments made by the library during the previous calendar year, and review the investment policy of the library. (IC 5-13-7-6, IC 5-13-7-7)

Fiscal Officer

The duly elected treasurer of the Wells County Public Library Board is the fiscal officer of the library. (IC 20-14-2-5) The treasurer shall serve without compensation.

Deposits

All funds received by the library shall be deposited in one or more designated depositories. The library makes deposits Monday through Friday on business days.

Investments

The treasurer is authorized to invest library funds in the following (IC 5-13-9)

- Securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States and issued by
 - The United States Treasury
 - a federal agency
 - a federal instrumentality
 - a federal government sponsored enterprise
- Discount notes issued by any of the following
 - a federal agency
 - a federal instrumentality
 - a federal government sponsored enterprise
- Repurchase Agreements (including standing repurchase agreements, commonly known as sweep accounts)
 - With depositories designated by the State Board of Finance as depositories

- for state investments under IC 5-13-9.5
- Involving the political subdivision's purchase and guaranteed resale of any interest-bearing obligations issued; or fully insured or guaranteed by the United States, a United States government agency, an instrumentality of the United States, or a federal government sponsored enterprise.
Investments made by the library's fiscal officer must have a stated maturity of not more than 2 years after the date of entry into a repurchase agreement. (IC 5-13-9-5.6)

Interest Earnings

All interest derived from an investment by the library's fiscal officer shall be receipted to the fund of which it is a part.

Depositories

All public funds of the Wells County Public Library shall be deposited in the designated depositories located in the territorial limits of the library district. (IC 5-13-8-9)

Investment Cash Management

The Wells County Public Library Board will invest its available funds from total monies on deposit. This usually occurs on Wednesday following the monthly Board of Trustees meeting.

Transaction Accounts

(Any deposit other than a certificate of deposit)

The fiscal officer of the library shall maintain a transaction account in one of the library's designated depositories. The selection of this depository shall be made from the library's designated depositories. The Wells County Public Library Board of Finance shall review this selection every other year.

Electronic Transfer of Library Funds

Electronic transfer between financial institutions in order to expedite the transfer of funds as well as maximize interest earnings is permitted for the following type of transactions

- All investment transfers for certificates of deposit and savings accounts authorized by the fiscal officer of the library.
- Payroll and payroll taxes for library employees.
- Reimbursement for amounts greater than \$20 for library employees.

The fiscal officer will maintain appropriate documentation of the transactions so these may be audited as required by statute.

Library Funds

The Wells County Public Library Board may establish funds for money and securities of the public library. All money from whatever source derived will be receipted into funds established by the Library Board under authority of law. (IC 36-12-3-11) The authorized funds are as follows

- **Library Operating Fund (IC 36-12-3-11(a)(1))**
All money collected from tax levies, interest on investments of 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 (IC 36-1-8-3)**
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.
- **Bond & Interest Fund [B&I] (IC 36-12-3-11(a)(3))**
All money derived from the taxes levied for the purpose of retiring bonds or other evidence of indebtedness, together with any premium or accrued interest that may be received, shall be receipted into the Bond & Interest Fund.
- **Library Improvement Reserve Fund [LIRF] (IC 36-12-3-11(a)(4))**
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 and repairs for which taxes cannot reasonably be levied in any one year.
- **Rainy Day Fund**
The Rainy Day Fund is subject to the same appropriation process as other funds that receive property or income tax money. Transfers to or from the Rainy Day Fund must be reported to the Department of Local Government Finance (DLGF). Units must submit to the DLGF the resolution/ordinance from the fiscal body approving the transfer. The resolution/ordinance must include the name of each fund and the amount being transferred out of each fund to the Rainy Day Fund. The DLGF may not reduce the actual or maximum permissible levy of a unit as a result of a balance in the Rainy Day Fund of the unit.

A taxing unit can transfer unused and unencumbered funds from its General Fund or other property tax levy funds (excluding debt service and other dedicated funds) to the Rainy Day Fund. In addition, other unobligated cash balances from any fiscal year (excluding debt service and other dedicated funds) may also be transferred to the Rainy Day Fund pursuant to an ordinance or resolution that

authorizes and identifies the amount, which cannot exceed 10% of the taxing unit's total annual budget for that fiscal year.

Under IC 36-1-8-5.1, a county, city, or town may at any time, by ordinance or resolution, transfer to its General Fund or any other appropriated funds money that has been deposited in its Rainy Day Fund.

State Board of Accounts (SBOA) has advised that transfers to the Rainy Day Fund are prohibited from funds receiving dedicated revenues for specific projects or purposes, such as Local Motor Vehicle Highway (MVH) and Local Road and Street (LRS). Moreover, a balance in a cumulative fund may be transferred to the Rainy Day Fund only if the purpose of the cumulative fund has been fulfilled. In an audit, SBOA would expect the unit to be able to show that the cumulative fund's purpose has been fulfilled. A unit's transfer of funds from a cumulative fund to its Rainy Day Fund would indicate to the DLGF that the property tax rate for that cumulative fund was no longer needed. Before making an appropriation from the Rainy Day Fund, the fiscal body shall make a finding that the proposed use of the Rainy Day Fund is consistent with the expressed intent of the fund.

- **Gift Funds (IC 36-12-3-11(a)(5))**

- 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, and shall be expended, without appropriation, in accordance with the conditions and purposes specified by the donor.
- "Restricted" gifts are those to which the donor has attached terms, conditions and purposes. These may be quite specific or very general. "Unrestricted" gifts are those to which the donor has not attached terms, conditions, or purposes.
- Each individual gift is maintained in a gift fund sub-account, where all receipts and disbursements are recorded each month until the fund is depleted.

- **State Technology Grant Fund**

All money received from the State Technology Fund shall be receipted into this fund for the purpose of paying necessary bills associated with the non e-rate portion of the Internet access invoices from the approved Internet service provider.

- **Wells County Public Library Endowment Fund**

This fund was established in 1993 with gifts from current and former Library Trustees. The annual income is to provide support to the Wells County Public Library for the purchase of non-budgetary items that enhance library materials, services, and programs, enabling the library to carry out its role and mission as described by its governing documents. This fund is held and administered by the Wells County Foundation, Inc.