

## **LaRue County Public Library Investment Policy**

The Board of Trustees (Board) of the LaRue County Public Library has the primary responsibility for the management of the investment portfolio and operating funds. The Board is authorized to delegate, from time to time, certain investment and fund management functions and responsibilities at its discretion to the treasurer or a committee of the board. Within the limitations of this policy statement, the investment portfolio will be managed to provide essential liquidity for the operation of the LaRue County Public Library and safety of the funds invested. The status of the investment portfolio and the operating cash accounts will be reported to the board monthly

### **AUTHORIZED INVESTMENTS**

#### **A. Authorized Investment Instruments**

1. Obligations of the United States and its agencies and instrumentalities, including obligations subject to repurchase agreements, provided that delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian.
2. Obligations and contracts for future delivery or purchase of obligations backed by the full faith credit of the United States or a United States government agency, including but not limited to: United States Treasury; Export-Import Bank of the United States; Farmers Home Administration; Government National Mortgage Corporation; and Merchant Marine Bonds.
3. Obligations of any corporation of the United States government, including but not limited to: Federal Home Loan Mortgage Corporation; Federal Farm Credit Banks; Bank of Cooperatives; Federal Intermediate Credit Banks; Federal Land Banks; Federal Home Loan Banks; Federal National Mortgage Association; and Tennessee Valley Authority.
4. Certificates of deposit insured by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations permitted by Section 41.240(4) of the Kentucky Revised Statutes.
5. Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities.

6. Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one (1) of the three (3) highest categories by a nationally recognized rating agency.
7. Shares of mutual funds and money markets, each of which will have the following characteristics:
  - a. the mutual funds shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;
  - b. the management company of the investment company shall have been in operation for at least (5) years;
  - c. all of the securities in the mutual fund shall be eligible investments under this section.

#### **DIVERSIFICATION OF INVESTMENTS**

The LaRue County Public Library recognizes that some level of risk is inherent in any investment transaction. Losses may be incurred due to market price changes or closing investments prior to maturity due to unanticipated cash flow needs. Diversification of the LaRue County Public Library investment portfolio by type of investment instrument and term to maturity is the primary method to minimize investment risk.

#### **COLLATERAL**

It is the policy of the LaRue County Public Library to require that all cash and investments in excess of the amount insured by the FDIC maintained in any financial institution named as a depository be collateralized. In order to anticipate market changes and provide a level of security for all funds, the collateralization level shall be 100% of the market value of principal, plus accrued interest. Collateral shall be limited to the types of instruments authorized as collateral for state funds in KRS 41.240.

Collateral shall always be held by an independent third-party custodian with whom the LaRue County Public Library has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the LaRue County Public Library and retained by the Board. The right of collateral substitution is hereby granted.

#### **PURCHASES BY STAFF**

Staff purchases of supplies and materials for the library will be made only with proper authorization from the director.

#### **USE OF CREDIT CARDS**

LaRue County Public Library credit cards will only be used for appropriate library business, including but not limited to attendance at conferences, and all uses shall be appropriately documented. The library credit card shall not be used for personal expenditures.

### **SPENDING AUTHORIZATIONS**

The Director may make expenditures consistent with the Board-approved budget without further Board approval. However, expenditures that are not within the Board-approved budget must be formally approved by the Board of Trustees.

A list of anticipated major capital expenditures should be included with the annual budget that is submitted for Board approval.

Unbudgeted emergency repairs to the physical plant or equipment that must be completed immediately, and cannot be practically submitted to the Board for approval, may be authorized by the Director. The Board of Trustees will be informed of the expenditures as soon as possible.

### **INSURANCE / BONDING**

Those who handle library funds will be appropriately bonded and the library will carry appropriate insurance to protect the finances of the library.

### **CHARITABLE DONATIONS**

Because LaRue County Public Library is itself a tax-supported, local government unit, it does not make charitable contributions.

### **BAD DEBTS**

Delinquent accounts may be taken to the board to “write off as uncollectible,” assigned for collection to legal counsel, or taken to small claims court, or assigned for collection to a collection agency as the Director deems appropriate.

### **AUDIT**

In connection with the audit of LaRue County Public Library funds conducted by an independent certified public accountant, the auditor shall conduct a review of the LaRue County Public Library investment program, including internal controls and procedures, and the results of the review, including recommended changes, shall be included in the LaRue County Public Library audit.

### **INVESTMENT POLICY ADOPTION**

The LaRue County Public Library investment policy shall be adopted by order of the governing body and shall become effective on the date set forth in the order. The policy shall be reviewed annually and revised, as appropriate. Any amendments to this policy must be made by order of the Board