WESTON PUBLIC LIBRARY
Weston, Connecticut

BOARD-GOVERNED FUNDS POLICY

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I. Definitions

"Board" means the Board of Trustees of the Weston Public Library and its successors
"Board-Governed Funds" means the Endowment Fund, the Director's Fund, and the Donor-Restricted Fund
"Director's Fund" means the Weston Public Library Director's Fund
"Donor-Restricted Fund" means the Weston Public Library Donor-Restricted Fund
"Endowment Fund" means the Weston Public Library Endowment Fund
"General Statutes" or "Conn. Gen. Stat." means the General Statutes of the State of Connecticut, as amended
"Library" or "Weston Public Library" means the Weston Public Library in Weston, Connecticut
"Library Director" or "Director" means the Director of the Weston Public Library
"Long-term Investment" means an investment with a term of one year or longer
"Short-term Investment" means an investment with a term of less than one year
"Town" means the Town of Weston, Connecticut
"Treasurer" means the Treasurer of the Weston Public Library Board of Trustees

II. Financial Principles

This document delineates the philosophy, operations, oversight and investment policies and procedures by which the Board of Trustees of the Weston Public Library seeks to fulfill its responsibility for managing the Library's funds referred to here as Board-Governed Funds.

In the State of Connecticut, library boards are either advisory or governing in nature. Trustees of governing library boards are public officers and are legally responsible for the governance of their library and for conducting its operations in accordance with local, state and federal laws. The Board is a governing board with its own bylaws. As such, the Board has authority over and fiduciary responsibilities for the Board Governed Funds, which are separate from all monies appropriated for the Library by the Town. Town-appropriated monies are managed by the Director with oversight of the Board's Investment Committee.

The Board shall manage its funds in a manner consistent with state law, particularly Conn. Gen. Stat. 7-400, Investment of Funds, and 23-7f, Investment in Participation Certificates. The Board shall also make use of the expertise and experience of Town financial officials in managing its responsibilities. All funds overseen by the Board are subject to the Town's annual independent audit of its financial statements.

The Board's governing financial principle is to balance the Library's near-term liquidity requirements and its long-term funding needs. The Board's decisions on spending and investment are to be based on how they may help accomplish both of these objectives.

The Board-governed financial resources of the Library are managed primarily in three funds: the WPL Endowment Fund, the WPL Director's Fund and the WPL Donor-Restricted Fund. Private donations generally become part of the Endowment Fund; any donations made for specific purposes are managed in the Director's Fund for contributions less than $1,000 or the Donor-Restricted Fund for those of $1,000 or more.

The Board emphasizes that capital resulting from private donations and bequests are not intended in any way to replace the required Town-provided annual operating budget and funding for necessary capital requirements.

The Board's Treasurer shall receive and review monthly financial statements and/or reports from any financial institution~~s~~ that may hold or manage these funds. The Treasurer shall review a summary statement with the Board for use in making decisions each month if possible; at a minimum, review will take place quarterly. The Treasurer shall make monthly statements available to Board members for review.

III. Deposits and Investments

As a Connecticut municipal library, the Weston Public Library must make deposits and investments pursuant to the State's General Statutes, specifically Conn. Gen. Stat. 7-400 and 3-27f. These statutes currently deem certain investments as "suitable and authorized" for state institutions such as the Library to use. The State's current list of authorized investments is provided in the Appendix.

Short-term and Long-term Investments by the Library shall be established in an account or accounts separate from all Town and other Library accounts. Any proxy voting called for by Board investments will be the responsibility of the investment fund or vehicle that the Board chooses to employ.

IIIa. Short-term Investments

The Board shall make Short-term Investments (of less than one year in maturity) to augment Town appropriations and enhance Library services. The Board shall manage Short-term Investments with the priorities of liquidity, safety of principal, sufficient returns, and minimal costs.

IIIb. Long-term Investments

Given the long-term nature of the Library's capital needs, the Board may seek returns higher than those offered on Short-term Investments by investing a portion of the Endowment Fund in assets which have maturities of one year or longer.

In making such Long-term Investments, the Board shall be guided by its main principle of balance. In deciding what proportion of the Endowment Fund to invest in long-term assets, the Board will take care to ensure that its portfolio will have sufficient liquidity to meet short-term needs. The Board will make any Long-term Investments from the lists of suitable investments in Conn. Gen. Stat. 7-400 and 3-27f.

IV. Funds and Accounts of the Weston Public Library

IVa. The Endowment Fund
The Endowment Fund is intended to provide for long-term capital needs beyond the annual operating and capital expenditures provided by the Town. It is not intended to replace any annual operating expenditures appropriated to the Library by the Town. This Fund is funded through private contributions and bequests. Expenditures from the Endowment Fund may be proposed in writing by the Director or by a Committee of the Board and will be presented to the full Board for review and approval.

IVb. The Director's Fund
The purpose of the Director's Fund is to assist the Director in managing certain expenses of the Library that are not funded by the Town and which arise with some urgency in the course of ordinary business in between meetings of the Board. The Director may make such expenditures from the Fund of up to $500 without the Board's approval up to three times per month. Expenditures exceeding $500 must be approved in advance by the Board. The Director's Fund assets will be kept in a savings account and will have an associated debit card. This fund will be replenished from the Endowment Fund by the Board as required.

IVc. The Donor-Restricted Fund
Patrons occasionally make large contributions to the Library for a specified purpose. These are maintained in the Donor-Restricted Fund. Currently there are three such funds: the first is to cover programming expenses, including, but not limited to, speaker fees, supplies, and marketing materials. The second was established to fund the purchase of children's books, and a third is intended to help the Library sponsor musical events. Expenditures from these funds must be approved in advance by the Board.

V. Donations

The Board occasionally receives unsolicited contributions in the form of cash donations or estate bequests, both with and without restrictions on their use. The Board is grateful for donors' generosity and accepts such contributions after determining that the contributions and any specified uses will be consistent with the Library's purpose and principles. The Board shall use such contributions to support the Library. Unrestricted contributions will be managed and tracked as part of the Endowment Fund. Restricted donations of under $1,000 will be managed and tracked as part of the Director's Fund. Restricted donations of $1,000 or more will be managed and tracked as part of the Donor-Restricted Fund.

VI. Appendix

Connecticut State Statutes: Suitable and Authorized Investments for the Weston Public Library

Conn. Gen. Stat. 7-400 and 3-27f deem certain investments as "suitable and authorized" for institutions such as the Library to use. As of February 25, 2025, these investments are:

- FDIC-insured deposit accounts (such as checking/saving accounts) established with local financial institutions
- FDIC-insured Certificates of Deposits (CDs) issued by reputable financial institutions
- U. S. Treasury obligations that carry the full faith and credit guarantee of the United States government
- U. S. government agency and instrumentality obligations that have a liquid market with a readily determinable market value
- Certificates of deposit and other evidences of deposit at a financial institution
- Banker acceptances
- Commercial paper rated in the highest tier (e.g., A-1, P-1, F-1, or D-1 or higher) by a nationally recognized rating agency
- Investment-grade (ratings of not less than A by Moody's, A- by Standard and Poor's, or A- by Fitch) obligations of state, provincial and local governments and public authorities
- Repurchase agreements whose underlying purchased securities consist of the aforementioned instruments
- Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of dollar-denominated securities; and
- Local government investment pools either state-administered or developed through joint powers statutes and other intergovernmental agreement legislation (The State Treasurer's Short-Term Investment Fund established pursuant to Conn. Gen. Stat. 3-27).

The Library Board of Trustees reserves the right to amend this policy and this document at any time.

Adopted Sept. 8, 2025