

# **Racine Public Library**

## **Trust Fund Investment and Use Policy**

### **I. Purpose of the Trust Fund Investment and Use Policy**

It is the policy of the Racine Public Library to invest its trust funds in a manner that will attain the highest investment return while protecting principal and meeting cash flow demands. The purpose of this policy is to establish the parameters within which the Board of Trustees may exercise the investment discretion required for sound asset management.

### **II. Scope**

This policy applies to all financial assets of the Library under the jurisdiction of the Board of Trustees. The objectives with respect to investment of all trust funds, in order of priority, are: 1) safety of principal, 2) sufficient liquidity to meet cash flow needs, and 3) return on investment.

### **III. Authority**

The Racine Public Library Board of Trustees is responsible for investment decisions and activities. The Board is authorized to make investments of any and all financial assets of the Library in conformance with this policy and in accordance with Wisconsin Statutes. The Board will communicate its decisions and instructions to financial institutions and other parties through the Library's Executive Director.

### **IV. Prudence**

Investments shall be made with the judgment and care, under circumstances then prevailing, which informed 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. The informed "prudent person" standard shall be applied in the context of managing the overall investment portfolio. Members of the Board of Trustees, acting in accordance with this policy and exercising due diligence, will be relieved of personal responsibility for the credit risk of security or market price changes provided that deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

### **V. Authorized Institutions**

The Board of Trustees shall select and maintain a list of Wisconsin financial institutions authorized to be depositories and/or provide investment services. The Board shall qualify institutions by applying generally accepted industry standards (*e.g.*, capital requirements, asset quality, earnings, liquidity, management and local community involvement) using available public agency and private rating services as appropriate. The Board may designate primary local depositories in which all funds deposited in either time deposits,

demand deposits or savings deposits will not be restricted as to amount of deposit or collateralization.

**VI. Permitted Investments**

The Board of Trustees may only make investments which are permitted by the Wisconsin Statutes, as amended from time to time. Wis. Stat. § Chapter 43.58(7) delineates the financial powers and duties of the Library Board of Trustees.

**VII. Performance Standards and Reporting**

The investment portfolio shall be designed to obtain a market average rate of return during budgetary and economic cycles, taking into account the Library's investment risk constraints and cash flow needs.

The Library Board of Trustees will review the investments annually and adjust the ratio of investments. On an annual basis, the institutions holding the Library's funds shall be reviewed for return on investment, management fees, and other performance indicators as may be necessary. An annual review of the financial conditions of all institutions holding Library funds shall be conducted at that time. Other financial institutions shall be surveyed, from time to time, to assure the Library Board of Trustees that the Library's funds are being treated in a fair manner.

**VIII. Use of Restricted Funds**

Restricted funds shall be spent only as specified in the gift documents. The Executive Director, in consultation with the Business Manager and Department Heads, will establish an amount to be spent each year from the income distributions (and principal, if appropriate) of the restricted funds. These amounts shall be approved by the Board of Trustees annually. Gifts and donations are subject to the Library's Gift and Donor Recognition Policy.

**IX. Use of Unrestricted Funds**

Donations and bequests given to the Racine Public Library without purpose or time restrictions will be placed in one of the following four funds. The Library will also solicit donations for these funds. Gifts and donations are subject to the Library's Gift and Donor Recognition Policy.

*Endowment Fund for Library Materials*

The purpose of this fund is to establish and maintain a revenue stream, separate from property tax revenue, that will enable the Racine Public Library to strive to meet the basic level for collection size, according to the Department of Public Instruction's Public Library Standards, and then to meet the more advanced levels.

*Mobile Outreach Services Fund*

The purpose of this fund is to establish and maintain a fund that will replace vehicles providing mobile Library outreach services. The vehicles, at the present time, are a panel van and the Mobile Library vehicle.

*Facilities Fund*

The purpose of this fund is to establish and maintain a fund that will be used for ongoing maintenance and renovation of existing facilities, over and above the amount budgeted by the City of Racine. This fund may be used for architectural fees, furnishings, fixtures, and equipment. This fund may also be used to purchase land, lease, build, or otherwise develop facilities to be used as branch library facilities.

*Gifts and Memorials Fund*

The Library may occasionally receive cash gifts or donations for the purchase of a memorial, other materials, or towards unspecified purposes. These funds are placed into the Library's Gifts & Memorials fund. The Executive Director may spend up to \$5,000 of donated funds monthly without prior Board approval. Such spending shall be reported as part of the monthly financial report to the Board. Spending in excess of \$5,000 from this account requires prior Board approval. Consideration will be given to the donor's request, but final selection depends upon the Library's needs.

Approved by: RPL Board of Trustees

Approved Date: June 16<sup>th</sup>, 2022 (*February 17<sup>th</sup>, 2005, amended: May 19<sup>th</sup>, 2005; November 20<sup>th</sup>, 2008; February 28<sup>th</sup>, 2013, and September 20<sup>th</sup>, 2018*)

Review Schedule: Annual

Next Review Date: June 2023