Mideastern Michigan Library Cooperative

Section 16(4) State Aid Trust Account Policy

Adopted: February 11, 1999
Revised: June 28, 2022
Reaffirmed: September 10, 2026

The Board of the Mideastern Michigan Library Cooperative establishes the Section 16(4) State Aid Trust Policy to provide a system of internal controls to ensure that the Cooperative complies with all applicable laws.

1. Public Library Members Section 16(4) state aid shall be remitted in full to the Cooperative upon invoicing. Invoicing shall be based upon statements provided by the Library of Michigan.

2. Certain services shall be chosen as unit cost services by any two or more public library members, and paid for with Section 16(4) state aid, or from the local member's funds. Only full public library members will set the standards and evaluate services in this area. (See the MMLC Plan of Service, Appendixes A & B) Core services beyond the basic level supported by available funding may be purchased by any member library as a unit cost service. Costs for all services must be reviewed annually. Members shall be invoiced for unit cost services, as established during the annual Budget process. The member library director, or their appointee, shall give written approval for payment of the invoice. All public library members not purchasing unit cost services shall be required to pay a flat membership fee with the amount determined annually during the annual Budget process.

3. Unencumbered Section 16(4) state aid funds may be utilized during the fiscal year collected to augment library services. Examples include books, audio visual media, periodicals, electronic resources (databases), ILL expenses, the purchase of additional equipment or maintenance of existing equipment, in-service trainings, workshops sponsored by MMLC, or other library-related organizations. Invoices shall be approved for payment by the member library director and sent to the Cooperative Office for payment.

4. Restricted Account unencumbered Section 16(4) state aid funds may be utilized after the close of the fiscal year collected, and after receipt of the initial payment of the next fiscal year state aid, at the member library director's discretion.

a. A member may choose to leave the unencumbered funds in the Trust Account, or
b. Request a check for the entire eligible balance be returned to their library.

If a member library chooses to leave the unencumbered funds in the Trust Account, the balance will be transferred into a Revolving Account.

5. Funds distributed to the Restricted Account by the Mideastern Michigan Library Cooperative Board, such as Fund Balance allocations, are done so with certain restrictions. All expenditures of these monies will be subject to the approved restrictions. Any of these special distributions not expended by fiscal year end are not eligible for transfer to a member library or to the Revolving Account.

6. Balance sheet accounts shall be maintained for all accounts. A combined balance sheet shall be reviewed by the MMLC Board at regularly scheduled meetings. Individual account balance sheets shall be produced and sent to the member library director for review, as requested.

7. It is the policy of the Mideastern Michigan Library Cooperative (MMLC) to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to all state statutes and local ordinances governing the investment of public funds. Interest earned from the investment of the Trust Account funds shall be recognized as Cooperative funds to be used to support the core services of the Cooperative.

8. An annual audit shall be completed by an outside auditing firm. The Cooperative Board shall review and accept the completed audit. A copy of the audit shall be sent to the Library of Michigan and the Michigan Department of Treasury.