



JACKSON  
DISTRICT  
LIBRARY  
A PLACE TO DISCOVER

## **Volume IV – Finance Policies**

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## **JDL POLICY IV.1: Content**

The finance policies of the Library are divided into the following categories.

- Bank Accounts
- Branch Cash on Hand
- Petty Cash Policy
- Credit Cards
- Deposit
- Non-Sufficient Fund Check
- Gifts and Memorials
- Restricted Funds
- Fixed Assets
- Purchasing
- Investment
- Finance Record Retention
- Mileage Reimbursement
- Per Diem – Conferences and Workshops
- Sale of Friends' Items

These Policies will be subject to review and evaluation. Procedural interpretation and implementation shall be at the discretion of the Director. The citizens shall be informed of the resources and services of the library.

The term library used throughout this Policy is meant to convey all Jackson District Library locations.

## **JDL POLICY IV.2: Bank Account Policy**

The Director shall oversee established procedures for the use of Library funds. These procedures include the following controls:

- Use of pre-numbered checks
- Director reviews and signs all check registers
- Bank Statements are reconciled on a monthly basis
- Monthly Financial Statements, Bill Summary, and Fund Statements are presented to the Board Members at the Board meeting for approval
- Annual audit by an independent CPA firm

### **JDL POLICY IV.3: Branch Cash on Hand**

Branches may keep an amount of currency and coins on hand for the sole purpose of making change for fines, fees, library card purchases, video purchases, copy machines, printer copies, etc.

### **JDL POLICY IV.4: Petty Cash Policy**

It is the policy of the organization to operate petty cash funds with dollar amounts as approved by the Director. Disbursements from the petty cash fund may only be made for approved expenditures. A receipt must accompany every disbursement. The receipt must be signed by the person receiving the cash and the person disbursing the cash. The petty cash fund will be replenished as needed and reconciled at the end of every month. The petty cash fund replenishment check will be made out to the individual primarily responsible for banking duties. The expenses will be reviewed and reimbursement authorized with an approved request.

Procedures can be found in the Policy and Procedures Manual.

### **JDL POLICY IV.5: Credit Card Policy**

#### **Policy Statement**

The Library has established this policy in order to comply with fraud prevention regulations and to ensure proper fiscal responsibility of employees with access to the Library's credit card. The purpose of the credit card is to facilitate purchases from vendors that do not invoice or accept purchase orders or where it is not possible or practical to establish a store account. The credit card will provide a convenience to authorized users by minimizing the need to place authorized purchases on personal credit cards, while maintaining strict accountability for the Library.

#### **This issuance and use of a Library credit card shall comply with the following:**

1. The Director or designee shall be responsible for issuing, monitoring, and generally overseeing compliance with the credit card policy.
2. The credit cards shall be issued under the Jackson District Library name and may contain the name of the individual cardholder as a secondary name. Credit cards are the property of the Jackson District Library.
3. Credit cards shall be used to purchase goods and services for official library business only.
4. Any one purchase with the credit card shall not exceed \$500.00 without prior approval of the Director or designee.
5. After the purchase is made, all documentation including original receipts detailing the goods and services purchased must be submitted to the Finance Office before payment can be approved.

6. No personal use of the credit card will be allowed. The Cardholder will be responsible for payment of all unauthorized purchases.
7. The Library will use disciplinary measures, including termination, consistent with current law for unauthorized use, and as deemed appropriate by the Board.
8. An employee who is issued a Library credit card is responsible for its protection and custody. The cardholder must immediately notify the Credit Card Company and the Finance Office if a Library credit card is lost or stolen. The Library staff member will continue to be responsible for any charges incurred on such lost or stolen cards.
9. Upon termination of their employment with the Library, the employee shall return their credit card to the Human Resources Office.

#### **JDL POLICY IV.6: Deposit Policy**

Deposits in any "Financial Institution" means any bank, credit union, savings and loan association, or money services business. All Financial Institutions should demonstrate a strong equity capital position and have a rating of B or better by an agency such as BankRate.com or BauerFinancial.com. Deposits will be limited to the following ways:

1. Banks - \$500,000 for banks as listed above. It is recommended for the amount to be kept to the FDIC insured amount of \$250,000 or the amount covered if it is increased.
2. Credit Unions - \$100,000 or the amount covered by the NCUA if it is increased from \$100,000.
3. Savings and Loan Associations - \$100,000 or the amount covered by FSLIC if it is raised beyond \$100,000.

#### **JDL POLICY IV.7: Non-Sufficient Fund Check Policy**

Jackson District Library will charge patrons the fee that the bank charges the Library for checks returned for any reason.

#### **JDL POLICY IV.8: Gifts and Memorials Policy**

Gifts and memorials will be used to augment the operating budget at the approval of the Board if not specified for a specific purpose.

## **JDL POLICY IV.9: Restricted Funds Policy**

Money from restricted funds will be used to purchase materials or equipment of the type designated by the donor.

## **JDL POLICY IV.10: Fixed Assets Policy**

### **Furniture, Fixtures and Equipment**

All purchased or donated furniture, fixtures and equipment valued at \$5,000 or more will be labeled with a Jackson District Library numbered capital assets identification sticker. Each item with their ID number will be added to the Jackson District Library Fixed Assets Listing.

### **Fine Arts**

All purchased or donated fine art items will be labeled with a Jackson District Library numbered identification sticker. Each item with their ID number will be added to the Jackson District Library Fine Arts Listing.

(Revised 05/26/11)

## **JDL POLICY IV.11:**

### **Purchasing Policy**

#### **Policy Statement**

The Library has established this policy to ensure that good safeguards and controls exist to preserve the integrity of the purchasing process and maximize spending power, while allowing the Library Director to exercise the professional judgment and personal initiative necessary to conduct library operations in the most effective manner.

The board expects the use of due diligence in seeking out the most economical sources or all items and services purchased by the Library.

#### **Accordingly, the Library Director or his designees will comply with the following:**

1. Library Materials are purchased by the Jackson District Library Technical Services Department by issuance of a purchase order. Books, magazines, audio visual and other such materials intended for patron use are generally purchased from vendors offering volume discounts.
2. All Library purchases that are not Library Materials are made through the Administrative Offices. All purchases must be funded by an appropriation either within an adopted budget or expressly approved by the Board of Trustees.
3. The Library will make all reasonable efforts to obtain the best value for items purchased, giving preference to local suppliers whenever possible. Although

price shall normally be a major consideration in all purchases, the Library reserves the right to take such factors as durability, timeliness, availability, vendor past performance quality, environmental impact and operating cost into consideration.

4. The Director may authorize, at their discretion, all essential purchases for the day to day operation of the Library. No single item purchase or commitment greater than \$15,000 that has not been pre-approved via the budget, may be made without approval of the Board of Trustees.
5. For all expenditures over \$10,000, a minimum of three bids/quotes will be sought. Competitive quotes may not be required for items only available from a single source.
6. Authorized ongoing contractual obligations, essential to the daily operations of the Library, are excluded from needing a purchase order and will be paid following established procedures.
7. A business entity in which an employee or a board member has an economic interest represents a conflict of interest if that person has any involvement in the selection of that entity as a library vendor. Engaging a relative as an independent contractor is also a conflict of interest. Conflict of interest may be avoided by review and approval of the Director, their designee, or the Library Board of Trustees. Such conflict and the arrangement to avoid it must be documented and available for internal review.
8. Library employees may not accept anything of significant monetary value from anyone who (1) has or is seeking to obtain Library business; or (2) has interests that may be substantially affected by the performance or nonperformance of the employee's official duties. All such gifts should be disclosed to the immediate supervisor.
9. Jackson District Library has determined that purchasing and contracting decisions for some supplies, materials, furniture, equipment, or services may be made more effectively by a variety of personnel. Authority and responsibility for certain aspects of purchasing and contracting processes have been delegated to employees throughout the organization. This approach requires employees involved at every stage of the purchasing process to take responsibility for understanding library policies and procedures regarding purchasing and vendor relations.
10. Any party selling property originally procured by, or donated to, the Library shall present the proceeds of any such sale to the Library within six months of its accrual, as cash or as other property procured with the agreement of that Library's manager; furthermore, that a current and public record of such sales accruals shall be maintained.

## JDL POLICY IV.12: Investment Policy

### To Comply with Public Act 20 of 1943, as amended

#### 1. Statement of Purpose

It is the policy of *Jackson 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 *Jackson District Library* and complying with all state statutes governing the investment of public funds.

#### 2. Scope of Policy

This investment policy applies to all financial assets of the *Jackson District Library*. These assets are accounted for in the various funds of the Jackson 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 Jackson District Library.

#### 3. Investment Objectives

In priority order, the primary objectives of *Jackson District Library's* investment activities shall be:

- A. *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.
- B. *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. The investments will have varying maturity dates.
- C. *Liquidity*: The investment portfolio shall remain sufficiently liquid to allow the library to meet all operating requirements that may be reasonably anticipated.
- D. *Return on Investment*: The investment portfolio shall be designed with the objective of obtaining a favorable rate of return throughout the budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

#### 4. Delegation of Authority to Make Investments

Authority to manage the investment program is derived from the District Library Establishment Act, MCL 397.182 and by Resolution of the Jackson District Library Board (see attached). Management responsibility for the investment program is hereby delegated to the Jackson District Library Finance Committee. The Library Director or their designee shall establish written procedures and internal controls for the operation of the investment

#### **JDL POLICY IV.12: Investment Policy (cont'd.)**

program consistent with this Investment Policy for approval by the Board. 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 Investment Policy. The Finance Committee shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

#### 5. Authorized Investment Instruments

As authorized and limited by state law (Public Act 20 of 1943, as amended), the *Jackson District Library* may invest in the following:

- A. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, as defined in MCL 129.91, provided that the financial institution is eligible to be a depository of funds belonging to the state under a law or rule of the state of Michigan or the United States.

The financial institution must be:

- i. a state or nationally chartered bank, savings and loan association, savings bank or credit union whose deposits are insured by an agency of the United States government, and
  - ii. that maintains a principal office or branch office located in the State of Michigan under the laws of this state or the United States.
- B. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- C. Commercial paper rated at the time of purchase within the two highest classifications by at least two rating services and that matures not more than 270 days after the date of purchase.
- D. Repurchase agreements of the United States or an agency or instrumentality of the United States.
- E. Bankers' acceptances of United States banks.
- F. Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- G. Mutual funds registered under the U.S. Investment Company Act of 1940, with authority to only purchase investment vehicles that are legal for direct investment by a Michigan public corporation. Investment is limited to mutual funds that maintain a net asset value of at least \$1.00 per share.
- H. Obligations described above if purchased through an interlocal agreement under the Urban Cooperation Act, PA 7 of 1967 (Ex Sess), MCL 124.501 to 124.512.



## **JDL POLICY IV.12: Investment Policy (cont'd.)**

- I. Investment pools organized under the Surplus Funds Investment Pool Act, PA 367 of 1982, MCL 129.111 to 129.118.
- J. Investment pools organized under the Local Government Investment Pool Act, PA 121 of 1985, MCL 129.141 to 129.150.

### **6. Safekeeping and Custody**

All security transactions, including collateral for repurchase agreements and financial institution deposits, entered into by the *Jackson District Library* shall be on a cash (or delivery vs. payment) basis. Securities may be held by a third party custodian designated by the *Jackson District Library Board* and evidenced by safekeeping receipts as determined by the *Board*.

The Library may be fortunate to be the recipient of other investments such as marketable securities, real estate, art, or stock in a privately held company which may not be an authorized investment. Such a donation, since not purchased by the Library, is allowed and the Library is not required to divest itself of the investment. If the Library were to cash the security and reinvest the proceeds, it must be invested in accordance with the requirements of this policy.

### **7. Standard of Prudence**

Investments shall be made with judgment and care, under circumstances then prevailing, which 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.

A copy of the Library's approved Investment Policy will be provided to any financial intermediary, broker or dealer, who must acknowledge receipt of the policy and agree to comply before executing an order to purchase or trade the Library's funds.

### **8. Ethics and Conflicts of Interest**

Individuals involved in the investment process shall refrain from personal business activity that could conflict with proper execution and management of the investment program, or which could impair their ability to make impartial investment decisions. They shall disclose any material financial interest in financial institutions that conduct business within the *Jackson District Library*, and they shall further disclose any large personal financial or investment positions that could be related to the performance of the investment portfolio. They shall refrain from undertaking personal investment transactions with the same individual with which business is conducted on behalf of the *Jackson District Library*.

### **9. Investment Activity Reporting**

The *Jackson District Library Board* will routinely monitor the contents of the portfolio, the available markets and the relative values of competing instruments, and will adjust the portfolio accordingly.

**JDL POLICY IV.12: Investment Policy (cont'd.)**

A report shall be provided quarterly to the *Finance Committee* which provides a clear picture of the status and types of investments of the current investment portfolio. An annual report shall be provided to the *Library Board* concerning the investment of *Jackson District Library* funds. The *Jackson District Library* shall comply with all applicable statutory standards for investment of public funds as they now exist or as they may be subsequently amended. Any provision of this resolution that conflicts with applicable statutory requirements and standards is void.

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**ACKNOWLEDGEMENT OF RECEIPT OF INVESTMENT POLICY AND AGREEMENT TO COMPLY**

I hereby certify that I have received the Investment Policy of the Jackson District Library, have personally read the Investment Policy, and agree to comply with the terms of the Investment Policy regarding the investment of the funds of the Jackson District Library. Any investment not conforming to the Investment Policy will be disclosed promptly and steps will be taken to immediately rectify the situation.

\_\_\_\_\_  
Institution

\_\_\_\_\_  
Address

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name and Title (please print)

\_\_\_\_\_  
Date

## **JDL POLICY IV.13: Record Retention Policy**

The Jackson District Library will retain certain records from year to year. The Board of Trustees of the Jackson District Library, acting as the library's Records Commission, adopts the following policy for records retention.

Records fall into two categories: Permanent and Non-Permanent. Retention of records may be in the form of electronic media, print, or tape. The following list shows the retention period of specific records, which is compiled from recommendations from the library auditor.

### **Permanent:**

- Audit Reports of Accountants
- Capital stock and bond records; ledgers, transfer registers, stubs showing issues, record of interest coupons, options, etc.
- Cash book
- Chart of accounts
- Checks (cancelled for important payments, i.e. purchases of property, special contracts, etc. (checks should be filed with the paper pertaining to the underlying transaction)
- Contracts and leases still in effect
- Correspondences (legal and important matters only)
- Deeds, mortgages, and bill of sale
- Depreciation schedule
- Financial statements (end-of-year, other months optional)
- General and private ledgers (and end-of-year trial balances)
- Insurance records, current accident reports, claims, policies, etc.
- Journals
- Minute books of directors and stock holders, including by-laws and charter
- Property appraisals by outside appraisal
- Property records-including costs, depreciation reserves, end-of-year trial balances, depreciation schedules, blueprints and plans
- Tax returns and worksheets, revenue agents' reports and other documents relating to determination of income tax liability
- Trade mark registrations

### **Non-permanent:**

Seven Years:

- Accident records and claims (settled cases)
- Account payable ledgers and schedules
- Account receivable ledgers and schedules
- Checks (taxes, cancelled but see exception for permanent retention)
- Contracts and leases (expired)
- Expenses analyses and expenses distribution schedules
- Inventories of products, materials and supplies
- Invoices to customers
- Invoices from vendors

## JDL POLICY IV.13: Record Retention Policy (cont'd.)

- Notes receivable ledgers and schedules
- Option records (expired)
- Payroll records and summaries, including payments and pensioners
- Plant cost ledgers
- Purchase orders (purchasing department copy)
- Sales records
- Scrap and salvage records (inventories, sales, etc.)
- Stock and bond certificates (cancelled)
- Subsidiary ledgers
- Time books
- Voucher register and schedules
- Vouchers of payments to vendors, employees, etc. (includes allowances and reimbursement of employees, officers, etc., for travel and entertainment expenses)

### Three Years:

- Correspondences (general)
- Employee personnel records (after termination)
- Employee applications
- Insurance policies (after expiration)
- Internal audit reports (in some situations, longer retention periods may be desirable.)
- Petty cash vouchers
- Physical inventory tags
- Saving bond registration of employees

### One Year:

- Bank reconciliation
- Correspondences (routine) with vendors and customers
- Duplicate deposit slips
- Purchase orders (except purchasing department copy)
- Receiving sheets
- Requisitions
- Stenographer's notebook
- Stockroom withdrawal form

#### **JDL POLICY IV.14: Mileage Reimbursement Policy**

The Library will reimburse staff members for mileage when they use personal vehicles on Library business. Mileage will be calculated from the branch or home of the driver based on which is closest to the destination. Such use must be authorized by the Director/designee.

Annually the amount of reimbursement will automatically be adjusted to reflect that of the Internal Revenue Service standard mileage rate.

(Approved May 23, 2019)

#### **JDL POLICY IV.15: Travel**

The Library will reimburse staff members when they attend approved Library conferences and workshops authorized by the Director/designee. The rate of Per Diem for meals will follow the official rates established by the US General Services Administration (GSA). The Per Diem amount will be determined based on the city where the employee will be traveling. Per Diem will be adjusted if meals are provided by the event.

Airfare, lodging, car rental, and conference fees will be paid by the Library. Transportation (taxi, Uber, bus...etc.), parking and other incidentals will be reimbursed upon the submission of receipts attached to a Mileage and Expense form after the event.

(Approved May 23, 2019)

#### **JDL POLICY IV.16: Sale of Friends' Items Policy**

Library personnel shall be allowed to handle sale and receipt of Friends' items for fund raising activities with the exception of book sales. Book sales shall be staffed by Friends' members.

All items and monies shall be kept separate and accounted for on a routine basis with a Friends' designee.

Procedures can be found in the Procedures Manual.

Form can be found on the T-drive, File name: f\_Receipt for Friends Items

#### **JDL POLICY IV.17: Other Post-Employment Benefit Funding Policy**

It is the policy of the Jackson District Library to fund the Other Post-Employment Benefits (OPEB) liability through the annual budgeting process. Funds will be placed in a trust to assure that the cost of the OPEB benefits will be funded in an equitable and sustainable manner.

The Jackson District Library will obtain an annual actuarial valuation. The Library commits to annual progress to obtain a fully funded status for its OPEB liabilities.

#### **JDL POLICY IV.18: Fund Balance Policy**

The Board of Trustees shall maintain a Library Fund balance equal to no less than three months of operation and maintenance expenses. If the Library Fund balance falls below the three months balance during a budget year, then the following year the budget shall be adjusted to restore the Library Fund balance to the three month level,

Approved 1.23.2020

Approved 9.27.2018