



## **Fiscal Accountability and Investment of Gift Funds Policy**

### **PURPOSE AND SCOPE**

The purposes of the Eager Free Public Library (EFPL) *Fiscal Accountability and Investment of Gift Funds Policy* are to:

1. Provide a framework for the fiscal operations of the Library related to gifts it receives
2. Assure sound fiscal management of gifted funds
3. Outline the actual responsibility for management and distribution of the Library's gift funds

This policy applies to the financial and investment activities of all gift funds under the direction of EFPL. The Wisconsin laws related to Library accountability and investment take precedence except where this Policy is more restrictive.

This policy is in addition to and supplemental to *EFPL's Gift Acceptance Policy* which is stated separately.

### **GENERAL**

EFPL financial policies and procedures are in accordance with requirements and intents as outlined in Wisconsin law.

EFPL maintains a treasurer's bond equal to a minimum of 50% of the total gift funds under EFPL management in the previous fiscal year.

The current and past seven years' financial records are maintained and kept at EFPL, except in cases when the temporary removal of such records is required by law or by auditing procedures. EFPL will maintain records at least as long as and in accordance with conditions required by Wisconsin law. Older records and duplicates may be stored offsite. The records may be retained in electronic or paper form at the discretion of the Board of Directors.

Roll call vote is taken by the EFPL Board of Trustees on all financial matters. Trustees with economic conflicts of interest abstain from voting, in accordance with Wisconsin's Code of Ethics for Public Officials and Employees as specified in s. 19.42, Wisconsin Statutes.

The total gift budget and the budget of each sub-fund that makes up the total gift budget are managed by the EFPL Board of Trustees or its designees. Any actions related to these budgets are reviewed and approved by the EFPL Board of Trustees at intervals that are no less than annual.

## **DONATIONS**

Donations of money, real property, library books or other materials, equipment, or services to EFPL may be accepted when such a gift or its acceptance:

1. Contributes to the achievement of the EFPL mission and priorities.
2. Does not conflict with EFPL policies.
3. Does not impose any restriction on EFPL as a condition of donation, unless such restriction is formally accepted by EFPL Board action.
4. May be used or disposed of at the discretion of EFPL, unless otherwise mutually agreed to by the donor and the EFPL Board at the time of the donation.
5. Does not result in excessive expense, risk of expense, or administrative effort, as determined at the sole discretion of the EFPL Board.

Donations made in accordance with these guidelines may be accepted by the EFPL Director. All donations of significance will be appropriately acknowledged and recognized by letter.

Unless otherwise provided, arrangements for the cost of an appraisal of a donation in the interest of a donor will be the donor's responsibility prior to the conveyance of the donation to EFPL.

## **DEPOSITS**

All gifts and related income received at EFPL are deposited in appropriate accounts at least weekly following appropriate internal control procedures.

Deposits in any one institution may not exceed the FDIC insured amount, without a signed collateralization agreement with the institution and with assets of the agreement to be held by a third party in the name of EFPL.

## **EXPENDITURES AND OTHER FINANCIAL TRANSACTIONS**

A. Authorized signatories are, by title, the EFPL President, Vice-President, Secretary, Treasurer, and Library Director. The EFPL Board may expand this list of signatories by EFPL Board resolution.

B. Financial transactions involving withdrawals from EFPL gift accounts require two authorized signatures. All financial transactions are reported to the EFPL Board of Trustees at regularly scheduled Board meetings.

C. Members of the EFPL Board of Trustees, the Library Director, and all EFPL employees who have direct supervisory authority over or direct responsibility for contracts entered into by EFPL in the amount of \$1,000 or greater are required to file statements of economic interest with the Board of Trustees.

## **INVESTMENTS**

- A. The objective is to invest all gift funds under EFPL control in a manner which will provide the highest investment return using authorized instruments without taking excessive risks and minimizing the chances of loss of principle, all with an eye toward meeting the Library's cash flow demands and in conformance with prudent investment practices. Investments are undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.
- B. The EFPL Director is responsible for recommending to the EFPL Board of Trustees financial institutions (e.g. Wisconsin Funds, banks, savings and loan, credit unions, and other non-banks) that will be the depositories for EFPL. The EFPL Board of Trustees will select financial institutions and will annually review the selection of depositories. Any financial institution, upon meeting the requirements of this policy, may request to become a depository for EFPL funds. EFPL will take into consideration security, size, location, financial condition, service, fees, competitiveness, and the community relations involvement of the financial institution when choosing depositories. The EFPL Board of Trustees shall authorize investment of funds in such institutions. EFPL gift funds not currently needed for expenses related to the gift accounts shall be invested as permitted by law.
- C. Management and administrative responsibility for the investment program is delegated to the EFPL Board Treasurer, unless the EFPL Board of Trustees determines to appoint another party or parties through a resolution. The EFPL Treasurer, or other appointed party, is responsible for establishing internal controls and written operational procedures designed to prevent loss, theft, or misuse of funds.

D. All EFPL investment activities use a “prudent person” standard of care. This standard is applied in the context of managing an overall portfolio and specifies that investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital, as well as the probable income to be derived. Investment officers, acting in accordance with this Policy and the written procedures of the EFPL, and exercising due diligence, shall be relieved of personal responsibility for a security’s credit risk or market price/value changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

E. The following guidelines are used to meet the general investment objectives:

1. Legality and Safety:

- a. Safety of principal is the foremost objective of the investment program. Investments are undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.
- b. Investments are made only in securities guaranteed by the U.S. government, or in FDIC insured institutions including Savings Association Insurance Fund (SAIF) or the FDIC. Deposit accounts in the banks or savings and loan institutions will not exceed the amount insured by FDIC coverage unless adequately collateralized pursuant to Regulations of the Federal Reserve regarding custody and safekeeping of collateral.
- c. Authorized investments include and will primarily consist of: Certificates of Deposit, Treasury Bills, Money Market accounts, and other securities guaranteed by the U.S. Government, and any other investments allowed under state law that satisfy the investment objectives of the EFPL.

2. Liquidity: In general, investments are managed to meet liquidity needs for the current month plus one month (based on forecasted needs for the gift funds) and any reasonably anticipated special needs for the gift funds.

3. Credit Risk: EFPL minimizes credit risk, the risk of loss due to the failure of the security issuer or backer, by prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which EFPL does business, and by diversifying the portfolio so that potential losses on individual securities are minimized.

4. Interest-rate risk: EFPL minimizes the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities.
  5. Yield-Return on investment: Within the constraints of Wisconsin law, considerations of safety, and this investment policy, every effort is made to maximize return on investments made. All available funds are placed in investments or kept in interest-bearing deposit accounts.
  6. Simplicity of management: The time required by EFPL administrative staff to manage investments is kept to a minimum.
- F. Reporting: Investments and the status of such accounts are reported at each regularly scheduled meeting of the EFPL Board of Trustees and include interest earned as of the report date.
- G. Ethics and Conflicts of Interest: Authorized investment officers of EFPL and employees in policy-making positions refrain from personal business activity that could conflict, or give the appearance of a conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions, or that could give the appearance of impropriety.

## **GRANT CONTRACTS**

- A. The EFPL Director is authorized to sign contracts for receipt of funds for grants that have been awarded by grant sources that have been authorized by a vote of the EFPL Board of Trustees.
- B. Occasionally EFPL may be granted funds upon which no interest may be earned due to Federal government regulation. In such a case, the EFPL Library Director is authorized to establish an additional account for grant funds at a financial institution with which EFPL has a working relationship. As with any gift account held by EFPL, any withdrawal of the funds from these gift accounts, if any, will require two signatures of individuals authorized by the Board of Trustees.

## **PURCHASING/SALE OF GOODS AND SERVICES**

All purchases for goods and services for EFPL using gift funds must be authorized by the EFPL Board of Trustees.

### **NO COMMINGLING GIFT FUNDS WITH OPERATIONAL FUNDS**

Gifts are an essential part of meeting the continued and diverse needs of EFPL's patrons. Understanding this, the EFPL gift funds will not be commingled with the funds that are provided by taxpayer funds for the operational support of EFPL. The EFPL gift funds shall remain separate and distinct from any other source of revenue received by EFPL.

Revised and adopted by the Eager Free Public Library Board of Trustees on May 26, 2020.