

Service and Administration Policies
Kirkwood Public Library

ARTICLE IV.

Administration Policies

ENTIRE POLICY REVISED AND APPROVED BY TRUSTEES MAY 18, 2011

Section 1. Organization – Staff – The library staff is committed to providing excellent public service. They shall be alert to recent developments in librarianship and new avenues of service. Staff may be called upon to interpret the rules and regulations of the library. The services available shall be limited only by the creative imagination of the staff and the funds available. The staff shall maintain communication with other colleagues within the area and with community sources of information and development. Administrative division shall be made for service to adults/information services, service to young adults; service to children; circulation (loan) service; the processing of new materials; and administrative and business office functions.

A. Service to adults/information services -- Personnel assigned to service through the adult collections of the library shall have preparation through education, experience, and/or training on the job to work with adults. The functions of the adult services staff are to develop and maintain an appropriate materials collection for adults and young adults; provide reader's guidance, reference and information; and to maintain a liaison with community agencies.

B. Service to young adults -- Young adults shall have full access to the total resources of the library. While service is similar to that for adults, a separate collection, carefully selected to serve as a bridge from the children's to the adult collection, is required. Staff trained in the needs of adolescents and their library interests is essential. Liaison shall be maintained with other community organizations working with young adults.

C. Service to children -- Special collections of materials suitable for use by boys and girls, and adults in the field of children's literature, shall be selected, maintained and interpreted by staff trained in this specialized work. There shall be no arbitrary age nor grade limitation on service to children. Liaison shall be maintained with other child-centered groups in the community.

D. Circulation -- Personnel assigned to circulation shall provide efficient service for patrons through the charging and discharging of materials. This department is the initial contact with library users; therefore, staff are responsible for interpreting regulations and creating a good rapport with the community.

E. Technical Services Department -- Staff assigned to this department shall be responsible for the ordering and processing of library materials and for maintaining the budgetary records of the library's materials collection. This will include directing and coordinating all functions related to the purchasing and processing of library materials for the system.

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F. The Administration -- Administrative personnel, specifically the Director, provide leadership to the staff in promotion, interpretation, and support of library policies and procedures. This leadership includes planning, directing and coordinating the services and personnel of the library based on the Policies of the Board of Library Trustees and on the Mission Statement, Values and Vision of the Library. In coordination with managers of each department, the Director oversees public relations. The Director of Operations is in charge of the library in the Director's absence.

G. The Business Office -- Staff in this department shall provide for the fiscal accounting, record keeping, maintenance operation and personnel management of the Library.

1. The Library will maintain records as per the General Records Retention schedule and the Public Library Records Retention Schedule published by the State of Missouri (Sec. 109 RSMo). The Director of Library Operations is the Administrator under the Records Retention Policy and has the responsibility and authority to preserve and destroy records in accordance with the Records Retention Policy and the applicable Records Retention Schedules. (approved 9/16/09)
2. The checks prepared by the Business Office for the purpose of bill/invoice payment or reimbursements will be signed by two of the designated approved signers (the Board President, the Board Treasurer, the Library Director) by the fifteenth of each month. Occasionally there may be instances when bills are due immediately and only one signer is available. As long as the payment amount is under \$5,000.00 checks may be signed by only one of the approved signers, with adequate documentation and supporting data provided. At least quarterly the Treasurer will review the check documentation. (approved 11/18/09)
3. Any journal entries made by the Director of Operations or a member of the administration staff must be approved by the Library Director, who will receive the entries for initialing. Once approved the entries must be kept with explanations and adequate supporting data. (approved 11/18/09)
4. The Business Office will retain any voided checks from any Library account, defaced, with any necessary supporting data, in numerical order in a separate file in the designated accounting storage space. (approved 11/18/09)

H. Purchasing Policies and Procedures of the Kirkwood Public Library
Part A – Authority and Application

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Section 1. Authority – The Director of Operations of the Kirkwood Public Library (the “Library”) is responsible to: assure that the principles and requirements of prudent public procurement are met; promulgate procurement regulations; and develop and implement operational purchasing procedures. The Director of Operations shall initially consider and determine all procurement matters (excluding ongoing purchases from approved vendors and minimal departmental purchases) and shall exercise authority over the award and administration of contracts.

Section 2. Application – This Policy applies to the procurement of supplies, materials, equipment and services purchased by the Library after the effective date of this Policy. It shall apply to every expenditure of public funds irrespective of the source of the funds. When the procurement involves the expenditure of federal assistance or contract funds, the procurement shall be conducted in accordance with any mandatory applicable federal law and regulations. Nothing in this Policy shall prevent the Library from complying with the terms and conditions of any grant, gift or bequest that is otherwise consistent with law.

Section 3. Exceptions -- Except as otherwise specifically provided herein, this Policy shall not apply to the purchase of library media or for purchases made from state, city or other cooperative purchasing contracts.

Part B – Project Bid Procedures (Other than Professional Services)

Section 1. Legislative Requirements

A. General. All purchases made by the Library shall conform to the appropriate State Statutes, including but not limited to, construction statutes, conflict of interest or prevailing wage.

B. Minority and Women Owned Businesses. The Library will assure that minority-owned and women-owned businesses that are certified by the Office of Supplier and Workforce Diversity (OSWD), State of Missouri are provided an equitable and fair opportunity to submit bids and proposals. The Library will make every effort to target these companies by utilizing the Missouri Minority/Women Business Enterprise Program Directory as a source for identification of potential bidders (www.oswd.mo.gov).

C. Federal Work Authorization Program (“FWAP”). All bidders or offerors on Library contracts in excess of \$5000 must provide the Library with documentation and a sworn affidavit, with respect to employees working in connection with the contracted services, affirming enrollment in a FWAP. The affidavit shall also provide

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that the bidder or offeror does not knowingly employ any person in connection with the contracted services who is an unauthorized alien. Such affidavits must be provided with a bid or response to a request for proposal. Subcontractors must provide similar affidavits to its general contractors when the general contractor hires the subcontractor. A contractor or subcontractor is not required to perform an electronic verification check on employees hired before January 1, 2009.

D. Occupational Safety and Health Administration (“OSHA”).

Any contractor and subcontractor hired to perform work on a Library construction project must provide a ten-hour OSHA construction safety program for their on-site employees within 60 days of beginning work on the project. The Library resolutions, specifications and contracts for construction shall include provisions for the contractor’s training requirement and the penalty for failure to provide such training as required by law.

Section 2. Basic Requirements -- All vendors providing services on Library property shall provide the Library with:

- Proof of workers’ compensation coverage;
- Proof of general liability insurance, including vehicle liability insurance; and
- Other insurance as appropriate to the undertaking.

Performance, labor and materials insurance will be provided by a company rated A+ in Best. All other coverage will be provided by companies rated A or above in Best.

Section 3. Goods or Services Costing \$20,000 or More -- If the estimate of probable cost reaches or exceeds \$20,000, representatives of the Library shall, unless otherwise directed by the Board:

- Prepare or have prepared specifications for completing the project in an efficient and timely manner.
- Advertise the project in at least one daily newspaper in the St. Louis area at least one week prior to the bid opening.
- Notify qualified vendors chosen by the Library of the opportunity to submit a response to the proposal.
- Require bid security in the form of a bid bond or cashier’s check of not less than 5% of the bid amount.
- Open and read responses at a meeting available to the public.
- Refer responses to the Board for action.

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Section 4. Goods or Services Costing Less Than \$20,000 -- If the estimate of probable cost is less than \$20,000, representatives of the Library shall either prepare specifications for bid purposes or seek competitive quotations. At least three vendors will be contacted. The following procedure will be followed:

- Prepare or have prepared specifications for completing the project in an efficient and timely manner.
- Notify qualified vendors chosen by the Library of the opportunity to submit a response to the proposal.
- Open and read responses at a meeting available to the public.
- Refer responses to the Board for action.

The requirements for three vendors may be waived if:

- It is determined that there are fewer than three vendors qualified to provide the goods or service;
- Quotations have been received within the last 24 months which can be used as the basis for awarding the project;
- Recurring purchases are to be made and the company chosen has been previously selected on the basis of the procedures outlined; or
- The dollar amount of the project is so low as to limit interest in the bid process by multiple vendors.

Section 5. Small Purchases Under \$5,000 -- The Director of Operations shall adopt operational procedures for making small purchases of \$5,000 or less. Such operational procedures shall provide for obtaining adequate and reasonable competition for the supply, service or good being purchased.

Section 6. Single Source Vendors -- If it is determined by the Library Director, after conducting a good faith review of available sources, that there is a single source for the product desired, the bid procedure may be waived and representatives of the Library shall negotiate directly with this source. The Director shall maintain a written record of such finding.

Section 7. Emergencies -- The Library Director may waive the bid procedures in emergencies involving the safety of individuals or where significant damage or disruption of service would occur if corrective action is not taken quickly. If the emergency does not allow sufficient time for advertising or to seek competitive bids, a complete report shall be presented to the Board at the next regular or special meeting.

Section 8. Determination -- The Board will award the contract to the most responsive and responsible bid but reserves the right to reject any and all bids and to waive formalities in the best interest of the Library.

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Responsive refers to acceptance of the Library's terms, the bid being filled out correctly and submitted in a timely manner. Responsible refers to the quality of the bidder, specifically a bidder who has the capability in all respects to perform fully the contract requirements, and the tenacity, perseverance, experience, integrity, reliability, capacity, facilities, equipment and credit which will assure good faith performance.

Section 9. Restrictions -- The Library will not make purchases over \$10,000 a year from any individual or organization within which a Library employee or Board of Trustee has a financial interest. A financial interest is defined as:

- Ownership of any interest or involvement in any relationship from which, or as a result of which, a person within the past year has received, or is presently or in the future entitled to receive, more than \$10,000 per year or its equivalent.
- Ownership of ten percent of any property or business; or
- Holding a position in a business such as officer, director, trustee, partner, employee, or the like, or holding any position of management.

Part C – Professional Services

Section 1. Types of Services -- It shall be the policy of the Kirkwood Public Library to use the best qualified professional services for a reasonable fee. Professional services include, but are not limited to, architectural, engineering, legal, audit, insurance brokerage, payroll, and employee benefits consulting. Services shall be provided by the firm that demonstrates competence, is most qualified and has fair and reasonable fees. A firm shall be an individual, partnership, corporation, association or other legal entity permitted by law and licensed in the state of Missouri to practice the profession required by the Library.

Section 2. Procedure -- A request for qualifications (RFQ) will be made available to firms who can provide the needed expertise. In order to assure that minority-owned and women-owned professional businesses are made aware of the available RFQ, the Library will utilize the Missouri Minority/Women Business Enterprise Program Directory as a source for identification of potential professional firms.

Section 3. Evaluation -- In evaluating the qualifications of each firm, the Library shall use the following criteria:

- The specialized experience and technical competence of the firm with respect to the type of services required.

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- The capacity and capability of the firm to perform the work in question, including specialized services, within the time limitations required.
- The past experience with references for comparable work.
- Insurance required such as professional liability.

Section 4. Contract -- Upon Library Board approval, a multi-year contract will be executed with the professional service firm. If the service is for a particular project and not for a specified length of time, then the contract will be written to provide professional services for that project only.

Part D – Departmental Purchasing Policies and Procedures

Section 1. Basic Requirements -- The departmental manager must ordinarily approve purchases, by initialing the original invoice. Purchases of \$500 or less may be made at the department level with no other approval. The exception is commodity items and supplies for which uniformity is crucial, or computer equipment which exists on a local or wide area network. Adequate and reasonable competition for the item(s) being purchased must be obtained by the purchaser.

Section 2. Items Over \$500 -- All individual items other than computer equipment over \$500 must be reviewed and approved by the Library Director.

Section 3. Library Materials -- The Director of Technical Services shall review all library material purchases (items that will circulate) and verify invoices prior to payment. Library materials shall be centrally purchased in accordance with adopted materials selection policies, and the source(s) for the materials shall be reviewed every two years to ensure the best prices and service. The Director of Technical Services shall obtain adequate and reasonable competition for the item(s) being purchased when it is necessary to utilize a different source for individual items.

Section 4. Inventory -- Any individual item valued at over \$500 must be added to the inventory. The purchaser must turn into the Business Office the following information:

- The original receipt, with approval by department manager.
- Any id/serial number on the item.
- The location where the item will be kept.

The Business Office will give the item an inventory tag number and add the item's information (including the check number used to pay the invoice) to the inventory list.

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I. CAPITAL ASSETS POLICY

INTRODUCTION

Kirkwood Public Library has adopted the following Capital Asset Guide to fully implement the Government Accounting Standards Board (GASB) reporting requirements.

Inherent in this new reporting model are the concepts of:

- **Capital assets** - real or personal property that have a value equal to or greater than the capitalization threshold for the particular asset classification and have an estimated life of greater than one year
- **Capitalization threshold** – the amount set by the Library’s Board of Trustees at which assets are capitalized (set up as capital assets and depreciated)
- **Capitalize** - record capital outlays as additions to asset accounts, not as expenses
- **Depreciation** – loss or decrease in value of capital assets due to wear, age or obsolescence
- **Depreciation Expense** – the amount charged to expense each year to write off the cost of capital assets over their useful lives, giving consideration to wear and tear, obsolescence, and salvage value
- **Accumulated depreciation** - the cumulative depreciation charges against capital assets for wear or obsolescence.

The Kirkwood Public Library Board of Trustees adopted the following Fiscal Policies for Recording Capital Assets on *(September 21, 2011)*. This policy will be implemented retroactively to July 1, 2010.

CAPITAL ASSET DEFINITIONS AND GUIDELINES

Capital assets are defined as real or personal property that have a value equal to or greater than the capitalization threshold for the particular classification of the asset and have an estimated life of greater than one year.

Capital Assets include the following:

- Land and land improvements
- Building and building improvements
- Facilities and other improvements
- Infrastructure
- Construction in progress
- Leasehold improvements
- Personal property

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- Furniture and equipment (\$500.00 or more)
- Other assets
 - 1) Works of art and historical treasures
 - 2) Library books and materials
 - 3) Intangible assets

CAPITAL ASSET CLASSIFICATION

Assets purchased, constructed or donated that meet or exceed the established capitalization thresholds as defined in the Capital Asset Policy must be inventoried and records must be maintained on each item or class of items as long as the asset is owned by the library. In addition, for property control purposes, the library will also maintain inventory records on certain assets that fall below the established capitalization thresholds.

In establishing property records for each capital asset, the record should include a description of the asset, year of acquisition, (i.e. purchase, donation etc.) cost or estimated cost, residual value and estimated life.

The inventory record will also need to identify the functional area(s) of the library that use the asset and provide a record for accumulated depreciation taken on the asset. Functional areas refer to the expenditure classifications used by Kirkwood Public Library for financial reporting (i.e. technical services, maintenance and operations, information technology).

For equipment items, the record should also include the model number and serial number of the item, where the asset is located and if the asset is personally assigned (such as laptop computer) the person responsible for that asset.

CAPITALIZATION THRESHOLDS

Standard capitalization thresholds for capitalizing assets for each Asset Category are as follows:

Class of Asset	Threshold
Land/ Inexhaustible Land Improvements	Capitalize All
Exhaustible Land Improvements	\$5,000
Building/Building Improvements	\$5,000
Equipment / Leased Equipment	\$500
Library books/materials (collections)	Capitalize All
Works of art/historical treasures	Capitalize All
Software developed or obtained for internal use	\$500

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CAPITAL ASSET ACQUISITION COST

This policy has not changed how capital assets are accounted for in the individual library fund financial statements. Kirkwood Public Library will continue to record expenditures in the fund statements for the purchase, construction, lease-purchase, installment purchase, or donation of capital assets. However, Capital Asset Ledgers or some similar record will now be necessary to capture critical information for those assets that exceed the Library's capitalization policy. These ledgers will contain information so that depreciation, and appropriate gains and losses on the disposal of assets can be recorded on the library financial statements.

Generally, capital assets will be valued at the same amount as the related library fund expenditure. These historical costs will include the vendor's invoice (plus the value of any trade-in), plus sales tax, initial installation cost (excluding in-house labor), modifications, attachments, accessories or apparatus necessary to make the asset usable and render it into service. Historical costs also include ancillary charges such as freight and transportation charges, site preparation costs and professional fees.

CAPITAL ASSET DONATIONS

Kirkwood Public Library will record donated or contributed assets at their fair market value on the date donated. A good estimate of this value is the average cost for a similar item purchased in the most recent fiscal year.

For **used collections** that have been donated, Kirkwood Public Library will use one-half of the average cost of a similar item purchased in the most recent fiscal year as a reasonable value for recording such items.

LEASED EQUIPMENT

Equipment will be capitalized if the lease agreement meets any one of the following criteria:

- The lease transfers ownership of the property to Kirkwood Public Library (the lessee) by the end of the lease term.
- The lease contains a bargain purchase option.
- The lease term is equal to 75 percent or more of the estimated economic life of the leased property.
- The present value of the minimum lease payments at the inception of the lease, excluding executory costs, equals at least 90 percent of the fair value of the leased property.

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Leases that do not meet any of the above requirements should be recorded as an operating lease and reported in the notes to the financial statements.

If a lease qualifies as a Capital Lease, the leased assets should be capitalized at the present value of the future lease payments and should be depreciated over their estimated remaining useful life.

DEPRECIATING CAPITAL ASSETS

Capital assets will be depreciated over their estimated useful lives unless they are inexhaustible. In the case of an inexhaustible asset, the asset does not diminish in value over time and is never disposed of.

The **straight-line depreciation method** (historical cost less residual value, divided by useful life) will be used for the depreciation of all capital assets.

The **half-year convention** will be used for all depreciable assets except for collections. Collections will be assigned a full year of depreciation in the year of acquisition and will receive no depreciation in the year of disposal. The useful life of the library collection will depend to a great extent on circulation turnover.

Under the half-year convention, an asset placed in service at any time during a given fiscal year is treated as if it had been placed in service mid-way through the fiscal year. This allows depreciation to be taken for the one-half of the year in which the asset is placed in service. If the property is disposed of before the end of the estimated useful life, one half a year's depreciation is allowed for the year of disposition.

Depreciation data should be calculated and recorded in the Library's Capital Asset records for each eligible asset. Depreciation expense and accumulated depreciation will be calculated annually and recorded in the Library's financial statements.

Residual Value

In order to calculate depreciation for an asset, the estimated residual value must be declared before depreciation can be calculated. Residual or salvage value is an estimate of what the asset may be worth at the end of its useful life.

Residual value will be considered in calculating depreciation for Building and Building Improvements if there is a reasonable chance the asset could be sold at the end of its useful life. Residual value for Building and Building Improvements will be established at 5% of historical cost unless another value can be justified by the library.

The residual value for Exhaustible Land Improvements, Machinery and Equipment, and Library Books and Reference Materials will be zero. This

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policy is consistent with the fact that such items are normally disposed of through established processes where the value received is nominal. In the case of exhaustible land improvements, such items are usually not sold and add little or no value to the Land once their useful lives have expired.

USEFUL LIFE

Capital Asset Category	Useful Life
Exhaustible Land Improvements	10 to 25 years
Library Buildings	60 years
Renovations, Additions, Retrofits	up to 60 years
New Component Units HVAC, Plumbing systems, Sprinkler systems, Elevators	up to 60 years
Built In Shelving	20 years
Computer Hardware	4 years
Outdoor Equipment	25 years
Movable Shelving	20 years
Desk, Circulation Desk	10 years
Miscellaneous Equipment	5 years
Library books/materials (collections)	
Books	10 years
A/V	5 years

SALE OF CAPITAL ASSETS

When an asset is sold, a gain or loss must be recognized in the accounting records when:

- cash is exchanged and the amount paid does not equal the net book value of the asset
- cash is not exchanged and the asset is not fully depreciated or has a residual value

A gain or loss **is not** recorded when:

- cash exchanged equals the net book
- cash is not exchanged and the asset is fully depreciated

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COMPUTATION OF GAIN AND LOSS FROM SALE OF ASSETS

To compute a gain or loss, proceeds received must be subtracted from the asset's net book value.

Example:	Asset's Historical Cost	\$ 10,000
	Less Accumulated Depreciation	<u>7,000</u>
	Net book value	\$3,000
	Subtract Proceeds Received	<u>2,000</u>
	Loss from Sale of Asset	\$ 1,000

ASSETS ACQUIRED BY THE EXCHANGE OF OTHER ASSETS

In cases where assets are acquired by the exchange of other assets owned by the Library, different rules apply in both recording the value of new asset and in determining whether or not to recognize a gain or loss in the Library's financial statements. These rules are stipulated in APB Opinion No. 29, *Accounting for Nonexchange Transactions*. In applying the required rules to determine the asset value to be recorded in the Capital Assets Ledger, it essential to determine if the assets exchanged are **similar or dissimilar assets**; and whether or not monetary compensation has been involved in the transaction.

Similar Assets

When no monetary consideration is paid or received in an exchange of similar assets, the new asset is recorded based on the following:

- The new asset should be recorded at the book value of the asset surrendered when a gain is *involved*, thus no gain is *recognized*.
- The new asset should be recorded at the market value of the asset received when a loss is *involved* and the loss should be *recognized* in the Library's financial statements.

Where monetary consideration is given in an exchange of similar assets, the new asset is recorded based on the following:

- The new asset should be recorded at the book value of the asset surrendered plus any cash paid when a gain is *involved*, thus no gain is *recognized*.
- The new asset should be recorded at the market value of the asset received when a loss is *involved* and the loss should be *recognized* in the Library's financial statements.

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Dissimilar assets

- When no monetary consideration is paid or received, the new asset should be recorded at the value of the asset being traded. If the value of the asset being traded is not determinable, the value of the asset received may be used. Gains or losses, as appropriate, should be *recognized* in the Library's financial statements.
- If cash is used to purchase the asset, the new asset should be recorded at the market value of the asset surrendered plus the cash paid. Gains or losses, as appropriate, should be *recognized* in the Library's financial statements.

Assets Held in Trust

Capital assets held by a library on behalf of another party (such as art collections owned by families, estates and others) and that are under the temporary control of the library should be accounted for in the library's Capital Asset records. Assets held in trust must be recorded using the appropriate acquisition and disposal method for such assets. Since the institution does not own these assets, the assets should be recorded at a cost of zero.

SUMMARIZATION OF CAPITAL ASSET CATEGORY LAND AND LAND
IMPROVEMENT, DEPRECIATION METHODOLOGY AND
CAPITALIZATION THRESHOLD

LAND DEFINITION

Land is the surface or crust of the earth, which can be used to support structures, and may be used to grow crops, grass, shrubs, and trees. Land is characterized as having an unlimited life (indefinite).

Inexhaustible land improvements are improvements made to land that do not diminish in value over time. Such costs should not be depreciated, but instead should be added to the cost of the land. Examples of inexhaustible land improvements are betterments, site improvements (other than buildings) that ready land for its intended use.

LAND IMPROVEMENT DEFINITION

Land improvements can also be **exhaustible** in nature.

Exhaustible land improvements are more short-lived improvements that diminish in value over time. As a result, exhaustible land improvements should be depreciated over their estimated useful life.

Exhaustible land improvements include assets built, installed or established to enhance the use of land for a particular purpose.

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DEPRECIATION METHODOLOGY

Inexhaustible land improvements do not depreciate over time and as such should be added to the cost of the land.

Exhaustible land improvements should be depreciated over their useful life. Since these assets are usually attached to the land, it will be rare that these assets have a residual value for purposes of calculating depreciation.

CAPITALIZATION THRESHOLD

All acquisitions of Land and Inexhaustible Land improvements will be capitalized.

Examples of Land and Inexhaustible Land Improvements
to be Capitalized as Land

- Original purchase price or fair market value at time of gift
- Commissions
- Professional fees (title searches, architect, legal, engineering, appraisal, surveying, environmental assessments, etc.)
- Land excavation, fill, grading, drainage
- Demolition of existing buildings and improvements (less salvage)
- Removal, relocation, or reconstruction of property of others (railroad, telephone and power lines)
- Interest on mortgages accrued at date of purchase
- Accrued and unpaid taxes at date of purchase
- Other costs incurred in acquiring the land
- Water wells (includes initial cost for drilling, the pump and its casing)
- Right-of-way

Examples of Expenditures to be Capitalized as
Exhaustible Land Improvements

- Fencing and gates
- Entrance Sign to library site
- Landscaping
- Parking lots/driveways/parking barriers
- Lighting systems (campus, parking, street lighting)
- Outside sprinkler systems
- Recreation areas and athletic fields (including bleachers)
- Golf courses
- Paths and trails

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- Septic systems
- Swimming pools, tennis courts, basketball courts
- Fountains
- Plazas and pavilions
- Retaining walls

The capitalization threshold for Exhaustible Land Improvements is \$5,000.00.

***Summarization of Capital Asset Category Building and Building Improvements,
Depreciation Methodology and Capitalization Threshold***

BUILDING DEFINITION

A building is a structure that is permanently attached to the land, has a roof, is partially or completely enclosed by walls, and is not intended to be transportable or moveable. In cases where building components are significant, (such as roof, heat/air conditioning systems etc.) they should be recorded separately since they have different useful lives.

BUILDING IMPROVEMENT DEFINITION

Building improvements are capital events that materially extend the useful life of a building or increase the value of a building, or both. Except for certain component units which are described below, building improvements should be capitalized and recorded as an addition of value to the existing building if the expenditure for the improvement meets or exceeds the capitalization threshold, and the expenditure increases the life or value of the building by 15 percent of the original life period.

New component units such as HVAC, plumbing systems, sprinkler systems, elevators, etc. will be capitalized separately if they meet the capitalization policy, and the old component will be removed from the property report, if those costs are identifiable.

The new component will be depreciated over the remaining life of the Building/Structure

DEPRECIATION METHODOLOGY

The straight-line depreciation method (historical cost – residual value)/useful life) will be used for buildings, building improvements and their components. Subsequent improvements that change the use or function of the building shall be depreciated.

CAPITALIZATION THRESHOLD

The capitalization threshold for buildings and building improvements is \$5,000.00.

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Examples of Expenditures to be Capitalized as Buildings

PURCHASED BUILDINGS

- Original purchase price
- Expenses for remodeling, reconditioning or altering a purchased building to make it ready to use for the purpose for which it was acquired
- Environmental compliance (i.e., asbestos abatement)
- Professional fees (legal, architect, inspections, title searches, etc.)
- Payment of unpaid or accrued taxes on the building to date of purchase
- Cancellation or buyout of existing leases
- Other costs required to place or render the asset into operation

CONSTRUCTED BUILDINGS

- Completed project costs
- Interest accrued during construction
- Cost of excavation or grading or filling of land for a specific building
- Expenses incurred for the preparation of plans, specifications, blueprints, etc.
- Cost of building permits
- Professional fees (architect, engineer, management fees for design and supervision, legal)
- Costs of temporary buildings used during construction
- Unanticipated costs such as rock blasting, piling, or relocation of the channel of an underground stream
- Permanently attached fixtures or machinery that cannot be removed without impairing the use of the building
- Additions to buildings (expansions, extensions, or enlargements)

Examples of Expenditures to be Capitalized as
Improvements to Buildings

Note: For a replacement to be capitalized, it must be a part of a major repair or rehabilitation project, which meets or exceeds the capitalization threshold, and the expenditure increases the value or useful life of the building by 25 percent, such as renovation of a student center. A replacement may also be capitalized if the new item/part is of significantly improved quality and higher value compared to the old item/part such as replacement of an old shingle roof with a new fireproof tile roof. Replacement or restoration to original utility level would not. Determinations must be made on a case-by-case basis. Explanations to be included in annual *Management's Discussion and Analysis*.

- Conversion of attics, basements, etc., to usable office, clinic, research or classroom space
- Structures **attached** to the building such as covered patios, sunrooms, garages, carports, enclosed stairwells, etc.

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- Installation or upgrade of heating and cooling systems, including ceiling fans and attic vents
- Original installation/upgrade of wall or ceiling covering such as carpeting, tiles, paneling, or parquet
- Structural changes such as reinforcement of floors or walls, installation or replacement of beams, rafters, joists, steel grids, or other interior framing
- Installation or upgrade of window or door frame, upgrading of windows or doors, built-in closet and cabinets
- Interior renovation associated with casings, baseboards, light fixtures, ceiling trim, etc.
- Exterior renovation such as installation or replacement of siding, roofing, masonry, etc.
- Installation or upgrade of plumbing and electrical wiring
- Installation or upgrade of phone or closed circuit television systems, networks, fiber optic cable, wiring required in the installation of equipment (that will remain in the building)
- Other costs associated with the above improvements

BUILDING MAINTENANCE EXPENSE

The following are examples of expenditures *not* to capitalize as improvements to buildings. Instead, these items should be recorded as maintenance expense.

- Adding, removing and/or moving of walls relating to renovation projects that are not considered major rehabilitation projects and do not increase the value of the building
- Improvement projects of minimal or no added life expectancy and/or value to the building
- Plumbing or electrical repairs
- Cleaning, pest extermination, or other periodic maintenance
- Interior decoration, such as draperies, blinds, curtain rods, wallpaper
- Exterior decoration, such as detachable awnings, uncovered porches, decorative fences, etc.
- Maintenance-type interior renovation, such as repainting, touch-up plastering, replacement of carpet, tile, or panel sections; sink and fixture refinishing, etc.
- Maintenance-type exterior renovation such as repainting, replacement of deteriorated siding, roof, or masonry sections
- Replacement of a part or component of a building with a new part of the same type and performance capabilities, such as replacement of an old boiler with a new one of the same type and performance capabilities or replacement of a roof
- Any other maintenance-related expenditure which does not increase the value or useful life of the building.

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*Summarization of Capital Asset Category Library Books and Reference
Materials , Depreciation Methodology and Capitalization Threshold*

LIBRARY BOOKS AND MATERIALS DEFINITION

A library book is generally a literary composition bound into a separate volume and identifiable as a separate copyrighted unit. Library reference materials are information sources other than books which include journals, periodicals, microforms, audio/visual media, computer-based information, manuscripts, maps, documents, and similar items which provide information essential to the learning process or which enhance the quality of library service. Together they represent the library collection and will be reported on an aggregated net basis.

LIBRARY CHARACTERISTICS

A public library normally has one or more of the following characteristics:

- Internal controls are in place in lieu of central property management.
- Information is housed in a centralized location.
- Physical security measures are in place to protect the assets.
- Checkout procedures and policies exist and are used.
- Individual item costs and supplemental information is generally contained in a supplemental database.
- Volumes assigned to libraries are typically available to employees, students, and other individuals for checkout or use.
- The value is material to the organization.
- Equipment assigned to libraries typically remains under central security for on-premises use.

Kirkwood Public Library's books and reference materials will be categorized by inventory type and reported on a composite basis by making net adjustments to the total value of each asset category to reflect additions and deletions in total value. Net adjustments must be made at least once annually by the close of the fiscal year.

DEPRECIATION METHODOLOGY

The straight-line depreciation method will be used for library collections. Collections will be assigned a full year of depreciation in the year of acquisition and will receive no depreciation in the year of disposal. The useful life of the library collection will depend to a great extent on circulation turnover.

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CAPITALIZATION THRESHOLD

Since collections will be capitalized on an aggregate basis by category, all purchases of books and materials will be capitalized. Library acquisitions are valued at cost or other reasonable basis; deletions are valued at annually adjusted average cost. The library will maintain records of all books and other library items, which should suffice as detailed inventory records.

Books, periodicals and other materials purchased and used as part of the library's operations will not be capitalized unless they become part of the collection held for the public.

Examples of Expenditures to be Capitalized as Library Books and Materials

- Invoice price
- Freight charges
- Handling
- In-transit insurance charges
- Binding
- Electronic access charges
- Reproduction and like costs required to place assets in service, with the exception of library salaries

Summarization of Capital Asset Category Works of Art and Historical Treasures, Depreciation Methodology and Capitalization Threshold

WORKS OF ART AND HISTORICAL TREASURES DEFINITION

Works of Art and Historical Treasures are items of broad aesthetic or historical significance that are owned by Kirkwood Public Library which are not held for financial gain, but rather for public exhibition, education or research in furtherance of public service. These items are protected and cared for or preserved, and subject to an organizational policy that requires the proceeds from sales of items to be used to acquire other similar items.

Exhaustible items – items whose useful lives are diminished by display or educational or research applications.

Inexhaustible items – where the economic benefit or service potential is used up so slowly that the estimated useful lives are extraordinarily long. Because of their cultural, aesthetic, or historical value, the holder of the asset applies efforts to protect and preserve the asset in a manner greater than that for similar assets without such cultural, aesthetic, or historical value.

DEPRECIATION METHODOLOGY

The straight-line depreciation method (historical cost less residual value, divided by useful life) will be used for exhaustible items. Inexhaustible items should not be depreciated.

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CAPITALIZATION THRESHOLD

All works of art and historical treasures acquired or donated will be capitalized unless held for financial gain.

If an item is held for financial gain and not capitalized, disclosures must be made in the notes that provide a description of the item(s) and the reasons these assets are not capitalized. When donated items are not capitalized, program expense equal to the amount of revenues should be recognized.

Examples of Expenditures to be Capitalized as
Works of Art and Historical Treasures

- Rare books, manuscripts
- Historical maps, documents and recordings
- Works of art such as paintings, sculptures, and designs
- Artifacts, memorabilia, exhibits
- Unique or significant structures

Summarization of Capital Asset Category Computer Software, Depreciation Methodology and Capital Thresholds

Computer Software Definition

Libraries that expend significant sums of monies in purchasing or acquiring software should capitalize and depreciate such assets over their useful life. Software can be purchased from a vendor ready to use or can be developed internally by the library. Internally developed software involves three distinct phases. These phases and their characteristics are as follows:

- Preliminary project phase- when conceptual formulation of alternatives, the evaluation of alternatives, determination of existence of needed technologies and final selection of alternatives is made.
- Application development phase- design of chosen path including software configuration and software interfaces, coding, installation of computer hardware and testing, including parallel processing phase.
- Post-implementation /operation phase- training and application maintenance activities

Costs associated with the preliminary project and the post-implementation /operating phases will be expensed as incurred. Costs associated with the application development phase will be capitalized.

Costs to develop or obtain software that allows for access or conversion of old data by new information systems will also be capitalized.

General and administrative costs and overhead expenditures associated with software development will not be capitalized.

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Capitalization of costs will begin when the preliminary project phase is complete and management has implicitly or explicitly authorized or commits to funding the software project with the intent it will be completed and used to perform its planned functions. Capitalization will cease no later than the time at which substantial testing is complete and the software is ready for its intended purpose.

Examples of Expenditures in the Application Development Phase to be Capitalized

- External direct costs of materials and services (third party fees for services)
- Costs to obtain software from third parties
- Travel costs incurred by employees in their duties directly associated with development
- Payroll and payroll-related costs of employees directly associated with or devoting time in coding, installing or testing
- Interest costs incurred during the application development

Depreciation Methodology

The straight-line depreciation method (historical cost less residual value, divided by useful life) will be used for software developed or obtained for internal use.

Capitalization Threshold

The capitalization threshold for internally developed software or purchased is \$500.

Summarization of Capital Asset Category Construction in Progress Depreciation Methodology and Capital Thresholds

CONSTRUCTION IN PROGRESS DEFINITION

Construction in Progress reflects the economic construction activity status of buildings and other structures, additions, alterations, reconstruction, installation, and major repairs which are substantially incomplete. It is important to remember that Construction in Progress can accumulate over multiple fiscal years. Accordingly, the costs which comprise the Construction in Progress Account should be identifiable on a fiscal year-by-fiscal year basis.

DEPRECIATION METHODOLOGY

Depreciation is **not** applicable while assets are accounted for as Construction in Progress. See appropriate capital asset category when asset is capitalized.

CAPITALIZATION THRESHOLD

Construction in progress assets will be capitalized to their appropriate capital asset categories upon the earlier occurrence of execution of substantial

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completion contract documents, occupancy, or when the asset is placed into service.

J. Maintenance Department -- Staff in the Maintenance Department shall provide for the maintenance, upkeep and cleanliness of the library's facilities and will help ensure compliance with safety regulations

Section 2. Technology and Automation -- The library recognizes that technological innovations may have positive applications for improving public service. Evaluation and implementation of new technologies shall be a responsibility of the staff.

Section 3. Publicity and Promotion -- It shall be the responsibility of the entire staff to present a positive image of the library at all times. Excellent public service is of the highest priority.

Section 4. Materials Collection

A. Classification -- The Dewey Decimal Classification as currently in national use shall be the classification system for the library's materials.

B. Selection and Evaluation -- All selection is subject to the Collection Development Policy

C. Inventory -- A record of the quantities of the materials holdings shall be maintained and included in the annual report to the Board.

Section 5. Circulation (loan) Service

(Entire section revised by Board of Trustees **December 15, 2010**)

A. Registration -- Anyone who lives or owns property in the City of Kirkwood is eligible, with proper identification, to borrow materials from the library. A borrower's card shall be free of charge. Registration for a child under 18 years of age shall be signed by a parent or guardian.

A patron who lives, or owns or leases property in St. Louis Public Library District, St. Charles City-County Library District, or St. Louis County Library District is eligible to apply for a Kirkwood Library card.

Anyone with a valid library card from Brentwood Public Library, Ferguson Municipal Public Library, Maplewood Public Library, Richmond Heights Memorial Library, Rock Hill Public Library, University City Public Library, Valley Park Community Library or Webster Groves Public Library is eligible to borrow materials from the Kirkwood Public Library using the card from their

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home library. Patrons living in these communities need to obtain a card from their own library prior to borrowing materials from the Kirkwood Public Library.

A patron who lives outside St. Louis City, St. Louis County, or St. Charles City or County must pay an annual non-resident fee of \$100 per family to obtain a Kirkwood Library card. Each member of the immediate family living at the same address may have his/her own card.

Employees of the City of Kirkwood who live outside the above mentioned areas are eligible for a free library card. City employees need to present city picture ID as well as one of the following acceptable forms of identification: driver's license, voter's ID card, residency permit, lease or bill of sale for residence, utility bill, or checkbook. Acceptable identification should include the patron's name and address. Picture identification is required. This library card will have the same borrowing privileges and fines as a city resident's card. If employment with the city ends, the card would no longer be active. (approved 9/16/09)

Borrowing privileges are available to anyone who teaches in a school or licensed day care center within the city of Kirkwood. The teacher card application must be signed by the principal or director as well as by each teacher who wishes to be eligible for this service.

These privileges allow educators to check out materials from the Library for use in the classroom. Educator cards should not be used for personal checkouts; educators should use their own personal card from one of the MLC libraries for items checked out for reasons other than classroom use. Educators present identification when they wish to check out materials.

Educators may check out up to 50 items at a time for 30 days and may be renewed by phone for 30 additional days. No fines are assessed on educator accounts. Educators may select materials themselves, or may ask Library staff to assemble a collection to be picked up later

Teachers and/or schools and day care centers are responsible for lost or damaged items. When a staff member leaves a school or day care center, the principal or director must notify the Library so that teacher checkout privileges for that staff member can be discontinued.

Identification Required for Issuing a Card. The following are acceptable identification for receiving a library card: driver's license, voter's ID card, residency permit, lease or bill of sale for residence, utility bill, checkbook, or identification by a staff member. Acceptable identification should include the patron's name and address. Picture identification is required.

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B. Confidentiality of Library Records --Circulation records and any other library records that identify the names of patrons with specific materials are confidential in nature. These records, or any information from the records, shall not be given to, or made available to, any individual or group or any agency of state, federal or local government except pursuant to such court order or subpoena as may be issued under the authority of federal, state or local law relating to civil, criminal or administrative discovery procedure or legislative investigatory power. If any such order or subpoena is issued, it shall not be complied with until the Library Director has consulted with their legal counsel to determine:

- if such documents are in proper form
- if there is showing of good cause for their issuance.

If the documents in question are not in proper form, and/or if good cause is not shown, the Library Director will insist that any defects be cured before the requests are complied with.

C. Policy on Presenting Library Cards

Using library cards ensures accuracy, protects privacy, and expedites the checkout procedure.

Patrons using Kirkwood Public Library should present their cards for all transactions, to use the library's public access computers, and to access information in their accounts.

If a patron comes to the library without a library card, and can present alternate ID with a picture, name and current address, library staff will look up his or her card number. The library cannot look up a card number without a picture ID.

Patrons wishing to use the self-checkout but who do not have their library card with them must present a valid picture ID to circulation staff, who will confirm the patron's account and then sign the patron on to the self-checkout.

If the patron has lost the card, the library will replace the card for free.

Juvenile patrons have no valid ID, and so should bring their library cards to the library. However, if a student has a valid Kirkwood school ID, and can verbally verify the address in the database, the library will allow checkout, renewal or computer use. Juvenile patrons' accounts can also be looked up using a parent or guardian's ID as long as it includes a picture, name, and current address.

If a patron calls to renew items or inquire about things on his or her record, he or she must have the card number available.

If a parent calls and presents his or her card number, and then asks to check on children's library records, library staff may look up the children by name,

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providing they share a name and/or address with the parent on the telephone. Library staff cannot look up the children without having the parent's card number.

Library patrons cannot use another patron's library card without consent. Library privileges may be revoked if a patron is found using another's library card without consent.

Approved by the Board of Trustees March 17, 2010

D. Borrowing Regulations

1. A record shall be kept of the number of items circulated and shall be reported to the Kirkwood Public Library Board of Trustees.
2. Patrons' cards shall be retained and/or borrowing privileges limited or denied when large fines or other charges are unpaid.
3. Materials may be returned to any library within the Municipal Library Consortium, the St. Louis Public Library, or the St. Louis County Library.
4. Reciprocal Materials' Return shall be available with other participating libraries, including Saint Louis County Library, Saint Louis Public Library, and St. Charles City County Library.
5. Reserved Material -- If specifically requested material is owned and cataloged, or on order within the system, a hold may be placed on it. If it is not owned, an attempt will be made to borrow it from another library via interlibrary loan, if feasible (see section 12). When material is available, notification shall be by telephone and/or e-mail.
6. Overdue Materials -- A limited fine (\$0.25 per day/\$8.00 maximum per item) shall be charged for overdue materials. A patron shall be notified when library materials are overdue. Upon notification of the patron, materials and/or fines due after a certain period and totaling \$35 or more shall be sent to a collections agency. Any patron who has library debt and presents evidence to the library that the patron has filed for bankruptcy will have outstanding fines waived. However, borrowing privileges will not be reinstated until all materials are returned or another arrangement acceptable to the Library Director is made.
7. Claimed Return Materials -- The patron is responsible for returning materials to the library drawn from the library on his/her card. If the patron believes he/she returned the material to the library, he/she may claim they returned the materials. Only a manager on duty may determine if an item can be set as a claimed return. All fines and processing fees accrued will be frozen and not assessed to the patron. Patrons may have up to two (2) claimed returns on their account and still retain their borrowing privileges.

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If a patron has two claimed returns on their account and additional material(s) is claimed returned, the patron and staff will search for the material(s) for up to 3 weeks (1 borrowing period). If the material is not located, the patron will be charged for the lost material(s) and a processing fee. (Updated and Board approved July 20, 2011)

8. Lost and Damaged Materials -- The patron is responsible for materials overdrawn from the library on his/her card. The indicated price shall be the general guide in charges for damages or losses. A processing fee of \$5 shall also be charged for each lost item. Refunds will be given for lost materials which have been found within six months. Processing fee and fines accrued before payment shall be deducted from the refund. (Updated and Board approved July 20, 2011)

If a patron has paid the entire cost of an item which has been judged to be damaged and unusable for library circulation, the patron may be offered the item for which they have paid, if they wish to have it.

If an item is judged damaged and unusable for library circulation, the patron is to be charged the full cost of the item, plus a \$5 processing fee. Any exception to this should be handled by a supervisor.

9. Library Cards -- Responsibility for all lost or damaged material charged to a card rests with the registered patron unless the card has been reported lost or stolen prior to the date the materials were charged out.

- Only individual cards will be issued.
- A parent or legal guardian must apply for a library card for any child under 18 years old.
- One proof of residence is required
- Identification is required for only one member of each household.
- A box number is not acceptable for address.
- Only six materials per card may be charged out the first time the card is issued.
- Library card or picture identification (such as a driver's license) is required for borrowing library materials.
- Library cards will be renewed after two (2) years for adult and juvenile patrons who are Kirkwood residents and after one (1) year for nonresidents. Prior to renewing the card, all outstanding fees and fines shall be paid and resolved. If these are not paid, then the Library card shall not be renewed and all borrowing rights suspended.

10. Length of Loans -- The majority of the materials of the library shall circulate for a period of 21 days with no limit placed on the amount of material borrowed. Materials not on reserve for another library patron may

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be renewed twice. Videos and CD's shall circulate for three weeks; patrons may renew twice. Magazines shall circulate for one week with no chance to renew. Loan lengths for materials from other MLC libraries may differ so patrons should refer to their receipts.

11. Vacation Loans -- Materials not in demand may be loaned to patrons planning holidays away from the city for a period not to exceed three times the regular loan period.

12. Kirkwood Public Library Interlibrary Loan Policy

Approved by Board of Trustees December 15, 2010

The Kirkwood Public Library (KPL) collection is developed to satisfy the needs of the majority of patrons. If materials are not available within the Municipal Library Consortium of St. Louis County (MLC), interlibrary loan (ILL) service is an option to accommodate these needs. ILL includes borrowing materials from other library systems and obtaining copies of periodical articles. The library also recognizes an obligation to make its collection available to the patrons of other lending libraries in a reciprocal manner.

KPL Borrowing Guidelines

Eligibility and Limits on Interlibrary Loan Borrowing

Restrictions and limits apply to interlibrary loan borrowing. Interlibrary loan service is available to residents of the Kirkwood Library Tax District who hold a valid library card in good standing-- i.e. owing no more than \$5.00 in outstanding overdue fines. Eligible patrons may have five active requests at a time. Active requests include items currently on loan to the patron and requests not yet filled.

Forms for ILL requests and renewals are available at the front desk.

Patrons who repeatedly ignore interlibrary loan rules-e.g. remove the blue card from the cover of ILL books, return ILL items damaged- will be restricted from ILL borrowing.

Materials Available

Books, audiovisual materials, including videotapes, audiotapes, DVDs, CDs, and photocopies of periodical articles not owned by KPL or the MLC are available through interlibrary loan.

Materials Not Available

Items that can not be borrowed include any item currently owned by the Library, including items checked out, reference items, items held in the Archives, or items on order in our system.

Cost

There is no cost to request a book. There is a cost for periodical articles; lending libraries photocopy the article and FAX it to Kirkwood Public Library. Patrons are asked to suggest an amount they are willing to pay per page. The lending library will accept or deny the patron's amount.

Overdue Fines and Replacement Costs

Patrons are responsible for any overdue fines and replacement costs. Fines for overdue ILL

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items are \$0.25 per day, per item, with no grace day. Replacement costs for damaged or lost items are determined by the lending institution, and may amount to many times the actual value of the item. See Penalty section below.

Loan Periods, Renewal of Items, and Restrictions on Use

Loan periods and renewal options are determined by the lending institution. A lender may recall an item at any time. Some libraries do not allow renewals, or require that items be used only within the library. The loan period, lending restrictions, and other pertinent information are indicated on the blue card attached to the ILL item.

Renewals, which are solely at the discretion of the lending institution (not KPL), cannot be guaranteed. KPL will request one renewal per item. Requests for renewal must be made one week before an item's due date. If the request is made later, fines may be accrued while waiting for a response from the lending library. To request a renewal, please contact the Information Services Desk at 314-821-5770, ext. 1012.

Notification of Patrons

Patrons will be notified either by telephone or email regarding the arrival of their items. In the case of renewal, patrons are notified by a staff member at the Information Services Desk.

Penalties

Penalties may be incurred by the patron for failing to return the item in a timely manner, damage to loaned items, or other abuse of ILL privileges.

Penalties are as follows:

Failure to return ILL item on time	\$0.25/day fine
Failure to return ILL item	Replacement cost to lending library, plus \$8.00 fine
After two failures to return ILL items by the specified due date	Suspension of ILL privileges for one year
After two failures to pick up ILL items before the return dates	Suspension of ILL privileges for one year
Failure to pay replacement or damage costs	Suspension of ILL privileges for one year; suspension of library account; account sent to debt collection
Returning ILL as damaged or in poor condition	Replacement cost to lending library, plus \$8.00 fine
Returning ILL without ID card (barcode), sticker, or other identifying information	\$8.00 fine

KPL Lending Guidelines

Materials Offered to Other Institutions

All circulating books, audiovisual materials, including DVDs and CDs are available for ILL without charge, as long as the request is within reason.

Materials Not Offered

Reference items and materials in the Archives are not available for loan to other institutions.

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Loan Periods, Renewal of Items

Items are loaned to other institutions for a period of 28 days. Items will generally be renewed once, with the exception of items currently requested by MLC patrons.

Charges

No fines or shipping charges will be imposed. Charges will be imposed for lost or damaged items and are assessed on a case by case basis. Charges include a replacement cost for the item and a reprocessing cost (\$5.00).

11/06/2010

Section 6. Investment Policy

A. Scope – This policy applies to the investment of all operating funds of the Kirkwood Public Library. Longer-term funds, including investments of employees' retirement funds and proceeds from certain bond issues, are covered by a separate policy.

1. Pooling of Fund -- Except for cash in certain restricted and special funds, the Kirkwood Public Library will consolidate cash balances from all funds to maximize investment earnings. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

2. External Management of Funds -- Investment through external programs, facilities and professionals operating in a manner consistent with this policy will constitute compliance.

B. General Objectives – The primary objectives of investment activities, in priority order, shall be safety, liquidity, and yield.

1. Safety -- Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

a. Credit Risk – The Kirkwood Public Library will minimize credit risk, the risk of loss due to the failure of the security issuer or backer, by:

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- Pre-qualifying the financial institutions, brokers, dealers, intermediaries, and advisors with whom the Kirkwood Public Library will do business.
- Diversifying the portfolio so that potential losses on individual securities will be minimized.

b. Interest Rate Risk -- The Kirkwood Public Library will minimize the risk that the market value of securities will fall due to changes in general interest rates by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
- Investing operating funds primarily in shorter-term securities.

2. Liquidity -- The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity). A portion of the portfolio also may be placed in bank deposits, repurchase agreements, or overnight investments that offer same-day liquidity for short-term funds.

3. Yield -- The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investment is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall not be sold prior to maturity with the following exceptions:

- A security with declining credit may be sold early to minimize loss of principal.
- A security swap would improve the quality, yield, or target duration of the portfolio.
- Liquidity yields of the portfolio require that the security be sold.

C. Standards of Care

1. Prudence -- The standard of care to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and this investment policy and exercising due

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diligence shall be relieved of personal liability for an individual security's credit risk or market price changes provided deviations from expectations are reported in a timely fashion to the governing body and the liquidation and sale of securities are carried out in accordance with the terms of this policy. 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 profitable income to be derived.

2. Ethics and Conflicts of Interest – Kirkwood Public Library Board of Trustees and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decision. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio.

3. Delegation of Authority -- Responsibility for the operation of the investment program is hereby delegated to the investment officer, who shall act in accordance with the established written procedures and internal controls for the operation of the investment program consistent with this investment policy. Procedures should include references to:

- Safekeeping
- Delivery vs. Payment
- Investment Accounting
- Repurchase Agreements
- Wire Transfer Agreements
- Collateral/Depository Agreements

No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the investment officer. The investment officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

D. Investment Transactions

1. Authorized Financial Dealers and Institutions -- A list will be maintained of financial institutions authorized to provide investment transactions.

2. Internal Controls -- The investment officer is responsible for establishing and maintaining an internal control structure that will be reviewed annually

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with the Kirkwood Public Library's independent auditor. The internal control structure shall be designed to ensure that the assets of the Kirkwood Public Library are protected from loss, theft, or misuse and to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived, and the valuation of costs and benefits require estimates and judgments by management.

Internal controls shall address the following points:

- Control of collusion
- Separation of transaction authority from accounting and record keeping
- Custodial safekeeping
- Avoidance of physical delivery securities
- Clear delegation of authority to subordinate staff members
- Written confirmation of transactions for investments and wire transfers
- Development of a wire transfer agreement with the lead bank

E. Suitable and Authorized Investments

1. Investment Types -- In accordance with and subject to restrictions imposed by current statutes, the following list represents the entire range of investments that Kirkwood Public Library will consider and which shall be authorized for the investment of funds by the Kirkwood Public Library.

a. United States Treasury Securities -- The Kirkwood Public Library may invest in obligations of the United States Government for which the full faith and credit of the United States are pledged for the payment of principal and interest.

b. United States Agency Securities -- The Kirkwood Public Library may invest in obligations issued or guaranteed by any agency of the United States Government as described in Section E (2).

c. Repurchase Agreements -- The Kirkwood Public Library may invest in contractual agreements between the Kirkwood Public Library and commercial banks or government securities dealers. The purchaser in a repurchase agreement (repo) enters into a

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contractual agreement to purchase U.S. Treasury and government agency securities while simultaneously agreeing to resell the securities at predetermined dates and prices.

d. Collateralized Public Deposits (Certificates of Deposit) -- These are instruments issued by financial institutions which state that specified sums have been deposited for specified periods of time and at specified rates of interest. The certificates of deposit are required to be backed by acceptable collateral securities as dictated by State statute.

e. Banker's Acceptances -- Time drafts drawn on and accepted by a commercial bank are otherwise known as banker's acceptances. The Kirkwood Public Library may invest in banker's acceptances issued by domestic commercial banks possessing the highest rating issued by Moody's Investor Services, Inc. or Standard and Poor's Corporation.

f. Commercial Paper -- The Kirkwood Public Library may invest in commercial paper issued by domestic corporations, which has received the highest rating issued by Moody' Investor Services, Inc. or Standard and Poor's Corporation. Eligible paper is further limited to issuing corporations that have total assets in excess of five hundred million dollars (\$500,000,000).

2. Security Selection -- The following list represents the entire range of United States Agency Securities that the Kirkwood Public Library will consider and which shall be authorized for the investment of funds by the Kirkwood Public Library. Additionally, the following definitions and guidelines should be used in purchasing the instruments.

a. U.S. Govt. Agency Coupon and Zero Coupon Securities -- Bullet coupon bonds with no embedded options.

b. U.S. Govt. Agency Discount Notes -- Purchased at a discount with maximum maturities of one (1) year.

c. U.S. Govt. Agency Callable Securities -- Restricted to securities callable with final maturities of five (5) years.

d. U.S. Govt. Agency Step-Up Securities -- Restricted to securities with final maturities of five (5) years.
The coupon rate is fixed for an initial term. At coupon date, the coupon rate rises to a new, higher fixed term.

3. Investment Restrictions and Prohibited Transactions.

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To provide for the safety and liquidity of the Kirkwood Public Library's funds, the investment portfolio will be subject to the following restrictions:

- a. Borrowing for investment purposes ("leverage") is prohibited.
- b. Instruments known as structured notes (e.g. inverse floaters, leveraged floaters, and equity-linked securities) are not permitted. Investment in any instrument which is commonly considered a derivative instrument (options, futures, swaps, caps, floors and collars), is prohibited.
- c. Contracting to sell securities not yet acquired in order to purchase other securities for purposes of speculating on developments or trends in the market is prohibited.

4. Collateralization -- Collateralization will be required on both certificates of deposit and repurchase agreements. The market value (including accrued interest) of the collateral should be at least %100.

- a. For certificates of deposit, the market value of collateral must be at least 100% or greater of the amount of certificates of deposit plus demand deposits with the depository less the amount, if any, which is insured by the Federal Deposit Insurance Corporation, or the National Credit Union's Share Insurance Fund.
- b. Depository institutions pledging collateral against deposits must, in conjunction with the custodial agent, furnish the necessary custodial receipts within five business days from the settlement date.
- c. The Kirkwood Public Library shall have a *depository contract and pledge agreement* with each safekeeping bank that will comply with the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). This will ensure that the Kirkwood Public Library's security interest in collateral pledged to secure deposits is enforceable against the receiver of a failed financial institution.

5. Repurchase Agreements -- The securities for which repurchase agreements will be transacted will be limited to U.S. Treasury and government agency securities that are eligible to be delivered via the Federal Reserve's Fedwire book entry system.

F. Investment Parameters

1. Diversification -- The investments shall be diversified to minimize the risk of loss resulting from over concentration of assets in specific maturity,

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specific issuer, or specific class of securities. Diversification strategies shall be established and periodically reviewed.

2. Maximum Maturities -- To the extent possible, the Kirkwood Public Library shall attempt to match its investments with anticipated cash flow requirements. Investments in banker's acceptances and commercial paper shall mature and become payable not more than on hundred eighty (180) days from the date of purchase. All other investments shall mature and become payable not more than five (5) years from the date of purchase. The Kirkwood Public Library shall adopt weighted average maturity limitations that should not exceed three (3) years and are consistent with the investment objectives. Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as in bank deposits or overnight repurchase agreements or other overnight investments to ensure that appropriate liquidity is maintained to meet ongoing obligations.

G. Reporting

1. Methods -- The investment officer shall prepare an investment report at least quarterly, including a management summary that provides an analysis of the status of the current investment portfolio and transactions made over the last quarter. This management summary will be prepared in a manner that will allow the Kirkwood Public Library to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report should be provided to the governing body of the Kirkwood Public Library. The report will include the following:

- Listing of individual securities held at the end of the reporting period.
- Realized and unrealized gains or losses resulting from appreciation or depreciation by listing the cost and market value of securities over one-year duration (in accordance with Government Accounting Standards Board (GASB) 30 requirements). [Note: This is only required annually].
- Listing of investment by maturity date
- Percentage of total portfolio which each type of investment represents.

2. Performance Standards -- This investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. A series of appropriate benchmarks

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may be established against which portfolio performance shall be compared on a regular basis. Commercial paper and banker's acceptances must be reviewed monthly to determine if the rating level has changed. The commercial paper and banker's acceptances should be reviewed for possible sale if the securities are downgraded below the minimum acceptable rating levels.

3. Marking to Market -- The market value of the portfolio shall be calculated at least quarterly and a statement of the market value of the portfolio shall be issued at least annually to the governing body of the Kirkwood Public Library. This will ensure that review of the investment portfolio, in terms of value and price volatility, has been performed.

H. Policy Considerations

1. Exemption -- Any investment currently held that does not meet the guidelines of this policy shall be exempt from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

2. Adoption -- This policy shall be adopted by resolution of the Kirkwood Public Library's governing body. The policy shall be reviewed annually by the investment officer and recommended changes will be presented to the governing body for consideration.

Section 7. Volunteer Policy -- The Kirkwood Public Library Volunteer Services Program supplements the efforts of paid library staff to provide quality library collections, services and programs, serves as a method for area residents to become familiar with the library, and creates opportunities for individuals to feel personal satisfaction while performing a valuable service for the community.

A. A volunteer is a person who performs tasks for the Kirkwood Public Library without wages, benefits, or compensation (including travel expenses) of any kind. Examples include members of Boards, such as the Board of Trustees, Kirkwood Public Library Foundation Board, the Friends of Kirkwood Public Library, and Teen Advisory Board. There are also service volunteers, who do work for the Library and function in ways similar to staff.

B. Service volunteers are recognized by the public as representatives of the library and shall be guided by the same work and behavior codes as employees. They work with the status of "at-will" employees.

C. Failure to report to work promptly may result in termination of service. Absence without notifying the supervisor may result in termination of service upon the second offense.

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D. The Library does not provide workers compensation coverage for volunteers. The Library requires negligence on the Library's part for volunteers to collect on the Library self-insured liability coverage. Only the volunteer's own auto coverage will cover auto claims.

E. Service volunteers who work on a regular basis will fill out volunteer information registration forms which will be kept on file in Library Administration. Minors under eighteen (18) years of age may only work as volunteers with the written consent of a parent or legal guardian. Only volunteers under 18 are scheduled to work in the children's and teen departments.

F. Volunteers are selected based upon their qualifications and the needs of the library at any given time. Volunteers must be able to commit to a block of work time that is helpful to their library supervisor.

G. Volunteers will be trained by and work with a specific supervisor. Volunteers are expected to take directions from the supervisor who is responsible for their work. They may be removed by that supervisor.

Section 8. Accident Report Policy — Accidents which occur to patrons on library property or to staff on the premises, or in the course of carrying out work related duties must be reported. When such accidents occur the following procedures will be used:

A. Employees on duty determine whether to call 911.

B. All accidents must be reported to the supervisor.

C. The person injured or a person responsible for him/her must fill out the report form which may be obtained from all supervisors or the Director of Operations. All information including whether or not a person has refused medical treatment must be reported in full. This information will be kept on file in the Business Office.

D. Copies of all medical records pertaining to an employee injury in the course of performing job duties will be kept on file in the Business Office.