



9.8

**TO:** Plymouth District Library Board  
**RE:** Financial Policy Update

**DATE:** December 21, 2021  
**FROM:** Shauna Anderson, Director

The library's current Financial Policy was last updated in 2003. I was able to locate two supplements to this policy in the library's digital files. One file entitled Purchasing Procedures (sup. 2) was approved by the board in 2012. Another file entitled Investment Policy (sup. 3) was approved by the board in 1998. I have provided my suggestions for the revision of the Financial Policy in red (sup. 1). The resulting policy combines all policies and procedures into one document.

# FINANCIAL POLICY

## FIRST READING

### ACCOUNTING

Monthly financial statements reflecting all monies received and expended by the Library must be reported to the Board of Trustees by the Director.

The Director will submit quarterly statements to the Board of Trustees that show a comparison of budgeted and actual expenses and revenues in order to ensure budgetary control.

Within 120 days of the end of the fiscal year, the Library Director shall prepare an annual written report to the governing body concerning Library funds.

### DISBURSEMENTS

All disbursements must be authorized by the Treasurer before disbursement. Such authorization for payment of bills will require presentation of vouchers signed by the Director listing the amount of payment, account number(s); purchase order copy and/or list of quotes; receiving report; and original invoice. Presentation of these items maybe done online, using a secure financial platform.

The Treasurer will prepare a list of bills to be ratified by the Board at its monthly meeting.

All checks must be signed by any combination of two members of the Board of Trustees. Signed checks may be issued through online approvals, using a secure financial platform.

### CASH MANAGEMENT & INVESTMENTS

The Library Director is designated as investment officer of the Plymouth District Library and is responsible for investment decisions and activities. Treasurer will recommend to the Board the services of various financial institutions in order to properly and efficiently manage the funds of the Plymouth District Library.

Signature cards for bank accounts will be updated on an annual basis to include members of the Library Board, the Library Director, and any staff designated by the Library Director to support the financial health of the Library.

The Treasurer will work alongside the Library Director to invest temporary cash surpluses for the Plymouth District Library. The amount to be invested will be that amount in excess of current needs. It is the policy of the Plymouth District Library to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to all state statutes and local ordinances governing the investment of public funds.

All investments will follow the guidelines set forth by Michigan Public Act 20 of the Public Acts of 1943, as amended.

~~For investment of surplus funds, see the Library's Investment Policy.~~

## PURCHASING

If a purchase is under \$5,000, the Director will review the Purchase Order for appropriateness, budget availability, and compliance with policy. The Director signs the PO for approval, and the library staff member may submit the order.

If a purchase is greater than \$5,000 but less than \$25,000, staff must obtain three or more formal quotations from appropriate vendors. Quotations are reviewed by the Library Board at an official meeting, and the purchase is approved by resolution. Once the order is approved, the PO is signed by the Director, and the library staff member may submit the order.

If a purchase is over \$25,000, a formal bidding procedure is followed. Bid specifications are prepared alongside the Director for appropriateness and budget availability. A public notice and invitation to bid is issued. Bids are opened at the time designated in the bid package, witnessed by the Director and at least one other staff member. Bids are checked for compliance with specifications and references. Bids are reviewed by the Library Board at an official meeting, and the Board adopts a resolution approving the award of the bid. Once approved, the Director signs the purchase order, and the library staff member may submit the order.

## PURCHASING PROCEDURES

Purchasing Clerk receives request form staff for goods/services. Request forms should identify item, quantity, price, and at least two sources of comparable items in order to authenticate appropriateness of price.

1. Goods and Services
  - A. Purchase is under \$100.00.
    - i If purchase is available from blanket P.O. vendor
      - a If purchase is under \$50, Clerk may proceed with purchase. Clerk signs.
      - b If purchase exceeds \$50, request is routed to Director for approval
        1. Director reviews for appropriateness, budget availability, and compliance with policy. Director signs.
    - ii Purchase is not available from blanket P.O. vendor
      - a Director reviews for appropriateness, budget availability, and compliance with policy. Director signs.
  - B. Purchase is greater than \$100.00 but less than \$5,000.00
    - i Purchasing Clerk contacts and documents three or more vendors for item and recommends a vendor issuance of a purchase order.
    - ii Director reviews for appropriateness, budget availability, and compliance with policy, and resolves any problems with Purchasing Clerk. Director signs P.O.
  - C. Purchase is greater than \$5,000.00 but less than \$25,000.00
    - i Staff obtains three or more formal quotations from appropriate vendors.
    - ii Quotations are reviewed by Library Board at an official meeting, and purchase is approved by resolution.
    - iii Purchasing Clerk prepares purchase order signed by Director.
  - D. Purchase is over \$25,000.00 (Formal bidding procedure is followed):
    - i Bid specifications are prepared under review of Director for appropriateness and budget availability.
    - ii Invitation to bid is issued.
      - a List of desirable vendors may be used.
      - b Advertisement of public notice in newspapers.
    - iii Bids are opened at time designated in bid package, witnessed by Director, and at least one other staff member.
      - a Bid tabulation prepared and signed.
      - b Bids checked for compliance with specifications and references.
    - iv Bids reviewed by Library Board at official meeting.
      - a Board adopts resolution approving award of bid as appropriate confirming all information including budget allocation.
    - v Purchasing Clerk prepares purchase order.
    - vi Director reviews purchase order for agreement to terms of bid. Director signs P.O.
    - vii Purchasing Clerk issues P.O.

## 2. Books and Materials

- A. All items purchased for the Library's collections will be selected according to the Library's Selection Policy, based on budget allocations assigned by the Director.
- B. A list of pre-approved vendors for primary purchase of materials will be approved by the Library Board annually. Vendors will be selected on the basis of inventory, price, and availability.
- C. Blanket purchase orders will be issued for pre-approved vendors.
- D. Any materials not purchased from a pre-approved vendor will be subject to the Library's general purchasing policy and procedures.
- E. The Library will establish and maintain a comprehensive system for tracking purchases on an item- and vendor-specific basis. All items purchased for Library collections will be entered into this system. Reports will be provided to selectors and the Library Business office to assure adequate inventory and budgetary control.

Filing of purchasing forms will be as follows:

In all cases one copy of the requisition will be filed in a Purchasing file; either in an alphabetic requisition file, or, if purchase is made by P.O., with original P.O. in numeric file. Second copy is routed to accounting for verification of purchase authorization.

Bid files: All documentation, including requisition, any quotations, all bid response, proof of publication, bid tabulation, and resolution of Board shall be filed with P.O. in numeric file.

Any Board action approving exception from purchasing policy will also be filed with any P.O.'s issued as a result of such exception.

Approved 7/17/12

**THE PLYMOUTH DISTRICT LIBRARY**

**WAYNE COUNTY**

**MICHIGAN**

**INVESTMENT POLICY**

**APRIL 21, 1998**

1.0 PURPOSE:

It is the policy of the Plymouth District Library to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to all state statutes and local ordinances governing the investment of public funds.

2.0 SCOPE:

This investment policy applies to the investment activities of the Plymouth District Library except for its employee pension funds and its employee deferred compensation funds which are organized and administered separately. These funds are accounted for in the annual financial report and include the following funds:

- General Fund
- Debt Service Fund
- Construction Fund
- Any new fund created by the governing body, unless specifically exempted by the governing body

This investment policy applies to all transactions involving the financial assets and related activity of all the foregoing funds.

3.0 OBJECTIVES:

Funds of the Plymouth District Library will be invested in accordance with Michigan Public Act 20 of Public Acts of 1943, as amended, and in accordance with the following objectives in order of priority.

3.1 Safety of Capital - safety of principal is the foremost objective of the Plymouth District Library. Each investment transaction shall seek to first ensure that capital losses are avoided whether they be from defaults or erosion of market value.

3.2 Diversification - Assets shall be diversified to eliminate the risk of loss resulting from

over concentration in a specific maturity, individual financial institution (s) or a specific class of securities. Diversification strategies shall be determined and revised by the Plymouth District Library treasurer from time to time to meet diversification objectives (to reduce overall portfolio risks while attaining market average rates of return).

Investment maturities for operating funds shall be scheduled to coincide with projected cash flow needs, taking into account large routine expenditures (payroll, debt service) as well as considering sizable blocks of anticipated revenue (taxes, state revenue sharing payments).

3.3 Liquidity - The Plymouth District library investment portfolio shall be designed in a manner to attain a rate of return throughout budgetary and economic cycles consistent with the Plymouth District Library to meet all operating requirements which might be reasonably anticipated.

#### 4.0 DELEGATION OF AUTHORITY:

The Library Director is designated as investment officer of the Plymouth District Library and is responsible for investment decisions and activities. The Library Director shall develop and maintain administrative procedures of the operation of investment program, consistent with the investment policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in investment transactions except as provided under the terms of this policy and the administrative procedures established by the Library Director. The Library Director shall also establish a system of controls to regulate the activities of subordinate officials and shall be responsible for all transactions undertaken.

#### 5.0 AUTHORIZED INSTRUMENTS:

In accordance with Michigan Public Act 20 of the Public Acts of 1943, as amended, the surplus funds of the Plymouth District Library may be invested as follows:

- (A) Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- (B) Certificates of deposit, savings accounts, deposit accounts, or depository receipts of financial institutions, but only if the financial institution is eligible to be a depository of funds belonging to the state under a law or rule of this state or the United States.
- (C) Commercial paper rated at the time of purchase within the highest classification established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- (D) Repurchase agreements consisting of instruments listed in subdivision (a) above. Repurchase agreements shall be negotiated only with dealers or financial institutions with whom the Plymouth District Library has negotiated a Master

Repurchase Agreement. Repurchase Agreements must be signed with the bank or dealer and must contain provision comparable to those outlined in the Public Security Association's model Master Repurchase Agreement.

- (E) Bankers' acceptances of United States banks.
- (F) Mutual funds registered under the investment company act of 1940, maintain a \$1.00 per share net asset value, and with authority to purchase only investment vehicles that are legal for direct investment by a public corporation.

#### 6.0 SAFEKEEPING AND CUSTODY:

All securities purchased by the Plymouth District Library under this section shall be properly designated as an asset of the Plymouth District Library and held in safekeeping. No withdrawal of such securities, in whole or in part, shall be made from safekeeping except by the Library Director as authorized herein, or by their respective designees.

Transactions in negotiable instruments which have a value exceeding SIPC insurance protection, and other insurance protection as may be applicable, with any dealer will be required to be settled on a Delivery-vs-Payment basis. A Trust Receipt from the contra-party and proof of SIPC and other insurance will be required when the transaction is covered by insurance. Non-negotiable, non-collateralized Certificates of Deposit, as is the law in the State of Michigan, shall be evidenced by a safekeeping Receipt from the issuing bank.

#### 7.0 PRUDENCE:

The standard of prudence to be applied by the investment officer shall be the "prudent person" rule which states: "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." The prudent person rule shall be applied in the context of managing the overall portfolio. Investment officers acting in accordance with written procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported to the chief executive in a timely fashion and appropriate action is taken to control adverse developments.

#### 8.0 REPORTS:

Within 120 days of the end of the fiscal year, the Library Director shall prepare an annual written report to the governing body concerning the investment of the funds.

#### 9.0 EFFECTIVE DATE:

This policy shall become effective on April 22, 1998, the day following adoption by the Plymouth District Library Board.



