



Investment Policy

Purpose

This policy establishes the direction for the management of financial assets of Floyd Memorial Library. It is the Library's intention to invest its funds in a manner that will provide a reasonable investment return with the maximum security, while meeting daily cash flow needs.

Preservation of Capital

The preservation of capital is the foremost objective of the investment program. At no time should the safety of the portfolio's principal investment be impaired or jeopardized. All investments shall be undertaken in a manner that first seeks to preserve capital and secondly attempts to fulfill other investment objectives.

Liquidity

The Library's investment portfolio is to remain sufficiently liquid to enable the Library to meet those operating requirements that might be reasonably anticipated.

Collateralization

Eligible securities used for collateralizing deposits shall be held by the depository bank and or a third-party bank or trust company subject to security and custodial agreements.

The market value of collateral will at all times exceed the principal amount of the deposits.

Return on Investments (Yield)

The Library's investments should generate the highest available return without sacrificing the first two objectives.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence might exercise in the management of their own affairs.

Responsibility

The duly elected Treasurer of the Library Board of Trustees is the Fiscal Officer of the Library. Management responsibility for the Library's investment program is delegated to the Fiscal Officer and the Director. Therefore, the Fiscal Officer and the Director are responsible for the implementation of the investment program and the establishment of investment procedures consistent with this policy and shall act only in accordance with the wishes of the Board as described in this Investment Policy.

The Board may wish to retain an Investment Advisor to manage the investment portfolio. In that case, the Investment Advisor shall act only in accordance with the wishes of the Board as described in this Investment Policy.

Authorized and Suitable Investments

The following investments are deemed to be suitable for inclusion in the Library's investment program. The Library Director and Treasurer are authorized to invest library funds only in those investments specifically delineated below:

- Interest-bearing accounts, certificates of deposit or interest-bearing time deposits at commercial banks and insured by the Federal Deposit Insurance Corporation.
- Money market mutual funds.
- Notes, bonds, treasury bills or other securities, which are guaranteed by the full faith and credit of the United States of America.
- U.S. Treasury Bills and Notes, for which the full faith and credit of the United States Government is pledged for the repayment of principal and interest;
- Demand deposit accounts (such as checking accounts) established with local financial institutions, and properly insured through the Federal Deposit Insurance Corporation (FDIC).
- Certificates of Deposit (CD's) issued by local financial institutions, and properly insured through the FDIC.

Internal Control

The Director and Treasurer are responsible for establishing and maintaining internal control to ensure that the assets of the Library are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met.

Maturity of Investments

No investment shall have a maturity date of more than five years from its date of purchase by the Library, unless an investment is matched to a specific obligation of the library.

Diversification of Investments

The Library shall diversify its investments to the best of its ability based on the type of funds invested and the cash flow needs of those funds. Diversification can be achieved by the type of investment, number of institutions, and length of maturity. The Library's portfolio shall be deposited with more than one financial institution.

Ethics and Conflicts of Interest

Those involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the Library investment program, or that could impair their ability to make impartial decisions

Liability

When investments are made in accordance with this policy, no Library staff member with investment authority shall be held liable for a loss resulting from default or insolvency of a depository of Library funds.

Reporting

The Director and Treasurer shall provide the Board of Trustees with reports which clearly provide the following information regarding the investment portfolio: Types of investments; depository institutions; principal balances; rates of return; maturities.

Restricted Funds – Building Fund

Money or securities may be accumulated in the Library Building Fund for the purpose of anticipating necessary future capital expenditures such as the purchase of land, the purchase and construction of buildings or structures, or the construction of additions or improvements to existing structures.

Restricted Funds – Capital Improvement Fund

Money or securities may be accumulated in the Capital Improvement Fund for the purpose of anticipating necessary future capital expenses such as major repairs to maintain the integrity of the structure.

Unrestricted Funds – Fund Balances

Unexpended funds at the end of the fiscal year may be accumulated in the unrestricted Fund Balance up to an amount equal to 50% of the annual operating budget. Any additional funds shall be designated to a restricted fund.

Investment Policy Adoption

The Library's investment policy shall be adopted by resolution of the Library's Board of Trustees. The policy shall be reviewed no less than annually by the Finance Committee of the Board of Trustees and any modification made to it must be approved by the Board of Trustees.