ARTICLE IV.
Administration Policies

Section 1. KPL Records Retention and Destruction Policy

The Library will maintain records as per the General Records Retention Schedule and the Public Library Records Retention Schedule published by the Local Records Board pursuant to the authority granted in Missouri Revised Statutes Chapter 109 Section 255 or any applicable statute.

Section 2. Finances

A. Fiscal Policy

1. The Kirkwood Public Library by State statute has the legal authority to acquire the revenue needed to maintain the Library through appropriate property tax levies, fines, fees, grants, donations, and investments, and to spend it appropriately on quality service.

2. The Library's fiscal year runs from July through June.

3. No bank account can be opened in the name of the Library without prior Board approval and must have all appropriate signatories.
- **a.** Signatories are: President, Treasurer and Library Director

4. The Library Trustees with input from the Director set the budget for the Library in each fund category before the start of the fiscal year.
- **a.** The Library may not run a deficit budget balance in excess of the reserve fund.

5. Outstanding bills/invoices are paid monthly, or as due, by the administration office with approvals from department managers, the Director and/or the Board treasurer.

6. The Board will receive a monthly statement of revenues and expenditures.
- **a.** An outside accountant may be employed for matters of payroll processing, and audit assistance and as needed.

7. Tax revenue is received by direct deposit in the Library’s General Fund Account

8. Cash reserves may be maintained by the Library.
- **a.** Reserves are acquired from budget surpluses, donations, investment income and any other appropriate revenue source.

b. The Library retains reserves equal to at least one half of the average annual operating budget, sufficient to meet the following needs:

- **i.** Fund the first half of each budget year before tax revenue for that year is received.
- **ii.** Pay accrued vacation in case of resignation.
- **iii.** Legal and building expenses
- **iv.** Unanticipated equipment and capital expenses
- **v.** Unreimbursed catastrophic losses

c. Capital Purchase Reserves may be maintained by the Library for three to five years' worth of purchases based on the capital plan.

9. As a member of the Municipal Library Consortium, the Library has legal and fiscal obligations to that organization, as defined by the Consortium contact and policies, so long as the mission of the Library is not negatively impacted.

B. Purchasing Policies and Procedures of the Kirkwood Public Library

Part A – General

Section 1. Purpose -- All purchases made by the Kirkwood Public Library ("Library") shall be accomplished to assure that goods and services are procured efficiently, effectively, and at the most favorable prices available to the Library; to promote full and open competition in procurement and contracting; to provide safeguards for maintaining a system of quality and integrity; and to assure that the Library's purchasing actions are in full compliance with applicable state and federal laws and guidelines. The Library Director (the "Director") shall establish and maintain procedures to implement and enforce all purchasing policies.

Section 2: Authority -- The Board of Trustees ("Board") of the Library delegates to the Director, or Director's designee, the authority to purchase, without specific Board action, goods or services of $20,000 or lesser value, so long as said purchases are pursuant to a budget previously approved by the Board. The purchase of all other goods or services with a value in excess of $20,000 shall be authorized by specific action of the Board as provided herein.

Section 3. 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 4. Exceptions -- Except as otherwise specifically provided herein, this Policy shall not apply to the following purchases:

- **A. Purchase of library materials.** Library materials include, but are not limited to, periodicals, microfilms, books, prints, electronic resources, or other items that will circulate. The Director of Acquisitions and Cataloging shall review all library material purchases 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 Acquisitions and Cataloging shall obtain adequate and reasonable competition for the item(s) being purchased when it is necessary to utilize a different source for individual items.
- B. **Cooperative Purchases.** The Library may participate in purchases made from federal, state, city or other cooperative purchasing contracts.
- C. **Emergencies.** The Director may waive the bid procedures in emergencies involving the safety of individuals or where significant damage or disruption of service would occur if 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.
- D. **Annual Software Renewal and Maintenance Agreements**. When the Library has previously authorized the purchase of software and related technology equipment pursuant to this Policy, the annual license or software renewal and maintenance agreements for such software and/or equipment in subsequent years are not required to be competitively bid.

Part B – Goods or Services Costing in excess of $20,000 (Other than Professional Services). Unless otherwise required by law, purchases of Library goods or services with an estimated probable cost in excess of $20,000 shall be accomplished through (1) sealed bids; (2) request for proposals; or (3) sole source procurements, as determined by the Director to be in the best interests of the Library.

Section 1. Sealed Bids: The sealed bid procurement method is the primary method to be used when procuring goods and services, and is used when the selection can be made primarily on price/cost. With this method, an Invitation for Bids is issued, and a firm fixed-price contract is awarded to the responsible bidder whose bid, confirming with all material terms and conditions of the Invitation for Bids, is the lowest and best bid. For a sealed bid, representatives of the Library District shall:

- Prepare or have prepared specifications for completing the work in an efficient and timely manner.
- Advertise the Invitation for Bids in a manner designed to notify potential vendors at least one week prior to the bid opening.
- Notify qualified vendors chosen by the Library of the opportunity to submit a bid.
- Require bid security in the form of a bid bond or cashier's check of not less than 5% of the bid amount, if required by applicable law or determined necessary by the Director or Director's designee.
- Open and read responses at a meeting available to the public.
- Refer responses to the Board for action.

Section 2. <u>Request for Proposals</u> -- The competitive proposal method is normally conducted when the Library is seeking a qualified proposer for goods or services, based on factors in addition to price. With this method, a Request for Proposals is issued, and a contract is awarded to the lowest and best proposal complying with the terms of the Request for Proposals. For a competitive proposal, representatives of the Library District shall:

- Prepare or have prepared specifications for completing the work in an efficient and timely manner.
- Advertise the Request for Proposals in a manner designed to notify potential vendors at least one week prior to the proposal due date.
- Notify qualified vendors chosen by the Library of the opportunity to submit a proposal.
- Require security in the form of a bond or cashier's check of not less than 5% of the proposal amount, if required by applicable law or determined necessary by the Director or Director's designee.
- Refer responses to the Board for action.

Section 3. <u>Sole Source</u> -- Sole source procurement is accomplished through solicitation or acceptance of a proposal from only one source or after solicitation of a number of sources, competition is determined inadequate. If it is determined by the Director or Director's designee that there is a single source for the product or service desired, representatives of the Library District may negotiate directly with the single source. Sole source contracts over $20,000 shall be referred to the Board for approval.

Part C – Goods or Services Costing $20,000 or less (Other than Professional Services). Unless otherwise required by law, purchases of Library goods or services with an estimate of probable cost of $20,000 or less may be accomplished through representatives of the Library seeking quotations from at least three vendors, or through sole source if the procurement meets the requirements set forth in Section B (3) above. Purchases of $20,000 or less are not required to be referred to the Board for action or approval. In addition, the requirement for securing multiple quotations may be waived when it is determined by the Director or Director's designee that:

- It is determined that there are fewer than three vendors qualified for provide the goods or service;
- Quotations have been received within the last 24 months which can be used as the basis for awarding the contract;
- 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 contract is so low as to limit interest in the competitive bid process by multiple vendors.

Part D – Professional Services.

Section 1. Types of Services -- It shall be the policy of the 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.
- 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 Board approval, a contract will be executed with the professional service firm.

Part E – Procurement Requirements.

Section 1. Determination -- The Board will award the contract to the lowest and best bid or proposal but reserves the right to reject any and all bids or proposals and to waive formalities for good cause shown and in the best interests of the Library. In determining the best bid or proposal, the Library may consider all factors in bids and/or proposals, including but not limited to, location of bidder, M/WBE participation interest in the business, prior performance, acceptance of the Library's terms, capability of bidder or proposer in all respects to fully perform the contract requirements, and the tenacity, perseverance, experience, integrity, reliability, capacity, facilities, equipment and credit of the bidder or proposer which will assure good faith performance.

Section 2. Legal Requirements -- In addition to the requirements of this policy, all purchases made by the Library shall conform to the applicable laws including, but not limited to, the following:

A. Bid specifications and contracts for construction projects will include all elements required by law including, but not limited to, prevailing wage, excessive unemployment restrictions, and bonding requirements when applicable.

B. All purchasing of architectural, engineering and land surveying services must be advertised, bid and selected in accordance with Library policy and law.

C. Construction management services must be advertised, bid and selected in accordance with law.

D. 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:

i. 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.
ii. Ownership of ten percent of any property or business; or
iii. Holding a position in a business such as officer, director, trustee, partner, employee, or the like, or holding any position of management.

E. 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).

F. 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 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.

G. 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 3. Vendor Submittals -- 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.

See Appendix W for Kirkwood Public Library Building Maintenance Plan.

C. <u>Capital Assets Policy</u>

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
  - Furniture and equipment ($5,000 or more per item)
  - Other assets
    1) Works of art and historical treasures
    2) 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. acquisitions and cataloging, 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	$5,000
Works of art/historical treasures	Capitalize All

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.

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.

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 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
Outdoor Equipment	25 years
Movable Shelving	20 years
Desk, Circulation Desk	10 years
Miscellaneous Equipment	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

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.

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.

Dissimilar assets

- When no monetary consideration is paid or received, the new asset should be the 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.

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
- 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.

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.
- 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.

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

Works of Art and Historical Treasure 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.

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

D. <u>Investment Policy</u>

1. <u>Scope</u> -- 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 ("Endowment Funds"), are covered by Section 7.

a. <u>Pooling of Fund</u> -- 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.

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

2. <u>General Objectives</u> -- The primary objectives the Kirkwood Public Library seeks to achieve through investment activities, in priority order, shall be safety, liquidity, and yield.

a. <u>Safety</u> -- 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.

1. 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:
   - 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.

2. Investment Risk -- The Kirkwood Public Library will minimize investment Custodial Credit Risk by permitting brokers that obtained investments for the Library to hold them only to the extent there is Securities Investor Protection Corporation and excess SIPC coverage available. Securities purchased that exceed available SIPC coverages shall be transferred to the Library's custodian.

3. 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.

b. 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.

c. 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.

3. Standards of Care

a. Prudence -- The standard of care to be used by personnel participating in the investment process shall be the "prudent investor" standard, which states, "investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the profitable income to be derived." Investment officers acting in accordance with written procedures and this investment policy and exercising due 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.

b. 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 decisions; disclose any material interests in financial institutions with which they conduct business; further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio; and refrain from undertaking personal investment transactions with the same individual with which business is conducted on behalf of the Kirkwood Public Library.

c. Delegation of Authority – In accordance with Section 182.143 of the Missouri Revised Statutes, as amended, the Treasurer of the Board of Trustees is the custodian (1) of all money belonging to the Kirkwood Public Library from whatever source derived; and (2) all bonds or other securities belonging to the Kirkwood Public Library. Authority to manage the investment program is granted to the Board Treasurer, hereinafter referred to as the "investment officer." 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. The investment officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials. 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.

4. Investment Transactions

a. Authorized Financial Dealers and Institutions -- A list will be maintained of financial institutions authorized to provide investment transactions and of approved security broker/dealers selected by creditworthiness as determined by the investment officer and approved by the Kirkwood Public Library Board of Trustees. These may include “primary” dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule). All financial institutions and broker/dealers who desire to become qualified for investment transactions shall provide qualifying documentation to the Kirkwood Public Library as required in accordance with the established written procedures of the investment officer. An annual review of the financial condition and registration of qualified financial institutions and broker/dealers will be conducted by the investment officer.

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

5. <u>Suitable and Authorized Investments</u>

a. <u>Investment Types</u> -- In accordance with and subject to restrictions imposed by applicable 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.

1. <u>United States Treasury Securities</u> -- 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.

2. <u>United States Agency Securities</u> -- 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).

3. <u>Repurchase Agreements</u> -- 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 contractual agreement to purchase U.S. Treasury and government agency securities while simultaneously agreeing to resell the securities at predetermined dates and prices. Investments in repurchase agreements may not exceed 90 days to maturity and are required to be collateralized by U.S. Treasuries or Agencies.

4. <u>Collateralized Public Deposits (Certificates of Deposit</u>) -- 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.

5. <u>Bankers' Acceptances</u> -- Time drafts drawn on and accepted by a commercial bank are otherwise known as bankers' acceptances. The Kirkwood Public Library may invest in bankers' acceptances issued by domestic commercial banks possessing the highest rating issued by Moody's Investor Services, Inc. or Standard and

Poor's Corporation. Purchases of bankers' acceptances may not exceed 180 days to maturity. No more than 5% of the total market value of the portfolio may be invested in the bankers' acceptances of any one issuer and no more than 25% of the entire portfolio may be invested in banker's acceptances.

6. Commercial Paper -- The Kirkwood Public Library may invest in commercial paper issued by domestic corporations, which has received the highest rating issued by Moody's 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). **Purchases of commercial paper may not exceed 180 days to maturity.** Approved commercial paper programs should provide some diversification by industry. Additionally, purchases of commercial paper in the industry sectors that may from time to time be subject to undue risk and potential illiquidity should be avoided. The only asset-backed commercial paper programs that are eligible for purchase are fully supported programs that provide adequate diversification by asset type (trade receivables, credit card receivables, auto loans, etc.) No securities arbitrage programs or commercial paper issued by Structured Investment Vehicles (SIV's) shall be considered. No more than 5% of the total market value of the portfolio may be invested in the commercial paper of any one issuer. No more than 25% of the entire investment portfolio may be invested in commercial paper. Commercial paper issuers must be subject to weekly credit reviews and daily news research and analysis and a monitoring program must be established to promulgate best practices credit monitoring.

b. 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.

1. U.S. Govt. Agency Coupon and Zero Coupon Securities -- Bullet coupon bonds with no embedded options with maturities of five (5) years or less.

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

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

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

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

1. Borrowing for investment purposes ("leverage") is prohibited.

2. Instruments known as variable rate demand notes and structured notes (e.g. floaters, inverse floaters, leveraged floaters, and equity-linked securities) are not permitted. Investment in any instrument which is commonly considered a derivative instrument (e.g. options, futures, swaps, caps, floors, and collars), is prohibited.

3. 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.

d. 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%.

1. 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.

2. All securities, which serve as collateral against the deposits of a depository institution, must be safekept at a non-affiliated custodial facility. 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.

3. 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.

e. 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.

6. Investment Parameters

a. Diversification/Concentration -- The investments shall be diversified to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer, or specific class of securities. Diversification strategies shall be established and periodically reviewed.

b. 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.

7. Reporting

a. 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 Kirkwood Public Library Board of Trustees. 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].

- Average weighted yield to maturity of portfolio and investments as compared to applicable benchmarks.

- Listing of investment by maturity date

- Percentage of total portfolio which each type of investment represents.

b. 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 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.

c. 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 Kirkwood Public Library Board of Trustees. This will ensure that review of the investment portfolio, in terms of value and price volatility, has been performed.

8. Policy Considerations

a. 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.

b. Adoption -- This policy shall be adopted by resolution of the Kirkwood Public Library Board of Trustees. The policy shall be reviewed annually by the investment officer and recommended changes will be presented to the Board of Trustees for consideration.

E. Long Term Investment Policy

OVERVIEW

The Kirkwood Public Library Board of Trustees desire to manage the Endowment's assets (the "Fund") in a consistent and prudent fashion to support the Library's financial needs. To that end, the Board has delegated to its Finance Committee (the "Committee") the responsibility to oversee the management of

Fund assets. This Long Term Investment Policy Statement provides a framework for the Committee to review investments and make recommendations to the Board.

INVESTMENT OBJECTIVE

The Fund's investment objective is ***moderate growth and income***. This strategy seeks to balance three basic investments objectives. The *primary* objective is growth of principal, only slightly favoring capital appreciation over current income. The *secondary* objective is preservation of capital. Overall, risk tolerance is moderate, which means occasional loss in principal is acceptable so that investments may outpace inflation over time. It is understood that there can be no guarantees about the attainment of the investment objectives outlined herein.

Anticipated Expenditures

The Fund will not make distributions until the Fund value equals or exceeds approximately $1 million. At that point, the Fund may distribute earnings over and above the principal amount. Donations over and above the million dollars will be added to the principal base.

Investment Considerations

In structuring the investment options for the Fund's assets, the Finance Committee shall carry out its duties with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in like capacity and familiar with such matters would use in the investment of a fund of like character and with like aims. The Fund's investment options will be selected with the following considerations:

Style correlation: The investment options (other than multi-asset class options) should be highly correlated to their determined asset class.

Broad range of options: A broad range of investment options will be selected among various asset classes with different and distinct risk/return profiles that are expected to offer a sufficient level of overall diversification.

Expense ratios/fees: The investment option's expense ratio/fees should be reasonable based on its peer group and performance.

Performance criteria: The investment option should be evaluated against the relative peer group and appropriate style index.

INVESTMENT STRATEGY

The strategy below sets an acceptable range for the amount of the Fund's market value that is to be invested in each asset class. Market shifts and economic conditions may cause short-term volatility in investments and should be considered when rebalancing investments.

Investment Allocation

The following investment allocation guidelines provide an acceptable range for each asset class. Investments should be reviewed at least semi-annually by the Finance Committee against these suggested guidelines.

	Acceptable Range
Cash	0% to 50%
Fixed Income	25% to 100%
Equity	0% to 70%
Alternatives	0% to 10%

Investment Constraints/Security Selection

The securities investments held in the portfolio should be limited to those that

a) Trade on a recognized exchange (stocks)
b) Are available over-the-counter (fixed income and mutual funds)and
c) From financial institutions (money market funds, checking accounts and CDs)

The **Equity** portfolio at no time should have a commitment greater than 5% in the aggregate in any one stock. **Cash** investments shall be limited to money market funds, short-term CDs, Treasuries and federal agencies.

The following are prohibited:

- Purchases of letter stock, private placements or direct payments
- Execution of purchases on margin
- Purchases of securities not readily marketable
- Commodities transactions
- Puts, calls, straddles, or other option strategies
- Purchases of real estate with the expection of REITs and Real Estate Operating Companies (REOCs)
- Investment in limited partnerships
- Any type of derivative security or investment vehicles that utilize derivatives
- Any other security transaction not specifically authorized in this policiy statement, unless approved in writing by the Committee
- Hedge fund investments

Donor Gifts

Occasional gifts are offered to the Library whereupon the donor wishes to place certain restrictions on the form of investment to which these amounts may be applied. Such funds will be invested according to the donor's requirement only to the extent such requirement is a condition of the gift, and these monies will be excluded from the total pool of available funds for the purposes of establishing investment allocation percentages as directed in the policy. As a normal course, donors will be encouraged to entrust endowed gifts to the institution without restriction of the investment of these funds, and the Library may, from time to time, determine that the refusal of such restrictions, and the gift, is more prudent than acquiescense.

As a general rule, securities received as gifts will be sold on receipt and the proceeds invested as determined by the investment and finance committee.

Endowment Fund Use Policy
The Kirkwood Public Library Endowment designates money annually to fund a staff grant program. The purpose of the grant program is to provide support for programs, projects or materials that align with the mission, vision, values, and strategic objectives of the Kirkwood Public Library. The annual percentage of the endowment fund allocated towards the grant will be determined by the finance committee and approved by the full board.

INVESTMENT PERFORMANCE CRITERIA
The Board and Committee will monitor the Fund's performance on a minimum quarterly basis.

Rate of Return
Rate of return will be calculated on a time-weighted basis that includes current income (interest and dividends) and capital appreciation or depreciation (realized and unrealized) adjusted for cash flow. The following are long-term return objectives:

a) Total Fund assets should achieve a real annualized rate of return that is reasonable based on the objectives stated herein.
b) Active managers will be expected to provide returns greater than their appropriate benchmark Index (see below) net of fees while considering standard deviation over a 36-month period. Managers should also be evaluated on their adherence to their stated investment style.
c) Passive managers will be expected to provide returns very nearly identical to the appropriate benchmark Index before reasonable fees with no more volatility than the benchmark.

Investment Managers
An Investment Manager may be a registered investment advisor, mutual fund group, brokerage institution or bank trust company. Investment managers will be evaluated against the following indices and their peers on three and five-year timeframes considering standard deviation and total return.

	Benchmark Index
Cash	90-Day TBills
Fixed Income	
Short Term	Barclays US Gov't/Credit Float Adjusted 1-5Y
US Fixed Income	Barclays US Aggregate
International	Barclays Global Aggregate Ex US
Emerging Markets	JP Morgan Emerging Markets
Inflation Linked	Barclays Universal Inflation-Linked
High Yield	Barclays Global High Yield
Equity	
US Large Cap	S&P 500
US Mid/Small Cap	Russell 2000
International	MSCI EAFE
Emerging Markets	MSCI Emerging Markets
Alternatives	
REITs	FTSE EPRA/NAREIT Global
Ex Precious Metals	DJ/UBS Ex Precious
Precious Metals	DJ/UBS Precious Metals

The following criteria shall also be used to evaluate Investment Managers:

- Quality of communications
- Quality of security holdings
- Ability to maintain a well-diversified portfolio within defined permissible securities
- Ability to achieve above relevant Index and peer group
- Fee and rate structure

TAX & LEGAL

Any issues will be handled as normal library operations policies dictate and will be reviewed by the Finance Committee on a semi annual basis.

CONFLICTS OF INTEREST

All persons responsible for investment decisions or who are involved in the management of the Fund or who are consulting to, or providing any advice whatsoever to the Trustees or the Committee members shall disclose in writing at the beginning of any discussion or consideration by the Board, any relationships, material beneficial ownership or other material interest(s) which the person has or may reasonably be expected to have, with respect to any investment issue under consideration. The Board may require such persons to remove themselves from the decision-making process.

Any Trustee involved shall refuse any remuneration, commission, gift, favor, service or benefit that might reasonably tend to influence them in the discharge of their duties, except as disclosed in writing to and agreed upon in writing by the Board. The intent of this provision is to eliminate conflicts of interest between

Trustee membership and the Fund. Failure to disclose any material benefit shall be grounds for immediate removal as a Trustee. This provision shall not preclude the payment of ordinary fees and expenses to the Fund's custodian(s), Investment Managers or Consultant in the course of their services on behalf of the Fund.

Adopted this 21st day of February, 2018, Kirkwood Public Library Board of Trustees.

Section 3. 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 4. 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 5. 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 6. Circulation (loan) Service

A. Library Card Library cards are available to the following:

- **Resident –** Resident cards are available to anyone with proper identification who lives or owns property in the City of Kirkwood. Registration for a child under 16 years of age requires a signature by a parent or guardian who takes responsibility for items checked out on that card.

- **Non-Resident** – Non-resident cards may restrict some services but are available to:
    - anyone who lives in a library district with a reciprocal agreement
    - people who do not live in Kirkwood or one of the above districts but who –
        - teach at a school located in Kirkwood
        - work for the City of Kirkwood
        - operate a business in Kirkwood

  - a person who does not qualify in any category above may pay an annual non-resident fee of $50 per family.

- **Identification Required for Issuing a Card –** Photo identification and proof of address are required to get a library card. Examples of acceptable forms of ID include: driver's license, state ID, military ID, passport.

Anyone with a valid library card from a Municipal Library Consortium library is eligible to borrow materials from the Kirkwood Public Library using the card from their home library.

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, 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.

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 or to any district with a reciprocal borrowing agreement.

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, Jefferson County Library and Scenic Regional Library.

5. Overdue Materials -- A patron shall be notified when library materials are overdue. 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.

6. Food for Fines Program – The library will accept Food for Fines for one week twice a year approximately 6 months apart. One can or box of food is equivalent to $1 in fees with a maximum waiver of $25 on any one account during the Food for fines week. The library will not accept glass containers, damaged containers or expired food. Fees will be waived for Kirkwood Public Library materials only. All food will be donated locally.

7. Claimed Return Materials -- Patrons are responsible for returning borrowed materials to the library. If the patron believes they returned the material to the library, the status will be set to "claimed return". Patrons may have up to three (3) claimed returns on their account and still retain their borrowing privileges. Library staff will search for these items and check them in if found.

8. Lost and Damaged Materials - Patrons will be charged for lost or damaged items. Refunds will be given for lost materials that are found and returned within three months.

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 checked out.

- A parent or legal guardian must apply for a library card for juvenile borrowers.
- Proof of residence is required.
- A box number is not acceptable for address.
- Library card or picture identification (such as a driver's license) is required for borrowing library materials.
- When a patron moves from a juvenile to an adult card all accrued fines will be waived. No lost, processing, or debt collection fees will be waived.

10. Length of Loans – Library materials will circulate for 21 days with three renewals allowed for items that are not requested by other patrons. Exceptions for special material types may be made to maximize availability.

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

Residents of the Kirkwood Public Library district who have a library card in good standing may request materials that are not available in our catalog via Interlibrary Loan. Loan periods, use restrictions and charges for lost or damaged items are determined by the lending institution. Eligible patrons may have five active requests at a time. ILL privileges may be suspended if items are unclaimed or if fees imposed by the lending institution are not paid. Patrons who are not residents are not eligible for Interlibrary Loan service through Kirkwood Public Library.

E. Umbrella Technology Policy

The Kirkwood Public Library strives to create a collection of technological and electronic items that are on the leading edge of trends, are in demand by our community, and promote accessibility. Evaluating and evolving this collection to meet the needs of our community is a priority. Items for the technology collection will be determined by staff.

KPL Technology Borrowing Guidelines:

- Patron must have less than $10.00 in fines on their Library account.
- For patrons under 18, a parent or guardian must be present to provide signed permission for check out.
- Technology items may be placed on hold, but must be picked up and returned to Kirkwood Public Library.
- The Library will not be held liable for any injuries or damage to self or personal property as a result of Technology item use. Individuals using Technology items agree that they do so at their own risk.
- The Kirkwood Public Library is not responsible for breaches of personal information, or online accounts that may occur from an individual's use of the Library's Technology devices.

Overdue Fines and Replacement Costs:
Patrons are responsible for any overdue fines and replacement costs. Fines for overdue Technology items are $1.00 per day, per item up to $28. Replacement costs for Technology items will be charged at 28 days overdue. If an item is returned missing a part that can be replaced the patron will be charged the cost to replace that item as recorded in the item record or determined by library staff. A $10.00 fee will be assessed to patrons who reset or render unusable a device that can be restored. If the device is rendered completely unusable by the altering of settings the patron will be charged for the full replacement of the device.

Loan Periods and Renewals: Technology items will check out for a period of 3 weeks with 3 renewals.

See Appendix T for Kirkwood Public Library Circulating Technology User Agreement.

F. Kirkwood Public Library Early Literacy iPad Kit Policy

See Appendix Y for Kirkwood Public Library Early Literacy iPad Kit Agreement, Kit Check-out & Kit Check-In.

Section 7. Volunteer Policy – Volunteer activities on behalf of the Kirkwood Public Library should work to make the Library strong, relevant, and well-funded. These activities should provide resources and support that further the Library's mission to "inspire a life-long commitment to learning and creativity, for a more prosperous and connected community." The volunteer program should serve as a method for area residents to become familiar with the Library, and create opportunities for individuals to feel personal satisfaction while performing a valuable service for the community. Volunteers are not a substitute for the core of paid staff that is necessary to provide library service. Procedures associated with volunteer activities should align with the procedures of the Library.

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.

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.

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. Minors under eighteen (18) years of age may only work as volunteers with the written consent of a parent or legal guardian.

F. Volunteers are selected based upon their qualifications and the needs of the library at any given time. Background checks will be conducted on adult volunteers prior to their work. 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.

H. Volunteers are not to use their positions for unauthorized personal gain. Any conflict between personal interests and official responsibility is to be resolved by consciously avoiding possible conflicts or disclosing the basis of a conflict or possible conflict to a supervisor so that, if necessary, decisions can be reviewed or made by others. No volunteer shall have any interest, financial or otherwise, direct or indirect, or engage in any business transaction, or professional activity or incur any obligation of any nature which is in conflict with the discharge of his/her duties in the public interest. Volunteers for book sales and the Books & Beyond Shop may not sell any items obtained through their association with the Library, including discards, for personal profit.

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.