

## **POLICY STATEMENT: CONTRACTS, DONATIONS AND REVENUES TO THE JONES LIBRARY, INC.**

The Board of Trustees administer The Jones Library, Incorporated, and branch libraries as the Town Libraries subject to the provision of the Amherst Town Government act of 2001 and by special legislation Chapter 512, Acts of 1972. The Amherst Town Government Act (Section 4.64) specifically recognizes the autonomy of the Board of Trustees to collect certain revenues and to award contracts. The following policy statement seeks to clarify the contracting authority and the collection of revenues and contributions by The Jones Library, Incorporated, as a private, non-profit corporation, under generally accepted accounting standards (including procedures to ensure that all expenditures and receipts are within an operating budget which has been approved by the Board of Trustees, supported by proper documentation, drawn from or deposited into the appropriate accounts, and recorded in the books and records of the Library), and as a department of the Town of Amherst.

- I. Contracts.
  - A. The Town Manager purchases all supplies, materials and equipment for Town departments as the Town's chief purchasing authority. The Library follows all Town accounting procedures for purchase of goods and services funded with public funds. Due to the public nature of its operations, the Library will follow procedures similar to the Town's for major purchases to be purchased with private funds from the Corporation (over \$5,000). For contracts requiring formal bidding and contracting under the State's procurement laws, the President of the Board of Trustees or his/her designee will sign on behalf of the Library. In cases when both public and private funds are to be used, both the President of the Board of Trustees and the Town Manager must authorize contracts.
  - B. The President of the Board of Trustees may authorize the Library Director, or in the absence of the Library Director, the Assistant Director, to sign contracts on behalf of the Library. No other staff person is authorized to sign contracts or purchase orders on behalf of the Library, including contracts for contributed services at no charge.
  - C. Unless specifically authorized by the Board, all checks shall be signed by an officer of the Board.
  
- II. Revenues.
  - A. The Board of Trustees has jurisdiction over the rental and use of Library property (and materials) under the Amherst Town Government Act, Section 4.63. The Board approves a list of fees to be charged for use of Library property, including but not limited to overdue fines, replacement fees, room rentals, art gallery insurance fees, reproduction fees for Special Collections materials and publications, and sales of publications published by the Corporation. All fees and sales income, except overdue fines which are returned to the Town, are considered "general revenue" to the Corporation to be used for general Library support under current accounting standards. In addition, income generated by the sale of surplus property is considered general revenue, to be used or invested as determined by the Board.

III. Donations.

- A. A gift for Library purposes in Amherst designated for The Jones Library, Munson Memorial Library, North Amherst Library, or any variations of these titles, shall be construed, under the law, as being intended for The Jones Library, Incorporated. Donations to the Friends of the Jones Library System are handled by the officers of that separate organization, not by the Library.
- B. All money which the Library may receive by gift or bequest shall be administered by the Board in accordance with the provision of such gift or bequest. Contributions which are received without written indication of a specific restriction will be treated as unrestricted. The Director will set up office procedures for receiving and acknowledging all contributions and maintaining accounting and donor records.
- C. The Board shall observe the "prudent investor rule" (Massachusetts Prudent Investor Act, Chapter 203C) which states in Section 3 that, "A Trustee shall invest and manage trust assets as a prudent investor would, considering the purposes, terms, and other circumstances of the trust, including ... [other relevant circumstances]. In satisfying this standard, the Trustee shall exercise reasonable care, skill, and caution."
- D. Unless directed to the Library endowment, contributions under \$1,000.00 are accepted by the Director and deposited into the Corporation checking account for immediate use. If the donor has restricted the use of the contribution, the office staff will credit it to a special sub-account and will notify the appropriate staff of its availability. Donor restrictions must be in writing.
- E. Contributions over \$1,000.00 are brought to the attention of the Trustees for acceptance, consideration of restrictions, and determination on investment for future income or for immediate use. Prior approval by the Library is required for the formation of a Memorial Fund which involves solicitation of gifts from the public and is designated for a restricted purpose. On-going named Book Funds are accepted for endowment investment if the principal is \$10,000.00 or above.
- F. Unrestricted contributions are encouraged whenever possible to reduce the costs of financial management and to increase the future benefit to the Library. At the end of the fiscal year, there may be balances in restricted contributions which have not been expended or encumbered. The Board may act to carry forward account balances into the next fiscal year, or, if permitted under the terms of the gift, the funds may be transferred into a reserve account for unforeseen expenses, or merged with the Library endowment. The Director will make a report and recommendation at the close of the fiscal year on unexpended balances in revenues and contributions.

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