

Financial Policies

Reviewed 11 April 2023

Account Maintenance

- Checking Account
 - The balance should not exceed \$400,000. If there is excess the money will be transferred to the Agency account on a quarterly basis.

Adopted by the Mason County Public Library Board of Trustees this 14th day of March, 2023.

Investment Policy

It is the policy of the Mason County Public Library to invest funds in a manner which will provide the highest investment return with the maximum security of principle while meeting the Library's daily cash flow demands and conforming to all state statutes and the Library's regulations governing the investment of funds.

Scope

This investment policy applies to all financial assets held directly by the Library. These financial assets are accounted for in the Library's annual financial report and include all moneys in investment fund accounts.

Investment Objectives

The Library's primary investment objectives, in order of priority, are the following:

- A. Safety. Safety of principle is the foremost objective of the Library's investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

- B. Liquidity. The Library's investment portfolio shall remain sufficiently liquid to enable the Library to meet all operating requirements which might be reasonably anticipated.
- C. Return on Investment. The Library's investment portfolio shall be designed with the objective of attaining a market rate of return throughout the budgetary and economic cycles, taking into account the Library's investment risk constraints and the cash flow characteristics of the portfolio.

Investment Authority

Management responsibility for the investment policy may be delegated by the Board to a designated official, who is usually the Library Director or Board Treasurer. The official shall have the authority to establish additional specific written procedures for the operation of the investment program, which are consistent with this investment policy. The procedures shall include explicit delegation of authority, if any, to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established. The designated official shall be ultimately responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials and employees. The controls shall be designed to prevent and control losses of funds arising from fraud, employees' error, misrepresentation by third parties, or imprudent actions by officers and employees. The designated official shall maintain all records related to the Library's investment program, and furnish a monthly investment report to the Board for their approval.

Prudent Person Rule

The actions of the designated official in the performance of his or her duties as manager of the Library's funds shall be evaluated using the "prudent man" standard. Investments shall be made with judgment and care under

prevailing circumstances which persons of prudence, discretion, and intelligence would 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.

Authorized Investments

The funds of the Library available for investment shall be invested in accordance with this policy and all applicable state statutes only in the following type of investment instruments:

A. Authorized Investment Instruments

1. Obligations of the United States and its agencies and instrumentalities, including obligations subject to repurchase agreements, provided that delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian.
2. Obligations and contracts for future delivery or purchase of obligations backed by the full faith credit of the United States or a United States government agency and/or obligations of any corporation of the United States government as per KRS 41.240.
3. Certificates of deposit insured by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations permitted by KRS 41.240(4).
4. Shares of mutual funds and money markets, each of which will have the following characteristics:
 - a. the mutual funds shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;
 - b. the management company of the investment company shall have been in operation for at least (5) years;
 - c. all of the securities in the mutual fund shall be eligible investments

under this section.

B. Limitation on Investment Transactions

With regard to the investments authorized in this section, the following limitation shall apply:

No investments shall be purchased for the Library on a margin basis or through the use of any similar leveraging technique.

Diversification of Investments

The Library recognizes that some level of risk is inherent in any investment transaction. Losses may be incurred due to market price changes or closing investments prior to maturity due to unanticipated cash flow needs. Diversification of the Library's investment portfolio by type of investment instrument and term to maturity is the primary method to minimize investment risk.

To the extent possible, the Library will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow need, the Library's funds should not, in general, be invested in securities maturing more than 1 year from the date of the purchase. However, the Library may collateralize its repurchase agreements using longer-dated investments not to exceed 30 years, if maturities of the investments are made to coincide as nearly as practical with the expected use of the funds. Reserve funds may be invested in securities exceeding 1 year, if maturities of the investments are made to coincide as nearly as practical with the expected use of the funds.

Authorized Financial Dealers and Institutions

The Board shall maintain a list of financial institutions authorized to provide investment services to the Library. All financial institutions that desire to provide investment services to the Library shall supply the Board with information sufficient to adequately evaluate the institution and answer any and all inquiries posed by the Board, including the following information:

- A. Audited financial statements.
- B. Regulatory reports on financial condition.
- C. Written Memorandum of Agreement for the deposit of public funds or trading resolution, as appropriate.
- D. Any additional information considered necessary to allow the Board to evaluate the creditworthiness of the institution.

No financial institution shall be selected as a depository of Library funds if the Library funds on deposit at any time will exceed 10% of the institution's capital surplus and stock.

The Board shall evaluate the financial capacity and creditworthiness of financial institutions prior to the placement of the Library's funds. The Board shall conduct an annual review of the financial condition and registrations of financial institutions and based on the review, make any recommendations regarding investment policy or program changes determined to be necessary.

Additionally, the investment portfolio will be reviewed by the Library's attorney to ensure compliance with policy and statute. (added 10/2015)

Safekeeping and Custody

To protect against potential fraud and embezzlement, investment assets shall be secured through third-party custody and safekeeping procedures. Bearer instruments shall be held only through third-party institutions. Any officer or employee of the Library authorized to engage in investment transactions shall be bonded in an amount established by the Board. Collateralized securities, such as repurchase agreements shall be purchased using the delivery vs. payment procedure. The safekeeping procedures utilized in the Library's investment program shall be reviewed by an independent auditor in accordance with KRS 65.065.

Collateral

It is the policy of the Library to require that all cash and investments in excess of the amount insured by the FDIC maintained in any financial institution named as a depository be collateralized. In order to anticipate

market changes and provide a level of security for all funds, the collateralization level shall be 100% of the market value of principal, plus accrued interest. Collateral shall be limited to the types of instruments authorized as collateral for state funds in KRS 41.240.

Collateral shall always be held by an independent third-party custodian with whom the Library has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the Library and retained by the Board.

Investment Reporting

The designated official shall prepare and submit to the Library Board a monthly report regarding the status of the Library's investment program. As to each investment, the report shall include the following information:

- A. Name of financial institution from which the investment was purchased or in which assets are deposited.
- B. Type of investment.
- C. Certificate or other reference number, if applicable.
- D. Percentage yield on an annualized basis.
- E. Purchase price, and maturity date.
- F. Current market value of the investment.

In addition, the report shall explain the month's total investment return and compare the return with the budgetary expectations.

Audit

In connection with the audit of Library's funds conducted by an independent certified public accountant, the auditor shall conduct a review of the Library's investment program, including internal controls and procedures, and the results of the review, including recommended changes, shall be included in the Library's audit.

Investment Policy Adoption

The Library's investment policy shall be adopted by order of the Library Board and shall become effective on the date set forth in the order. The policy shall be reviewed annually and revised, as appropriate. Any amendments to this policy must be made by order of the Board.

At maturity or liquidation, the monies previously invested, if reinvested, shall be invested only in accordance with this policy. The Board may take a reasonable period of time to adjust the existing portfolio to the provisions of this policy in order to avoid the premature liquidation of any current investment.

Adopted by the Mason County Public Library Board of Trustees this 12th day of June, 2012.

Library Sponsorship Policy and Procedures

The Mason County Public Library welcomes sponsorship from local business, corporations, families and individuals. The aim of sponsorship is to obtain funding or in-kind support to provide services and equipment that may not otherwise be available. The Board believes that libraries play an essential role in the quality of life of our citizens, and in this important function, the Library should be supported through public funding. Therefore, sponsorship revenue should only be used to fund additional, optional services or new, "start up" services.

Guiding Principles

The following principles will guide the Mason County Public Library in the solicitation and acceptance of gifts, grants or other support to enhance or develop Library programs and services:

- All gifts, grants and/or support must further the Library's mission, goals, objectives and priorities. They must not drive the Library's agenda or priorities.
- All gifts, grants and/or support not compromise equity of access to Library services. Sponsorship agreements must not give unfair advantage to, or cause discrimination against, any sectors of the community.

- All gifts, grants and/or support must protect the principle of intellectual freedom. Sponsors may not direct the selection of collections or require endorsement of any products or services.
- All gifts, grants and/or support must ensure the confidentiality of user records. The Library will not sell or provide access to Library records in exchange for gifts or support.
- All gifts, grants and/or support must leave open the opportunity for other actual or potential donors to have similar opportunities to provide support to the Library.
- Gifts of books or other Library materials will be accepted in accordance with the terms outlined in the Library's Collection Development Policy.

Recognition and Acknowledgement

The Library will ensure that each sponsor receives acknowledgement, and to the degree that the donor is willing, public recognition.

The following guidelines will be used in providing acknowledgement to and recognition of sponsors:

- A. A letter of acknowledgement for gifts of money and in-kind support will be sent to all sponsors and a copy will be placed on file.
- B. Any special recognition agreements will be stipulated in the letter
- C. Public acknowledgement of sponsorship in the Library's promotional materials will normally be restricted to a statement of the sponsor's name and a display of logo. Standards controlling the size format and location of such acknowledgment will be developed by the appropriate staff person to ensure both consistency and quality of appearance. Such acknowledgement will not take precedence or have prominence over the Library's own logo or promotional material.
- D. For gifts and/or sponsorships valued at over \$500, the Library may submit a press release to local newspapers and/or publish an article regarding the sponsorship in their own newsletter if the sponsor is willing.
- E. Acknowledgement of sponsorship may also take the following forms at the

Library's discretion:

- Launch of a special program or media campaign to announce the gift.
- Include sponsor's name on promotional materials.
- Small standardized plaques may be placed on donated furniture or equipment.
- Library bookplates will be placed on donated items.
- In all cases, the type and scope of donor recognition required by the donor will be weighed against the benefit to the Library.

Approval

All gifts, grants or in-kind support given with special requirements must be approved by the Director. The solicitation of gifts, grants or in-kind support by Library staff or Friends of the Library and valued at over \$500 must receive prior approval of the Director.

Authority for Implementation

The Library reserves the right to make decisions regarding the implementation of each grant, gift, or offer of in-kind support. Purchasing decisions, including type of equipment, materials, furnishings, and other components of a gift will reside with Library management. All details as to design of programs and allocation of resources will also reside with Library management. The Library reserves the right to deny partnerships or sponsorships for any reason and to end these arrangements at any time if, in the opinion of the Director, the services or image of the Library warrant such action.

Adopted by the Mason County Public Library Board of Trustees this 12th day of June, 2012.

Credit Card Policy

The purpose of the credit card policy of the Mason County Public Library is to facilitate purchases for the Library.

1. The Director will be responsible for the issuance, account monitoring, and retrieval and generally for overseeing compliance with the credit card policy.
2. The Director or a Library employee designated by the Director may use the credit card, only for goods or services for the official business of the Library. Documentation detailing the goods and services purchased must be submitted before payment can be approved.
3. The Director is responsible for the protection of the credit card and will immediately notify the financial institution issuing the card if the card is lost or stolen.
4. The Library will use disciplinary measures consistent with current law for unauthorized use.
5. Any benefits derived from the use of the credit card will be the property of the Library.
6. The balance due on the credit card account will be paid within the balance period indicated on the monthly statement. The Mason County Public Library accepts full responsibility for the debt incurred on the credit card.
7. Only credit cards that have no annual or monthly fees will be used.
8. The Director must immediately surrender the credit card upon leaving the employ of the Library.

I. Guidelines

A. CARD USE-

- A credit card will only be issued to the Library Director. It will be honored for Library business by any vendor or merchant who accepts the card. The card has an authorized maximum spending limit of \$10,000.
- Purchases made via the credit card must comply with the Library's financial policy and purchasing guidelines. This card in no way changes such policies. It merely provides a method for making certain payments.
- Violations of the Library Credit Card Policies and Guidelines may result in revocation of use privileges and termination of employment. Anyone who has inappropriately used the credit card will be required to reimburse the Library for all costs associated with such improper use.

B. TRANSACTION PROCEDURE-

All credit card transactions can be performed in person, over the phone, on-line or through the mail. When the credit card is used, please follow the Guidelines below:

1. Tell the merchant that payment will be made with the Library's credit card and that it is a non-taxable purchase. If it is a phone or mail order, give the merchant the card number and expiration date. If you are making the purchase in person, present the card to the merchant.
2. Retain all receipts and credit card slips.
3. Follow Library Guidelines for Director Approval and payment of the charges in advance of using the card.

C. TAX EXEMPTION- You must notify the vendor or merchant that your credit card transaction should be tax exempt if it is for goods or services purchased in the State of Kentucky. The tax exemption certificate should be presented to the vendor if it requests documentation for tax and audit purposes.

D. ITEMS THAT CAN BE PURCHASED WITH THE CREDIT CARD-

The credit card may be used for any of the following Library related travel expenses:

1. Travel expenses: tickets, car rentals, etc.
2. Conference registration fees.
3. Library Materials, Equipment, Supplies, Contracted Services and Operating Expenses.

The credit card may not be used for personal or non-Library use.

E. CREDIT CARD SECURITY

1. The credit card must be kept in a secure location.
2. Use by someone other than the cardholder-The only person entitled to use the credit card is the Director whose name appears on the face of the card or someone authorized by the Director.
3. Lost or Stolen Cards- If the credit card is lost or stolen, the director is to be immediately notified. The director will notify the issuing agency.

II. INTERNAL CONTROL GUIDELINES

The Director is responsible for ensuring activity and account information is noted on the credit card statement for each line of entry. The Library director will sign the statement for approval of payment. The approval will attest to the appropriateness of the expenditures.

1. Upon receipt of the credit card statement, the director is responsible for reviewing the statement for accuracy. This will include reconciling original receipts to the statement transactions.
2. The director will prepare the statement for payment on the next

available bill listing. If necessary, checks will be issued prior to approval of the warrant list to avoid finance charges. All charge slips must be given to

the director and attached to the credit card bill when it arrives. The director will verify that the expenditure and the bill are accurate. The receipt should contain information certifying the appropriate use of the card.

3. The director will be responsible for coordinating the waiving and/or reversing of any and all annual fees and/or finance charges.
4. The director must retain the approved credit card statements and accompanying receipts on file for seven years.
5. Will use the credit card in compliance with the Library's Financial Policy and Purchasing Guidelines. The Director must approve purchases in advance of expenditure being made or order placed.
6. Retain all sales slips/register receipts. These receipts must be reconciled against the monthly credit card statement. Library Guidelines for management approval and payment of charges must be followed.
7. If the credit card transaction has been made over the phone or by mail, submit a confirming copy of the requisition identifying the date and purpose of the transaction to the Director.
8. Ensure that the credit card guidelines defined by the Mason County Public Library's Credit Card Policies and Guidelines are met.
9. Report lost or stolen cards to the Library Director immediately.

Adopted by the Board of Trustees, June 9th, 2009

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am Baker, president

Capitalization Policy

The Policy of the Mason county Public Library District is to capitalize assets

when the useful life is greater than one year and the acquisition cost exceeds \$1000.

Purchased or constructed capital assets are reported at acquisition or construction cost.

Donated capital assets are recorded at their estimated fair value at the date of donation.

Assets will be depreciated on the straight-line basis over their estimated useful lives as outlined below:

Assets	Useful life (in years)
Land Improvements	10-60
Buildings	10-75
Building Improvements	10-75
Machinery and equipment	3-25

Books, videos and collections will be expensed in the period purchased and will not be capitalized.

Approved 6-20-04

Book Signing and Sales

The Mason County Public Library will provide a venue for Author Visits, Book signing and sales if requested by the author 2 weeks or more prior to the event. Requests for scheduling events with less than 2 weeks notice will be honored at the discretion of the librarian.

The location of the book signing-sales event will be assigned at the discretion of the librarian with consideration of the author's space needs, type of book, day and time of the event to not only insure maximum exposure but to maintain routine Library functions.

The Library will add the event to the community calendar and assist with publicity on social media and in-house. Other publicity will be the responsibility of the author.

All sales transactions will be the responsibility of the author.

Author Presentations, Lectures and Readings

The Mason county Public Library will provide a venue for author presentations, lectures and book readings if requested by the author 4 or more weeks prior to the event. Requests for events at shorter notice will be honored at the discretion of the librarian.

The location of the event will be assigned at the discretion of the librarian with consideration of the author's space needs, anticipated public interest, day and time of the event and maintenance of routine Library functions.

If books are sold at the event all transactions are the responsibilities of the author.

Adopted 04/18/06

Solicitation Policy

Solicitation is defined as any verbal or written effort to raise funds through the sale of merchandise/services or through charitable donations as well as to influence opinions or gain support for an issue or cause.

No solicitation is permitted within the Library building.

Petitioning

Petitioning, distribution of literature or leaflets, and canvassing by members of the public is only permitted up to 100 feet from the main entrance to the Library. Solicitation must not interfere with patrons' ability to enter or exit the Library, constitute harassment of patrons or staff, or cause a potentially hazardous situation in the parking lot.

Sales

Panhandling and sales of goods and services by the general public in the

Library, or on the Library grounds is prohibited.

Procurement Policy – Model Procurement Code Not Adopted

As the governing authority of the Mason County Public Library District, the Board is authorized to enter into contracts and otherwise purchase products and services necessary to “*establish, equip and maintain libraries...and do all things necessary to provide efficient Library service.*” KRS 173.745(1).

Purchasing Authority

Unless otherwise provided for in this policy, the Director, or designee, shall have the authority to purchase or lease products or services within the budget adopted, and may sign contracts and other instruments of the Board when authorized to do so by the Board. All procurement expenditures are subject to audit.

Any purchase or procurement of \$10,000 or more not specifically included as an item within the approved budget shall be brought before the Board for approval.

Purchases over Thirty Thousand Dollars

All purchase orders or contracts for products or services in excess of thirty thousand dollars (\$30,000), except those exempted below, must be advertised for bid. Purchases may not be parceled, split, or scheduled over a period of time in order to subvert the intent of this requirement.

All such bid processes shall be conducted according to the provisions of KRS 424.130 and 424.140.

State or Federal [GSA] Contract Pricing

As authorized under KRS 45A.050, KRS 45A.420 and KRS 66.470, the Library may purchase products and services outside of the bidding process if those products and services meet the specifications of price contracts awarded by the state Finance and Administration Cabinet or the Federal Government.

Competitive Bidding Exemptions

The following purchases are exempt by law or Finance and Administration policy from competitive bidding. However, the Board may elect at any time to solicit bids or proposals for purchase of exempt products and services in order to obtain the best value for the Library.

- Contractual services where no competition exists, such as electrical energy, telephone service, and other public utility services. KRS 45A.095 45A.380(2)
- Contractual Services of a licensed professional, such as attorney, physician, psychiatrist, psychologist, certified public accountant, registered nurse, or educational specialist; a technician such as a plumber, electrician, carpenter, or mechanic; or an artist such as a sculptor, aesthetic painter, or musician, provided, however, that this provision shall not apply to architects or engineers providing construction management services rather than professional architect or engineer services, when a written determination has been made that competition is not feasible. KRS 45A.380
- Subscriptions for the purchase of periodicals in either paper or electronic format. A subscription may include a professional journal, newspaper, or other required publication. KRS 45A.050 45A.380(1)
- Copyrighted material in either paper or electronic format for which only one source of supply is available. Items commonly covered under this section include:
 - Library books. KRS 45A.095 45A.380(1)
 - Published books, maps, periodicals, and technical pamphlets. KRS 45A.050 45A.380(1)
- Works of art for museum and public display. KRS 45A.050 45A.380(1)
- Services of a visiting speaker, professor, expert witness, or performing artist. KRS 45A.095 45A.380(3)
- Rates fixed by law or ordinance. KRS 45A.09
- Cooperative purchases made between state agencies, political subdivisions, state universities, agencies of other states, or agencies of the federal government. KRS 45A.300 45A.420
- Advertisements, public media, public displays, billboards, signage, and

booths. Dissemination of information and the purchase or rental of promotional related items for Library use. (for clarification, see FAP 111-09- 00 45A.380{2})

- Equipment repair service and parts. (for clarification, see FAP 111-09-00 45A.380{5})
- A product or service for which there is only one (1) known capable supplier as occasioned by the unique nature of the requirement, supplier, or market condition. (for clarification, see FAP 111-10-00 45A.380{2})
- Contracts for group life insurance, group health and accident insurance, group professional liability insurance, worker's compensation insurance, and unemployment insurance. KRS 45A.380
- A product or service made necessary by an emergency which will cause public harm as a result of the delay in competitive procedures. KRS 45A.380

Purchases Less Than Thirty Thousand Dollars

Purchases of products and services less than thirty thousand dollars (\$30,000) but more than five thousand dollars (\$5,000) may be made in the open market, without newspaper advertisement. Such purchases shall, whenever possible, be based on at least three (3) competitive written proposals or ascertained from vendor's price lists or other quote information. Award shall be made to the supplier offering the best value.

Purchases Less Than Five Thousand Dollars

Purchases of products and services less than five thousand dollars (\$5,000.00) may be made without competitive proposals but shall be made with attention to the lowest possible cost, consistent with the needs of the Library with regard to durability, performance, delivery and service.

Adopted by the Mason County Public Library Board of Trustees this 12th day of June, 2012.

Tax Exemption

As provided for by KRS 139.470(7), the Library is exempt from the Kentucky sales and use tax as applied to purchases of tangible personal property or

services. This exemption applies only to purchases of property or services for use by the Library. The exemption cannot be claimed by a contractor purchasing property to be used in fulfilling a contract with the Library, or by a Library employee or Board member for their own personal purchases.

Payment

All invoices and pre-payments shall be paid promptly in accordance with generally accepted business and accounting practices.

The Director, in conjunction with the Treasurer, shall be the disbursing officer of the Board. In the absence or inability of the Director or Treasurer, these duties shall be performed by such other Board member(s) or staff members as the Board may designate.

All Invoices will be approved by the director and cosigned by a member of the board prior to submission for payment.

All disbursements shall be submitted for approval monthly by providing to the Board a copy of the Treasurer's report.

Purchasing Procedures

The Library's Business Office shall develop and implement procedures for regular auditing of Library expenditures, and all other procedures necessary to carry out this policy.

Inventory Control

All Library equipment purchased by the Library or donated to the Library will be used for Library purposes only, and not for personal use by staff members.

Library Equipment will only be used by qualified staff members except for those items designated for public use, and will be securely stored when not in use.

Rules regarding public use of Library equipment are as follows:

- A. Proper identification will be required prior to use.
- B. Equipment users will be expected to follow guidelines and instructions for each specific type of equipment or forfeit their right to usage
- C. Library patrons may not make changes, updates or adjustments to Library equipment
- D. If means are available to prevent permanent changes or adjustments made by Library patrons to Library equipment, they will be taken.
- E. Any equipment that is appropriate for circulation will have established guidelines to assure safe handling, transportation, usage and storage.

Library equipment will be covered by the Library's insurance policies. Any damage, theft or loss of Library equipment must be reported to the appropriate Library administrator as soon as possible.

Library equipment will be tagged with permanent inventory tags and maintained on Library inventory records. Obsolete or outdated equipment should be removed from Library inventory records and properly discarded.

Current Library equipment should be properly maintained and kept in good repair. Any maintenance needs should be reported to administration.