

Procurement, Selling, Capitalization, and Investment Policy

As the governing authority of the Spencer County Public Library District, the Board is authorized to enter into contracts and otherwise purchase products and services necessary to “*establish, equip and maintain libraries...and do all things necessary to provide efficient library service.*” KRS 173.745(1).

The purpose of this policy is to comply with Kentucky statutes and regulations, generally accepted business practices, and auditing standards.

Materials, equipment, supplies, and services to be purchased shall be of the quality and quantity required to serve the functions of the library in a satisfactory manner, as determined by staff and recommended to the director.

Unless otherwise provided for in this policy, the Director, or designee, shall have the authority to purchase or lease products or services within the budget adopted, and may sign contracts and other instruments of the Board when authorized to do so by the Board. All procurement expenditures are subject to audit.

It is the responsibility of the director or his/her designee to secure the appropriate quotes/bids or to investigate alternative suppliers to ensure the most economical purchase of required items. The director, as agent of the library board, shall have the final authority on all purchase decisions.

Purchases for library materials are often available through statewide or national discount programs for libraries. Library materials intended for customer use are generally purchased from vendors offering volume discounts. Materials available only from the publisher are generally purchased with little or no discount. No auction service purchases will be allowed.

The following schedule applies to single item purchases.

Unit Cost	Policy Snapshot
Up to \$1,000	Discretion of the Library Director
\$1,001-\$5,000	No competitive proposals but with attention to lowest cost for durability, performance, delivery & service.
\$5,001-\$40,000	No formal sealed bid process or advertisement required, but purchase should be based on 3 competitive written proposals, or ascertained from vendors' price lists or other quote information.
Over \$40,000	Advertised for bid. Purchases cannot be parceled, split, or scheduled over a period of time to subvert the intent of this requirement.

The library complies with KRS424.260, as regarding bids for materials, supplies, equipment, or services and KRS45A, where applicable.

Purchases over Forty Thousand Dollars

As required under KRS 424.260, all purchase orders or contracts for products or services in excess of forty thousand dollars (\$40,000), except those exempted below, must be advertised for bid. Purchases may not be parceled, split, or scheduled over a period of time in order to subvert the intent of this requirement.

All such bid processes shall be conducted according to the provisions of KRS 424.130 and 424.140.

State or Federal [GSA] Contract Pricing

As authorized under KRS 45A.050, KRS 45A.420 and KRS 66.470, the Library may purchase products and services outside of the bidding process if those products and services meet the specifications of price contracts awarded by the state Finance and Administration Cabinet or the Federal Government.

Competitive Bidding Exemptions

The following purchases are exempt by law or Finance and Administration policy from competitive bidding. However, the Board may elect at any time to solicit bids or proposals for the purchase of exempt products and services in order to obtain the best value for the Library.

- Contractual services where no competition exists, such as electrical energy, telephone service, and other public utility services. KRS 45A.095 45A.380(2)
- Contractual Services of a licensed professional, such as an attorney, physician, psychiatrist, psychologist, certified public accountant, registered nurse, or educational specialist; a technician, such as a plumber, electrician, carpenter, or mechanic; or an artist, such as a sculptor, aesthetic painter, or musician, provided, however, that this provision shall not apply to architects or engineers providing construction management services rather than professional architect or engineer services when a written determination has been made that competition is not feasible. KRS 45A.380
- Subscriptions for the purchase of periodicals in either paper or electronic format. A subscription may include a professional journal, newspaper, or other required publication. KRS 45A.050 45A.380(1)
- Copyrighted material in either paper or electronic format for which only one source of supply is available. Items commonly covered under this section include:
 - Library books. KRS 45A.095 45A.380(1)
 - Published books, maps, periodicals, and technical pamphlets. KRS 45A.050 45A.380(1)
- Works of art for museum and public display. KRS 45A.050 45A.380(1)
- Services of a visiting speaker, professor, expert witness, or performing artist. KRS 45A.095 45A.380(3)
- Rates fixed by law or ordinance. KRS 45A.09
- Cooperative purchases made between state agencies, political subdivisions, state universities, agencies of other states, or agencies of the federal government. KRS 45A.300 45A.420
- Advertisements, public media, public displays, billboards, signage, and booths. Dissemination of information and the purchase or rental of promotional related items for library use. (for clarification, see FAP 111-09-00 45A.380{2})

- Equipment repair service and parts. (for clarification, see FAP 111-09-00 45A.380{5})
- A product or service for which there is only one (1) known capable supplier as occasioned by the unique nature of the requirement, supplier, or market condition. (for clarification, see FAP 111-10-00 45A.380{2})
- Contracts for group life insurance, group health and accident insurance, group professional liability insurance, worker's compensation insurance, and unemployment insurance. KRS 45A.380
- A product or service made necessary by an emergency which will cause public harm as a result of the delay in competitive procedures. KRS 45A.380

Purchases Less than \$40,000 but more than \$5,000

Purchases of products and services less than forty thousand dollars (\$40,000) but more than five thousand dollars (\$5,000) may be made in the open market, without newspaper advertisement. Such purchases shall, whenever possible, be based on at least three (3) competitive written proposals or ascertained from vendor's price lists or other quote information. Award shall be made to the supplier offering the best value.

Purchases Less than Five Thousand Dollars

Purchases of products and services less than five thousand dollars (\$5,000.00) may be made without competitive proposals but shall be made with attention to the lowest possible cost, consistent with the needs of the Library with regard to durability, performance, delivery, and service.

Payment

All invoices shall be paid promptly in accordance with generally accepted business and accounting practices.-All payments made by check shall be cosigned by two signees with designated approval, as set by the Board.

All disbursements shall be submitted for approval monthly by providing to the Board a copy of the Treasurer's report.

The following types of transactions may be conducted by electronic transfer or online payments to expedite the transfer of funds, maximize interest earnings, and prevent late charges:

- Direct deposit of telecom tax funds & E-rate Funds
- All investment transfers for certificates of deposit and savings accounts authorized by the Library Board
- Payroll for Library employees and fees associated with payroll processing
- Health insurance payments for library employees
- Utility payments, Internet, and telecom service payments
- Kentucky Retirement Systems monthly payments
- Other services with a monthly subscription cost or contract payment as approved by the Board of Trustees
- To prevent late payments and resulting charges, interest, or a lapse in service

The director shall have the authority to pay all claims made for purchases and report such activity monthly by providing to the library board a copy of the Cash Account Register.

Selling

The library may dispose of surplus or excess property that is not needed or has become unsuitable for public library use. A list of surplus properties must be approved by the board of trustees prior to disposal. Such property may be transferred, with or without compensation, to another government agency, or it may be sold at public auction or by sealed bid, or disposed of in a manner that is consistent with the public interest. Any income from the disposal of the property shall be transferred to the library’s general fund.

Capitalization

All capital assets are capitalized at cost [or estimated historical cost] and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market value as of the date received. The library maintains a capitalization threshold of \$1,000 with the exception of technology. The library does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives.

Description	Estimated lives
Buildings and improvements	40 years
Technology equipment	5 years
Furniture and fixtures	7 Years

Investment

The library board has the primary responsibility for the management of the investment portfolio and operating funds. At its discretion, the board is authorized to delegate from time to time to either the library director and the treasurer or to a budget/finance committee of the board certain investment and fund management functions and responsibilities. Within the limitations of this policy statement, the investment portfolio will be managed to provide essential liquidity for the operation of the library and safety of the monies invested. The status of the investment portfolio and the operating cash accounts will be reported to the board monthly.

The following govern the management of the library’s investment portfolio and operating funds:

- All deposits in financial institutions should be insured by either the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation. Any funds held in a financial institution in excess of the amount insured by one of these two agencies will be collateralized by securities that meet the standards of collateralization for the Commonwealth of Kentucky as stated in KRS 42.500. Funds necessary to cover six months of operating expenses should be invested in local financial institutions. Excess funds may be invested in non-local financial institutions if the rate on these deposits is in excess of 1/2% of the rate of comparable deposits in local institutions.

- Investments can be made in direct obligations of the United States Government. The duration of the investments will be recommended by the board treasurer and approved by the full library board.

Adopted by the Spencer County Public Library Board of Trustees

June 11, 2019

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Revised August 8, 2023 per June 29, 2023 changes in KRS 45A.385 and KRS 424.260

Effective immediately