

Financial Policy

Investment Policy

Authority: The authority of the Board of Trustees to manage and control the Superior District Library's funds and authority is derived from Act 20 PA 1943, as amended.

Purpose: It is the policy of the Superior District Library to invest its funds in a manner which will provide the highest investment return with the maximum security, while meeting the daily cash flow needs of the Superior District Library, and, to provide compliance with all state statutes governing the investment of public funds.

Scope: The investment policy applies to all financial assets of the Superior District Library. These assets are accounted for in the various funds of the Superior District Library and include the general fund, special revenue funds, debt service funds, capital project funds, enterprise funds, internal service funds, trust and agency funds, and any new fund established by the Superior District Library. The following funds are not covered by this Investment Policy: Retirement/Pension funds, PEBSCO, or any other Deferred Compensation Fund, which may be created by the Superior District Library.

Objectives: Funds of the Superior District Library shall be invested in accordance with Michigan Public Act No. 20 of the Public Acts of 1943, as amended by Act No. 196 of 1997, these policies and any written administrative guidelines.

The primary objectives, in priority order, of the Superior District Library's investment activities shall be:

Safety-Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to insure the preservation of capital in the overall portfolio.

Diversification-The investments will be diversified by security type and institution in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

Liquidity-The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

Return on Investment-The investment portfolio shall be designed with the objective of obtaining a rate of return throughout the budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

Delegation of Authority to Make Investments: Management responsibility for the investment program is hereby delegated to the Investment Officers who shall be appointed by the Board of Trustees and shall consist of a Trustee and the Superior District Library Director. The Investment

Officers are authorized to invest funds in the name of the Superior District Library. The Investment Officers shall establish a written procedure of internal controls to regulate investment activities, which will be consistent with this investment policy. Procedures shall include references to safekeeping, delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements, collateral/depository agreements, and banking service contracts. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Investment Officers. The Investment Officers shall be responsible for all transactions undertaken and shall establish a system of controls to regulate investment activities. The Investment Officers shall rely on the continuing effect of this resolution until it is specifically amended or rescinded by a future resolution of the Superior District Library Board of Trustees.

Investment Officers shall consist of the Superior District Library Director, Superior District Library Financial Manager, and one Superior District Library Board of Trustee member that is not the Treasurer.

Authorized Investments:

Authorized to include the following which are covered by FDIC Deposit Insurance or Credit Union NCUA Insurance, checking accounts, savings accounts, Certificates of Deposit, and money market account. Such accounts shall be managed to stay below FDIC of Credit Union NCUA Insurance limits per attached procedures.

Qualified Institutions: The Superior District Library Board of Trustees shall approve annually a list of financial institutions, which are qualified for investment purposes. Qualifications should include FDIC and Credit Union NCUA Insurance coverage and they must have a branch in Michigan.

Performance Evaluation and Reporting: The Investment Officers shall produce an investment activity report for the Board of Trustees. Investments shall be confirmed annually by an external auditor.

Superior District Library Management of Investments

The Investment Officers shall present a list of qualified financial institutions to the Board of Trustees for approval.

Securities will be kept either in a safe deposit box under the name of the Superior District Library or by a third party custodian designed by the Investment Officers and evidenced by safekeeping receipts. Release from safekeeping or access to a safe deposit box shall require two designated signers.

Investment duties shall be segregated in the following manner:

- a) The person who initiates and approves the transaction and the person who records the transaction in the general ledger shall not be the same person;
- b) The person who records the transaction in the general ledger shall not be responsible for physical custody of the securities, nor shall he/she have access to the securities.

The investment program shall be integrated with the cash management program. All investment transactions shall be entered monthly into the general ledger.

The investment activity presented to the Board of Trustees shall list each investment with the amount of investment, date of acquisition, the financial institution, maturity date, and interest rate where applicable.

PURCHASE POLICY

The Superior District Library Board of Trustees requires the submission of sealed bids for Board consideration when library purchases meet one or more of the following criteria:

1. The purchase price of one item exceeds \$10,000;
2. The sum of multiple items or components exceeds \$10,000;
3. The total purchase price of related items exceeds \$10,000;
4. Service/repair work to the building/grounds over \$10,000, except that provided by established vendors to the Superior District Library.

All advertisements for bids will be placed via local media and/or direct contact with local vendors. Vendors outside the Library Service Area will be contacted at the discretion of the Superior District Library Board of Trustees and/or the Library Director. The Superior District Library Board of Trustees reserves the right to accept or reject any or all bids.

The Superior District Library Director may spend up to \$5,000 per item without prior Trustee approval.

The Superior District Library Director may spend up to \$9,999 for item(s) if said expenditure(s) is approved in advance by the Superior District Library Board of Trustees.

Bids are not required for the purchase of library supplies and library materials. The Superior District Library Board of Trustees expects that all supplies and materials purchased have been priced by the staff and that every effort has been made to identify the most cost-effective vendor.

Actions that contravene this policy cannot be taken without Board approval at either a Regular or Special Board of Trustee meeting.

FIXED ASSETS POLICY

In accordance with current general accounting standards, the Superior District Library Board of Trustees requires that all assets for the library which cost more than \$3,000 be tagged and recorded in a list which is kept up to date, and shall include the purchase date, description, serial number(s) if applicable, tag number, and cost. Additional memo information might include a reference to Board minutes authorizing the acquisition.

Each Superior District Library affiliate must add an appendix with the Inventory that includes those non-consumable items that don't meet the \$3,000 requirement.

The list is to be updated yearly and attached to the policy. The list is to be kept current by each Superior District Library affiliate and reported to the Library Director who will see that each affiliate receives a copy.

GIFT, DONATION, AND MEMORIAL POLICY

The Superior District Library appreciates and encourages monetary gifts as well as donations of materials, subject to the following conditions.

1. Gifts to the Superior District Library must be outright and unconditional. All materials donated and accepted become property of the Library and may be disposed of in any manner seen fit by the Library. The Library staff and/or the Board of Trustees shall make the final decision on whether or not a gift shall be accepted and the manner of disposition.
2. Gift materials may be utilized in one or more of the following ways:
 - a. Cataloged and added to the Superior District Library collection
 - b. Placed in the un-cataloged paperback collection or the gift magazine section
 - c. Given to other institutions which can make better use of the materials
 - d. Sold
 - e. Discarded if in poor physical condition and/or are deemed unsuitable for use anywhere
3. Periodical/newspaper subscriptions will be accepted by the Library provided that the proposed gift meets the criteria established by the Periodical Policy. As the subscriptions constitute a recurring cost and as the Library's budget is limited, the donor should be prepared to maintain the subscription for at least 3 years.
4. Donations of money will be used to purchase materials needed by the Library. If the donor wishes the Library to use the funds to purchase materials in a specific subject area the Library will do so, provided the materials are necessary and appropriate to the collection. If the Library believes that it would not be appropriate to add to the collection, the money will not be accepted or will be refunded.
5. Upon request, a staff member will furnish the donor with a signed letter indicating the number of items donated to the Library and the date of the donation. The monetary value of the gift will be stated only if the donor furnishes the evaluation. The Library will not give an appraisal value for a gift as the evaluation is the responsibility of the donor.
6. A receipt will be given for monetary donations.
7. All gifts will have a book plate placed in/on the item. A gift list will be maintained in the card

catalog.

CREDIT CARD POLICY

The Superior District Library Board of Trustees shall authorize a credit card account, which will be attached to the Petty Cash account.

The account shall be limited to a maximum of \$2,000. Any awards/benefits will be used by the library.

No cash advances nor ATM use will be authorized on the credit card.

The credit card may be used by authorized users for the purchase of goods or services for the official business of the Superior District Library.

Authorized signers for the credit card and the petty cash checks will be the Superior District Library Director, Assistant Director, and Financial Manager. One authorized signer is required.

The Superior District Library has a system of internal accounting entries to monitor the use of the credit card.

The employee using the credit card will submit documentation showing the goods/services purchased, the date of purchase, and the official business for which it was purchased.

The employee issued a credit card is responsible for notifying the Superior District Library if the card is lost or stolen.

The employee issued a credit card will return the card upon termination of his/her employment.

Credit card purchases will be approved prior to payment.

Disciplinary actions/measures will be consistent with the state and federal law for the unauthorized use of a credit card by the employee of the Superior District Library.

Adopted 01/28/16

Limit SDL Director can spend raised – Purchase Policy: Amended December 17, 2019

New paragraph added at end – Purchase Policy: Amended December 17, 2019