

BOARD OF FINANCE MEETING
Immediately following the Monthly Board of Trustees Meeting
January 18, 2012
Meeting Room 1B

AGENDA

1. Call to Order – President Kari Isaacson
2. Election of President and Secretary of Board of Finance
3. Review Investment Report (page 1-) and Policy (page 4-5)
4. Adjournment

**MONROE COUNTY PUBLIC LIBRARY
FINANCE AND INVESTMENT REPORT
CALENDAR YEAR 2011
Gary Lettelleir, Financial Officer**

We have made several investment and finance related changes this past year in an effort to increase our earnings on the library's investments and to remove restrictions on how investment earnings can be spent.

Investment income for 2011 amounted to \$12,621, an increase of 22% compared to the 2010 earnings. We started 2011 with the funds invested in a Chase money market account earning less than 0.3% per year. As Financial Officer, I solicited quotes from local banks. The most competitive quote was made by Fifth Third Bank. We moved most of the invested funds to a Fifth Third money market account in May to increase the earnings rate to 0.6%. An increase of 0.1% per year on an average balance of \$2 million amounts to \$2,000 per year in additional interest.

Financial stability of the chosen bank is also an important consideration. According to Bankrate.com, Fifth Third has a rating of 4 on a scale of 1 to 5. Chase and Old National Bank are both currently rated at 3.

Two charts are included in this packet. The interest revenue chart shows the trend in investment income starting in January 2010. The dramatic increase in April/May of 2011 is the result of the cash balance increase because of the receipt of property tax revenue and the increase in the earnings rate. The cash on hand chart shows the trend in the monthly cash balance starting in January 2010.

I checked on some investment options as I prepared this report. US Treasury notes are at 0.12%. The Chase money market savings rate is 0.11%. A one year CD for \$2 million at Old National Bank is paying 0.25%. A 13-month CD at the IU Credit Union is 0.6%. I will continue to look at investment options periodically.

The Board also approved some policy changes in 2011. We have gone from splitting investment income between all of the funds to accounting for all investment revenue in the Operating Fund. This has removed some restrictions on how the revenue can be spent.

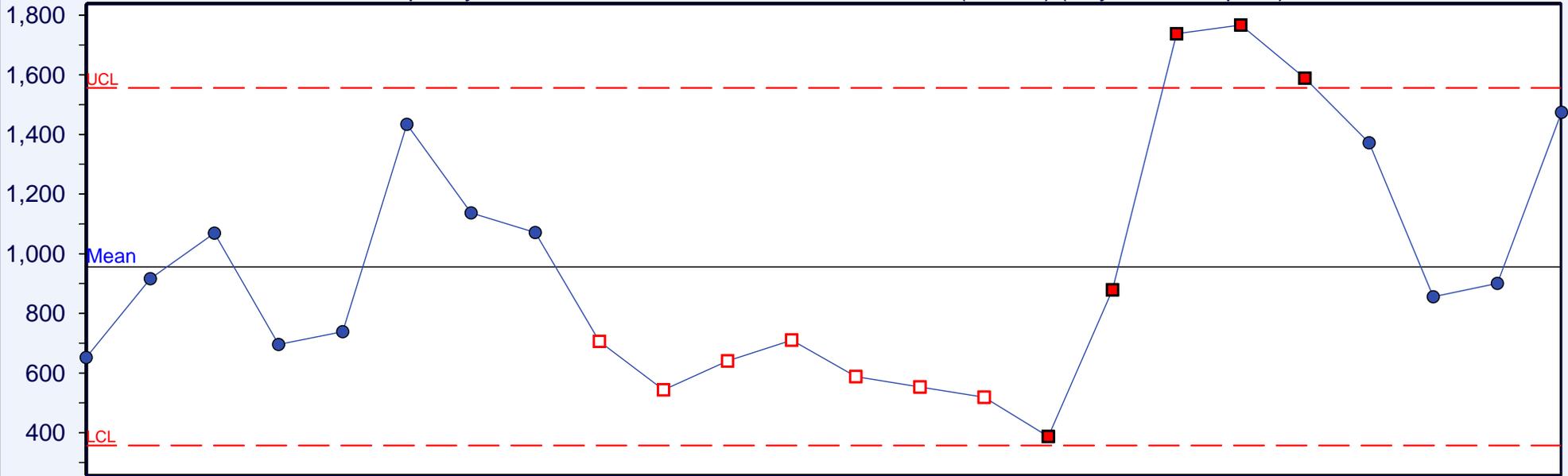
I do not have any recommendations for changes in the investment policy at this time. After looking at other investment options, I believe that we are doing about as well as possible with our current choice of the Fifth Third money market savings account.

MCPL Interest Revenue

January 2010 -

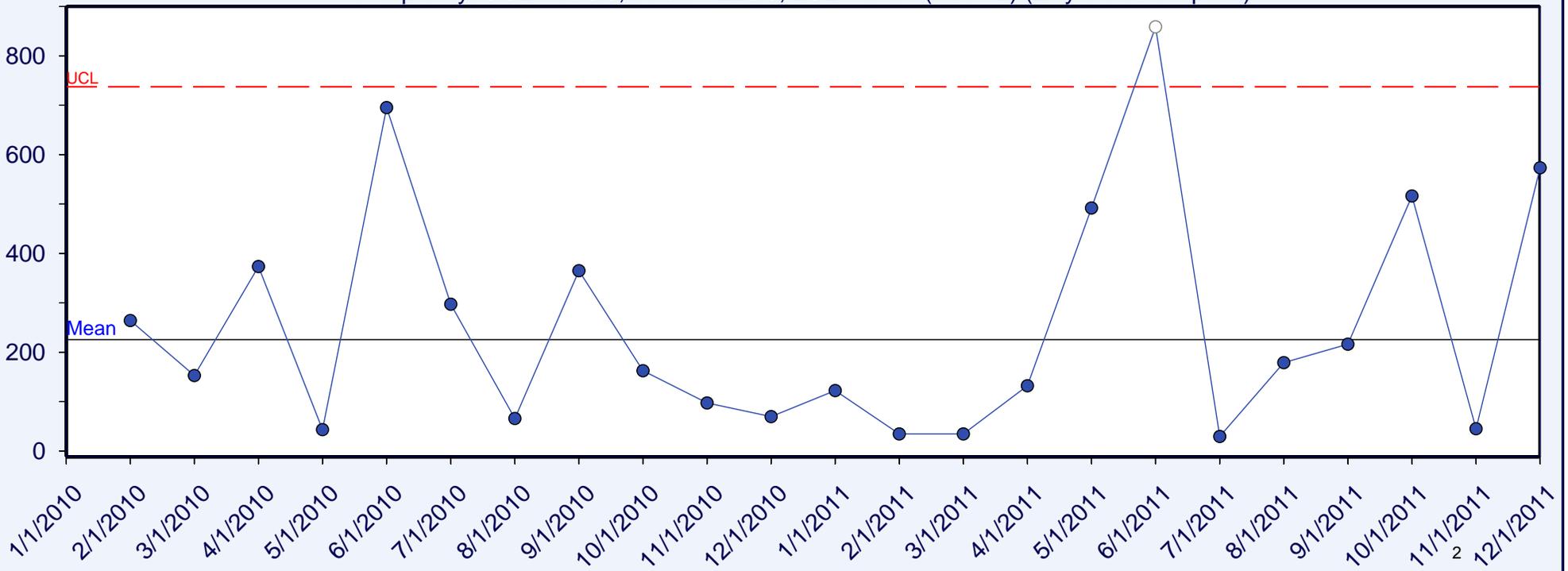
Individuals

Temporary: UCL = 1,555.3, Mean = 955.6, LCL = 355.9 (mR = 2) (Lloyd Nelson option)



Moving Range (2)

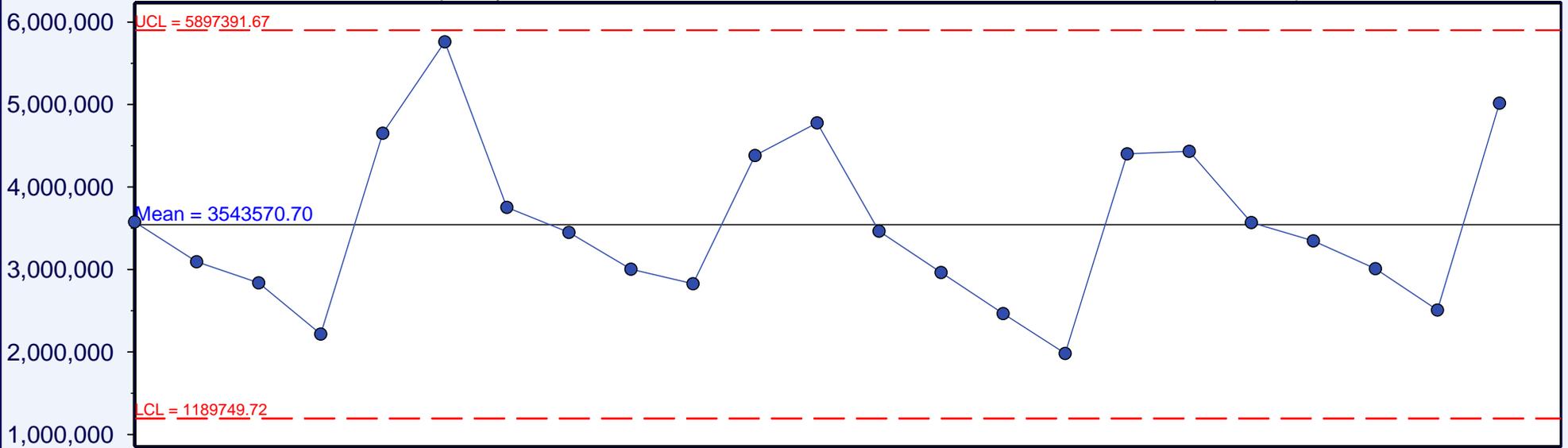
Temporary: UCL = 736.9, Mean = 225.5, LCL = none (mR = 2) (Lloyd Nelson option)



Cash On Hand 2011

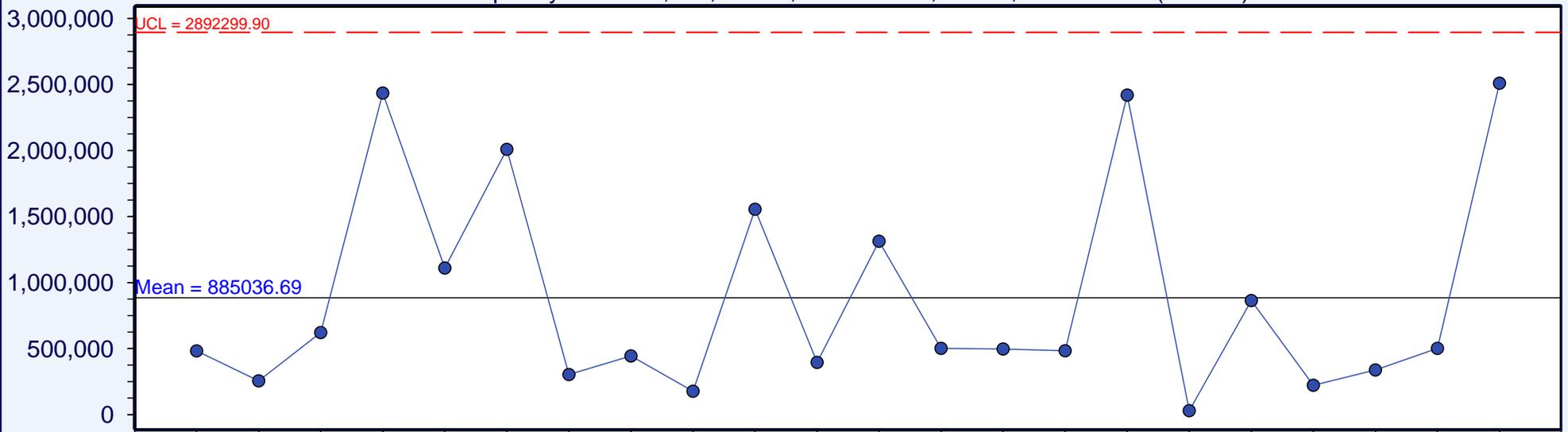
Individuals

Temporary: UCL = 5,897,391.67, Mean = 3,543,570.70, LCL = 1,189,749.72 (mR = 2)



Moving Range (2)

Temporary: UCL = 2,892,299.90, Mean = 885,036.69, LCL = none (mR = 2)



MONROE COUNTY PUBLIC LIBRARY FINANCE AND INVESTMENT POLICY

Board of Finance

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

Annual Meeting

The Monroe County Public Library Board of Finance shall meet annually immediately following the January Board of Trustees Meeting to elect a president and secretary, review the written report of the Library’s investments during the previous calendar year and review the Library’s investment policy. (IC 5-13-7-6), (IC 5-13-7-7)

Fiscal Officer

The duly elected treasurer of the Monroe County Public Library Board is the fiscal officer of the Library. (IC 36-12-2-22) The Treasurer shall serve without compensation.

Deposits

All funds received by the Library shall be deposited in one or more designated depositories not 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);

1. United States Government Securities or discount notes 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) federal instrumentality
 - (d) a federal government sponsored enterprise.
2. Repurchase Agreements (including standing repurchase agreements, commonly known as sweep accounts):
 - (a) With depositories designated by the State Board of Finance as depositories for state investments under IC 5-13-9.5; and
 - (b) 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.
3. Money Market Mutual Funds in the form of securities of or interests in an open-end, no-load, management-type investment company or investment trust registered under the provisions of the federal Investment Company Act of 1940, as amended (15 U.S.C. 80a et seq.) These investments shall be made in

depositories designated by state board of finance as depositories under IC 5-13-9.5.

Investments made by the Library's fiscal officer must have a stated final maturity of not more than two (2) years after the date of purchase of entry into a repurchase agreement. (IC 5-13-9-5.6)

Interest Earnings

All interest earnings derived from an investment by the Library's fiscal officer shall be received to the Operating Fund.

Depositories

All public funds of the Monroe 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 Monroe County Public Library Board of Finance may contract with a state designated depository for the operation of an investment cash management system. (IC 5-13-9-4) Investment decisions and record keeping shall follow IC 5-13-9-4.

Transaction Accounts

The fiscal officer of the Library shall maintain deposits that are invested or reinvested in at least two (2) of the Library's designated depositories. (IC 5-13-9-4)

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. Transfer to cover expenditures for payroll for library employees.
2. Transfer to for debt service payments.
3. Other transfers with the approval of the Library director.

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

Reviewed by Board of Trustees 1/16/08
Reviewed by Board of Trustees 1/21/2009
Reviewed by Board of Trustees 1/20/2010
Revised by Board of Trustees 6/15/2011
Reviewed by Board of Trustees 1/18/11