

## **INVESTMENTS**

### **Board of Finance**

The duly appointed members of the Hussey-Mayfield Memorial Public Library Board are the fiscal body of the Library and thus constitute “The Board of Finance” of the Hussey-Mayfield Memorial Public Library. The members serve without compensation. [IC 5-13-7-5; IC 36-1-2-6]

### **Annual Meeting**

The Hussey-Mayfield Memorial Public Library Board of Finance shall meet annually after the first Monday and on or before the last day of January 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]

### **Fiscal Officer**

The duly elected Treasurer of the Hussey-Mayfield Memorial Public Library Board is the official custodian of all Library funds. The Treasurer serves without compensation. [IC 36-12-2-22]

### **Deposits**

All funds received by the Library shall be deposited in one or more designated depositories no later than the business day following receipt and shall be deposited in the same form in which they were received. [IC 5-13-6-1]

### **Investments**

The Treasurer is authorized to invest Library funds in the following (IC 5-13-9-2):

- 1) Securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States and issued by
  - a) The United States Treasury;
  - b) A federal agency;
  - c) A federal instrumentality;
  - d) A federal government sponsored enterprise. [IC 5-13-9-2(a)(1)]
- 2) Securities fully guaranteed and issued by the following:
  - a) A federal agency;
  - b) A federal instrumentality;
  - c) A federal government sponsored enterprise [IC 5-13-9-2(a)(2)]
- 3) Repurchase Agreements  
Such vehicles may be used as outlined in IC 5-13-9-3.
- 4) Money Market Mutual Funds  
Such Funds may be used as outlined in IC 5-13-9-2.5.
- 5) Deposit Accounts

**Approved by the Hussey-Mayfield Memorial Public Library Board in 1998; revised 1999; January 17, 2008; January 15, 2009; January 21, 2010, January 20, 2011.**

Such accounts include:

- a) Any account subject to withdrawal by negotiable orders of withdrawal, unlimited as to amount or number, and without penalty, including NOW accounts;
- b) Passbook savings accounts;
- c) Certificates of deposit;
- d) Money market deposit accounts;
- e) Any interest bearing account that is authorized to be set up and offered by a financial institution in the course of its respective business. [IC 5-13-4-7 (5)]

Investments made by the Library's fiscal officer must have a stated final maturity of not more than two years. [IC 5-13-9-5.6 (3)]

### **Certificates of Deposit**

#### *Obtaining Quotes*

The investing officer shall obtain quotes of the specific rates of interest for the CD that each designated depository will pay on the CD. Quotes may be solicited and taken by telephone. A memorandum of all quotes solicited and taken shall be retained by the investing officer as a public record of the Library under IC 5-14-3. [IC 5-13-9-4(b)]

#### *Highest Rate of Interest.*

A deposit shall be placed in the designated depository quoting the highest rate of interest. If more than one depository submits a quote of the highest interest rate quoted for the investment, the deposit *may be placed in any or all of the designated depositories* quoting the highest rate in the amount or amounts determined by the investing officer, in the investing officer's *discretion*. [IC5-13-9-4(b)]

### **Interest Earnings**

All interest derived from an investment by the Library's fiscal officer shall be receipted to the fund of which they are a part. [IC 5-13-9-6]

Interest on investments should not be added automatically to the investment. Instead interest on investments should be paid to the Library at each maturity and posted to the appropriate fund.

### **Depositories**

All public funds of the Hussey-Mayfield Memorial Public Library Board shall be deposited in the designated depositories located in the territorial limits of the Library District. [IC 5-13-8-9(a)]

Deposits shall be maintained in at least two depositories that are designated by the Board of Finance for the Library annually. [IC 5-13-8-9(f)(3)]

### **Investment Cash Management**

The Hussey-Mayfield Memorial Public Library Board will invest its available funds from total monies on deposit. This will occur within five business days following the monthly Board of Trustees meeting. Within one business days following the receipt of the tax draws, receipts from the County Auditor will be invested.

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### **Prohibited Investments**

The fiscal officer may not purchase securities on margin or open a securities margin account for the investment of Library funds. (IC 5-13-9-9)

In addition, the Library may only place its funds in investment vehicles that are in accordance with Indiana Code. [IC 5-13-9]

### **Transaction Accounts**

The fiscal officer of the Library shall maintain a transaction account in one of the Library's designated depositories. Selection of this depository will be predicated on a solicitation and review of bids from designated depositories. Such review will be conducted periodically on a reasonable schedule by the Hussey-Mayfield Memorial Public Library Board of Finance.

#### *Definition of a Transaction Account*

Transaction Account means any of the following:

1. Any account subject to withdrawal by negotiable orders of withdrawal, unlimited as to amount or number, and without penalty, including NOW accounts.
2. Passbook Savings Accounts.
3. Money Market Deposit Accounts.
4. Any interest bearing account that is authorized to be set up and offered by a financial institution in the course of its respective business. [IC 5-13-4-24 and IC 5-13-4-7]

*A certificate of deposit is **not** a transaction account.*

### **Electronic Transfer of Library Funds**

The following type of transactions *may be* conducted by electronic transfer between financial institutions in order to expedite the transfer of funds as well as maximize interest earnings:

- 1) All investment transfers for certificates of deposit and savings accounts authorized by the Library Treasurer.
- 2) All lease rental payments to the Zionsville Public Library Leasing Corporation.
- 3) Payroll for Library employees.

The Treasurer will maintain appropriate documentation of the transactions so these may be audited as required by statute. The Treasurer's signature will be on the letter of authorization for transfers which will be forwarded to the financial institution. [IC 5-13-5-5]

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## Library Funds

The Hussey-Mayfield Memorial Public Library Board may establish funds for money and securities of the Library. All monies from whatever source derived will be receipted into funds established by the Library Board under authority of law. (IC 36-12-3-3) The authorized funds are as follows:

### Library Operating Fund [LOF] [IC 36-12-3-11]

All money collected from tax levies, interest on investments of LOF 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.

Both a Petty Cash Fund [IC 36-1-8-3] and a Cash Change Fund [IC 36-1-8-2] are set up inside the Library Operating Fund.

### Lease Rental Payment Fund [IC 36-1-10-17]

All money <sup>1</sup> 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 Lease Rental Payment Fund.

### Library Improvement Reserve Fund [IC 36-12-3-11 (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 [IC 36-1-8-5.1]

The Library has a Rainy Day Fund that was established by resolution. The Library may transfer up to 10% of the Library's annual operating fund budget for any single fiscal year to this Fund. If the Library receives supplemental distributions of COIT under IC 6-3.5-6-17.3, such distributions will be receipted to the Rainy Day Fund. Transfers to this Fund may be made at any time during the year. [IC 36-1-8-5(f)]

### Gift Funds [IC 36-12-3-11(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. Such expenditures shall be in compliance with the Purchasing Policy.

"Restricted" gifts are those to which the donor has attached terms, conditions and purposes. These may be quite specific or very general, such as "books."

### More Library Funds

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<sup>1</sup> Property tax, excise taxes, and interest earnings.

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“Unrestricted” gifts are those to which the donor has not attached terms, conditions or purposes.

#### Hussey-Hoffman-Estate Fund

Per Board action, December 21, 1998, the assets in this fund were turned over to the Hussey-Mayfield Memorial Public Library Foundation, Inc. effective December 31, 1998.

#### Undesignated Fund

Gifts which are “unrestricted” by the donor are placed in this Fund. Much of the corpus of this Fund was derived through interest earnings over a period of years on and prior to turning over the Hussey-Hoffman estate fund to the Library Foundation. The Fund serves as a source for the Library Board to use for borrowing for various and appropriate reasons.

All loans must be approved by the Library Board.

#### Designated Fund

Gifts which are “restricted” by the donor are placed in this Fund.

#### Grants Fund

Any grants awarded to the Library except those awarded by the State will be placed in this Fund. The grant rules established by the awarding body will be honored.

#### State Technology Fund

When the Library receives state grant money requiring local matching money, the Library shall place both the State and local revenue in this Fund.. The money in the fund will be used only for the purposes of the grant. If the Library completes the project for which the state grant money was provided and money remains in the fund: (1) the Library shall transfer the state's share of the remaining money to the Treasurer of State; and (2) the Library's pro rata share of the remaining money will revert to the Library's Operating Fund.

#### Community Room Fund

Deposits made to the Library for the use of various meeting rooms, equipment, etc. throughout the facility will be held in this account until refunded to the leaser. When the leaser does not adhere to the rules of use, the deposit will be moved to the Operating Fund—Miscellaneous.

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## More Library Funds

### Excess Levy

#### *Establishment*

When the property tax collections for a particular calendar year exceed the Library's approved levy by more than 100%, the Library must establish a special fund to be known as the "Levy Excess Fund" for amounts over one hundred dollars (\$100). Delinquent property taxes that are collected during a particular calendar year that were assessed for an assessment date that precedes the assessment date for the current year in which the taxes are collected are to be excluded from the amount which is used to compute the amount of the levy excess.

Each year the Department of Local Government Finance will certify to the Library the figure that represents 100% of the tax levy as well any applicable excess levy.

#### *Source and Use*

The part of the levy which exceeds 100% must be deposited in the fund and may not be spent until the disbursement of the money has been included in a budget approved by the Department of Local Government Finance. However, if the amount for any particular calendar year is less than \$100, no money shall be deposited in the Levy Excess Fund for that year.

The Department of Local Government Finance may require the Library to include the amount in its Levy Excess Fund in the Library's budget. After the budget has been approved, the amount in the Levy Excess Fund will be transferred from the Levy Excess Fund by warrant and receipted into the Library Operating Fund. Investment

The money in the Levy Excess Fund will be invested in the same manner in which other funds may be invested. However, any income derived from such an investment will be deposited in the Operating Fund. [IC 5-13-9-6(a)]

### **Gifts of Stock**

The fiscal officer may not purchase securities for the investment of Library funds. (IC 5-13-9-9)

However, when the Library receives gifts of stock certificates, the fiscal officer will turn the stock over to the local security firm of choice within 48 hours so the Library will become the owner of record.

When gift stock is transferred from the donor's broker to the Library's broker, the Library will automatically *at transfer* become the owner of record.

The fiscal officer will determine when the stock will be sold for cash.

### **Depository Requirements per Indiana Code**

Pursuant to IC 5-13-8-1(a), the Library may deposit public funds in a financial institution only if the entity is a depository eligible to receive state funds and has a principal office or branch that is located within the territorial limits of the Library, e.g. Zionsville, Eagle and Union Townships.

### **Eligible Depositories as of 7/10 per the Indiana Treasurer**

- ✓ Flagstar Bank
- ✓ Huntington National Bank
- ✓ M & I Marshall & Ilsley Bank
- ✓ J. P. Morgan Chase Bank, N.A.
- ✓ Key Bank, N.A.
- ✓ PNC Bank, N.A.
- ✓ Old National Bank
- ✓ State Bank of Lizton
- ✓ Indiana Members Credit Union

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