

## **KENNEBUNK FREE LIBRARY INVESTMENT SPENDING POLICY**

### **I. Statement of Spending Policy Objectives**

The Kennebunk Free Library Board of Trustees has determined that the spending policy with respect to the Library's Investment Fund ("Investment") should be subject to a written policy. The purpose of this Investment Spending Policy is to establish the procedures and rules applicable to the annual – and overall – spending of the Library's Investment.

The objectives of the Investment Spending Policy are:

- to ensure that the spending of the Investment is managed in such a way that the Kennebunk Free Library can continue to provide a highly valued service to the community while lessening, as much as possible, the financial burden on the taxpayers;
- to grow the size of the Investment in real terms; and
- to protect, to the extent possible, the Investment Account's investments from regular operating spending needs.

### **II. Purpose of the Investment**

The purpose of the Investment is to provide:

- a permanent source of financial support for the Library;
- a contribution to the annual operating budget of the Library in an amount deemed appropriate by the Board of Trustees following recommendations from the Finance Committee;
- a financial reserve against a serious financial shortfall due to unforeseen events; and
- seed money for capital projects approved by the Board of Trustees.

**III. Allocation of Donations** The Board of Trustees, with recommendations from the Finance Committee and Library Director, will determine whether funds received by the Library through contributions from donors are intended as contributions to the Investment, the annual operating budget or special projects. In any event, the Board of Trustees will act on the requests of individual donors that may dictate the specific purpose for which specific funds are received to the extent that such instructions are given.

### **IV. Spending**

Subject to review and adjustment by the Board of Trustees upon recommendation of the Finance Committee, KFL plans to budget no less than 3% and no more than 5% of the rolling three-year average of the Investment Account balance as of each September 30 to the next fiscal year's budgeted revenue.

#### **Transferring**

Transferring money into the investment account should be reviewed at least annually, and more frequently if the balance necessitates it. This decision will be made collaboratively between the Director and the Finance Committee to ensure a stable operating balance and maximize returns on investments. Transferring money out of the account must be done with the approval of the Committee. If this is not possible, approval from the Finance Committee Chair/Treasurer and Board Director is permitted and can be done through email.

### **V. Amendment**

The Finance Committee shall review this Policy annually at its June meeting and reserves the right to recommend changes to this Investment Account Spending Policy to the Board of Trustees at any time.

After agreeing upon a new Policy, the Finance Committee will forward the Policy to the Governance and Policy Committee for its review.

Approved by the Board of Trustees 10/28/08; Revised 10/29/12, 3/25/14, 6/27/23