

Administrative Policies

(Adopted by the Board 11/11/99)

AD1 Memberships

AD1.1 Affiliate memberships

1.1.1 General

Other libraries in the area may become affiliated with Lakeland Library Cooperative. Such affiliates may attend meetings, but will not be given voting privileges. Affiliates may be public libraries not meeting the membership requirements or such libraries as academic, special, or school libraries.

1.1.2 Services Available

Group discounts negotiated by the Lakeland Library Cooperative will be made available to affiliate members. Purchase orders and invoices will be handled by the affiliate member. Discounts may change periodically, and the Lakeland Library Cooperative will notify affiliates of changes as they occur. Additional services may be made available on a fee basis with a written contract.

1.1.3 Eligibility

Any library located in the service area of any Lakeland Library Cooperative member library is eligible for membership. Application should be made in writing to the Lakeland Library Cooperative Director.

1.1.4 Annual Fee

An annual membership fee will be established annually by the Lakeland Library Cooperative Board in conjunction with the budget process. Libraries may join at any time upon payment of the first annual fee. Subsequent annual fees will be due October 30th of each year. Prorated membership will be available for libraries which join after May 1st.

AD1.2 New members

Libraries joining Lakeland Library Cooperative may initially receive limited services based on financial feasibility. The services to be provided shall be based on the recommendation of the Lakeland Library Cooperative Director and the approval of the Lakeland Library Cooperative Board.

AD2 Purchasing Policies

AD2.1 General

The Lakeland Library Cooperative Director shall purchase or contract for supplies and services to the best advantage of the Lakeland Library Cooperative, procuring the highest quality in supplies and contractual services in the best interest of the Lakeland Library Cooperative.

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AD2.2 Contracts and Agreements

The Lakeland Library Cooperative Director shall determine which purchases of materials, supplies, equipment and contractual services shall be by contract. All other purchases may be by purchase order. All contracts and agreements valued over \$10,000 shall be submitted to the Lakeland Library Cooperative Board for approval. Such contracts shall be signed by the Lakeland Library Cooperative Director and/or President of the Lakeland Library Cooperative Board, and may be subject to review as to form by a designated attorney.

AD2.3 Credit Cards**2.3.1 General**

The Lakeland Library Cooperative will maintain corporate credit cards with reasonable credit limits for the purchase of goods and/or services for the official business of the Lakeland Library Cooperative. The cards shall be for use by the Lakeland Library Cooperative Director and such other staff as the Lakeland Library Cooperative Director shall designate. The balance including interest due on an extension of credit under the credit card arrangement shall be paid for within not more than sixty (60) days of the initial statement date.

2.3.2 Responsibility

Credit card users shall be responsible for the protection and custody of their respective cards and shall immediately notify the credit card company and the Lakeland Library Cooperative Director (or designee) if a credit card is lost or stolen. Misuse of corporate credit cards will be subject to disciplinary action. Credit card users shall return the credit card upon termination of his or her employment with Lakeland Library Cooperative.

2.3.3 Compliance

The Lakeland Library Cooperative Director shall be responsible for accounting, monitoring, and overseeing compliance with this policy.

AD2.4 Bids**2.4.1 Cost Under \$1,000**

The Lakeland Library Cooperative Director (or designee) is authorized to make purchases for all individual items where the cost per item is under \$1,000.

2.4.2 Cost \$1,000 to Under \$5,000

For purchases where the cost per individual item is at least \$1,000 but under \$5,000, the Lakeland Library Cooperative Director is authorized to make purchases after obtaining pricing from a minimum of two sources, when available.

2.4.3 Cost \$5,000 to Under \$15,000

For purchases where the cost per individual item is at least \$5,000 but under \$15,000, the Lakeland Library Cooperative Director shall solicit competitive bids and submit the same with a recommendation to the Lakeland Library Cooperative Board. If deemed necessary by the Lakeland Library Cooperative Director or the Lakeland Library Cooperative

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Board, notice of requests for bids shall be posted and published in appropriate newspapers or publications not less than ten days before the date for receiving bids.

2.4.4 Cost \$15,000 or More

For purchases where the cost per individual item is \$15,000 or more, the Lakeland Library Cooperative Board shall approve the advertisement for bids and shall specify the method of publication. The Lakeland Library Cooperative Director shall solicit such bids and submit the same with a recommendation to the Lakeland Library Cooperative Board.

2.4.5 Periodic Quotations

Prices for some supplies (i.e.: paper, ribbons, plastic cards, etc.) and peripheral equipment (i.e.: laser scanners, etc.) may be quoted on a periodic basis rather than prior to each order.

2.4.6 Award of Bids

Contracts and purchases shall be awarded to the lowest responsible bidder, unless authorized to the contrary by the Lakeland Library Cooperative Board. In the event of identical bids, the order shall be awarded to the bidder in the area served by the Lakeland Library Cooperative, if any. If there are no local bidders or if local bidders submit identical bids, the contract or purchase shall be awarded to one of the tie bidders by drawing lots in public.

2.4.7 Rejection of Bids

The Lakeland Library Cooperative Board reserves the right to reject any or all bids for any reason.

2.4.8 Professional Services

No bids shall be required for professional services, but proposals for such will be solicited on a periodic basis.

2.4.9 Waiver of Requirements

There may be some items for which there is only one supplier, and therefore it may be impossible to have competitive bids on certain items. In such cases, the requirement for bids may be waived by the Lakeland Library Cooperative Board.

AD2.5 Emergency Purchases

In the case of purchases, contracts, or agreements valued up to \$25,000, deemed by the Lakeland Library Cooperative Director to be of an emergency nature, and normally requiring Lakeland Library Cooperative Board approval, the Lakeland Library Cooperative Board shall be polled (telephone, email, etc.) prior to action being taken, with formal Lakeland Library Cooperative Board approval at the next regular or special Lakeland Library Cooperative Board meeting.

AD3 Inventory Policies

AD3.1 Fixed Assets

Any asset with a value of \$500 or more shall be entered into inventory records, including any applicable identifying information. Assets shall be labeled with an identifying number, and assigned a useful life for depreciation purposes. Inventory shall be checked on a yearly basis to establish changes to inventory information.

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AD3.2 Surplus Items

Upon determination by the Lakeland Library Cooperative Director that stocks of supplies, materials, or equipment is no longer used or has become obsolete or worn out, the Lakeland Library Cooperative Director shall have the authority to dispose of, sell, or trade items with individual depreciated value of less than \$500 without approval of the Lakeland Library Cooperative Board.

AD4 Banking Policies**AD4.1 Designation of Financial Repositories and Authorized Signatures**

The Lakeland Library Cooperative Board shall designate (at their Annual Meeting, or as otherwise necessary) which financial institutions are authorized to hold the Lakeland Library Cooperative's funds and shall also designate those persons authorized to sign checks and approve ACH transactions; transfer funds from one Lakeland Library Cooperative account to another; and initiate authorized ACH transactions.

AD4.2 Limitation of Deposits

All Lakeland Library Cooperative funds deposited in a financial institution must be insured by FDIC, by repurchase agreements for government securities, or in some other manner approved by the Lakeland Library Cooperative Finance Committee and the Lakeland Library Cooperative Board.

AD4.3 Investment Policy4.3.1 Statement of Purpose

It is the policy of the Lakeland Library Cooperative 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 Lakeland Library Cooperative and to comply with all state statutes governing the investment of public funds.

4.3.2 Scope of Policy

This investment policy applies to all financial assets of the Lakeland Library Cooperative. These assets are accounted for in the various funds of the Lakeland Library Cooperative 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 Lakeland Library Cooperative.

4.3.3 Investment Objectives

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

1. 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.

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2. 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.

3. Liquidity

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

4. Return on Investment

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

4.3.4 Delegation of Authority

Authority to manage the investment program is derived from state law, Michigan Public Act 89 of 1977, Michigan Compiled Laws 397.558 (2). Management responsibility for the investment program is hereby delegated to the Lakeland Library Cooperative Board Treasurer and the Lakeland Library Cooperative Director who shall establish written procedures and internal controls for the operation of the investment program consistent with this investment policy. Procedures should include references to: safekeeping, delivery versus 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 Lakeland Library Cooperative Board Treasurer and Lakeland Library Cooperative Director. The Lakeland Library Cooperative Board Treasurer and Lakeland Library Cooperative Director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

4.3.5 List of Authorized Investments

The Lakeland Library Cooperative is limited to investments authorized by Act 20 of 1943, as amended (including Public Act 196 of 1997, MCL 129.91 *et. seq.*), and may invest in the following:

1. Bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States. (This includes U.S. Treasury Bills, U.S. Treasury Notes, and U.S. Treasury Bonds.)
2. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a financial institution, but only if 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.
3. Commercial Paper rated at the time of purchase within the highest classification established by not less than two standard rating services.
4. Repurchase agreements consisting of instruments listed in 1 above.

4.3.6 Safekeeping and Custody

All security transactions, including collateral for repurchase agreements and financial institution deposits, entered into by the Lakeland Library Cooperative shall be on a cash basis. Securities may be held by a third party custodian designated by the Lakeland Library Cooperative Board Treasurer and Lakeland Library Cooperative Director and

evidenced by safekeeping receipts as determined by the Lakeland Library Cooperative Board Treasurer and Lakeland Library Cooperative Director.

4.3.7 Standard of Prudence

Investments shall be made with judgement 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.

4.3.8 Statement of Ethics

The Lakeland Library Cooperative Director, Lakeland Library Cooperative Board Treasurer, and any other Lakeland Library Cooperative Board members and staff involved in the investment of funds shall refrain from personal business activity that could conflict with the proper execution and management of Lakeland Library Cooperative investments or that could impair their ability to make impartial investment decisions.

4.3.9 Investment Activity Report

The Lakeland Library Cooperative Director shall provide monthly reports and an annual report to the Lakeland Library Cooperative Board concerning the investment of Lakeland Library Cooperative funds.

AD4.4 Universal Services Fund Policy

4.4.1 Definition

Universal Services Funds (USF) are funds received from the Schools and Library Division of the Universal Services Administration Company. The funds are reimbursement for part of the costs for the Lakeland Library Cooperative's managed telecommunications services. (See Administration Policy AD8.)

4.4.2 Disbursement of Funds

Member libraries may request that the Lakeland Library Cooperative invest their USF funds and manage the related bank accounts or to have the funds passed through to them immediately upon receipt of funds from USF by the Lakeland Library Cooperative.

4.4.3 Payment of Invested Funds

Requests for USF funds invested by the Lakeland Library Cooperative must be made ninety (90) days in advance and will be paid quarterly.

4.4.4 Banking Policies

All AD4 Banking Policies for Lakeland Library Cooperative funds will apply to USF.

4.4.5 Payments Received from USF

Funds received by USF will be applied to member accounts per the USF discount matrix based on the number of children in the hot lunch program in the school district where the library is located.

4.4.6 Interest

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