

Pine River Public Library District

Financial Management Policy and Procedures

Statement of Intent

This policy is intended for the internal use of the Pine River Public Library District (PRL) and its purpose is to:

- ✓ Provide a responsible method of financial accountability;
- ✓ Maintain budgetary control over purchases;
- ✓ Assure organizational efficiency; and
- ✓ Secure the desired quality at the best possible cost.

Cash Management and Banking

It is the policy of PRL to ensure safe and secure handling of monies through an efficient cash management program. Funds will be held only by banks which insure funds through the Federal Deposit Insurance Corporation (FDIC) and are approved under the Public Deposit Protection Act (PDPA) or are organized as a Government Investment Pool as defined in the Colorado State Statutes (C.R.S.24-75-701).

The PRL Board of Trustees President, Vice President, and Treasurer are designated as authorized signers for bank accounts. One signature is required for check signing and related operational transactional responsibilities. Two signatures are required for the opening and closing of accounts. Facsimile signature for signing of checks is acceptable.

Electronic funds transfer, direct deposit, wire transfers, and automated clearing house (ACH) transactions will be used whenever feasible and available. These transactions can be initiated by the Board President or Treasurer or the Library Director with an authorized password and/or PIN number to ensure appropriate authorization.

All bank statements will be reconciled monthly by financial administration staff, approved by the Director and recorded on the Treasurer's Report to be approved by the Board of Trustees. All checks written that have not cleared the bank for six months after the date of issuance shall be investigated, then replaced or canceled.

Cash receipts will be accounted for using procedures and documentation developed by the Director. It is the Library's policy to deposit all cash receipts directly to the checking account.

The PRL accepts payments by cash, check, or credit card via PayPal. Individuals issuing checks which are returned for insufficient funds or any other reason may be submitted to collections and assessed an additional charge.

Cash and salary advances to employees and cashing of employee personal checks are not allowed.

All bills are processed by the financial administration staff, approved by the director, and then either the check or the electronic payment document is signed by one of the Board President, Vice President, or Treasurer.

Investments

It is the policy of PRL that whenever there is a cash balance in any fund eligible for investment, those monies shall be invested by the Treasurer of the Board of Trustees to the

Pine River Public Library District

best advantage of the Library in such securities and/or depositories as are permitted by law, as defined in C.R.S.24-75-601.

The Treasurer of Board of Trustees is designated as investment officer for the Library and is responsible for all investment decisions and investment activities. The Treasurer has authority to make investment decisions with consultation with the Director and with monthly reports to the Board. Two signatures will be required to establish and/or close accounts: PRL Board of Trustees President, Vice President, or Treasurer.

The investment officer, acting within the guidelines of library policy and state law and exercising due diligence, shall not be held personally responsible for specific investment transactions. The investment officer will be held responsible for maintaining a balanced investment portfolio, insuring sufficient liquidity of investments so that library operations can be maintained consistently.

All deposit-type securities (e.g., certificates of deposit) shall be collateralized as required by Public Deposit Protection Act for any amount exceeding FDIC or FSLIC coverage. Money market instruments such as SEC registered money market mutual funds qualified under C.R.S. 24-75-601 and state pools under C.R.S. 24-75-701 shall be collateralized as required by law.

Short-term investment maturities for all funds shall be scheduled to coincide with projected cash flow needs, taking into account large routine expenditures (such as payroll) as well as considering sizeable blocks of anticipated revenue (property taxes, state and federal transfer payments).

No long-term investments shall exceed five years without approval by the PRL Board of Trustees.

Banking Information

The President, Vice President, and Treasurer of the Board of Trustees shall be signatories on the checking and all other accounts.

Fund Balance

Operating Reserve and Investment

The primary objective is to define and establish an operating reserve for the PRL that will permit the organization to continue to operate during difficult financial times. The reason for an operating reserve is twofold. First, we want to maintain the current level of operations while PRL addresses longer term solutions to potential operating problems; second, we want to maintain the current level of operations while PRL fundraises for substitute funds should our primary funding source decline significantly.

A. Operating Reserve

It is recommended that the PRL maintain an operating reserve that will be equal to at least 50% of the annual operating budget (beginning with the 2025 budget year). The operating reserve will be reviewed by the Board of Trustees at least annually to see if the organization is in compliance with this policy. An amount should be built into the annual budget to maintain the operating reserve to the desired level. The operating reserve funds will be invested in accordance with the Investment guidelines above. Earnings from the operating reserve investments will be added to the balance. Any spending of the operating reserve must be approved in advance by the Board.

Pine River Public Library District

B. Investments

Since capital preservation and liquidity are the two main objectives for the investment of the operating reserve funds, investments will be made with a short-term focus. Following are the investment guidelines for the investment of the operating reserve fund:

1. Maturity for each investment should be no more than five years.
2. At least 10% of the portfolio should have a maturity of less than 90 days.
3. Permissible investments are as follows:
 - a. Local Government Liquid Asset Trusts – these funds should be available upon demand, must be with a financial institution that is insured, and must not exceed the insured limit at the institution.
 - b. Money Market Funds – these funds should be available upon demand, must be with a financial institution that is insured and must not exceed the insured limit at the institution.
 - c. Certificates of Deposit – these funds should be issued by financial institutions that are insured by the FDIC and are limited to \$250,000 in principal per institution.
4. The Board of Trustees is to receive regular reports of investment performance and investment activity.
5. The utilization of outside investment professionals may be considered when implementing part or all of this policy. Such professional service must be bound by these same guidelines while undertaking its investment management role.

Authorization

A resolution by the Board shall authorize the Treasurer and President to implement this investment policy in relation to investing the organization's operating reserve funds.

Responsibilities

The ultimate responsibility for investment oversight resides with the Board of Trustees. The Board shall monitor the investment portfolio for compliance with this policy. The Board shall review the portfolio periodically at Board meetings and review the guidelines at least annually. At least quarterly, the Treasurer will report to the Board the investment performance of the operating reserve fund and compliance with the operating reserve policy.

Annual Budget

The annual budget is the financial plan for the operation of the library. It provides the framework for both expenditures and revenues for the year and translates the priorities of the library into financial terms. The annual budget will follow all statutory requirements as stipulated in the Colorado Local Government Budget Law, C.R.S Section 29-1-101 et seq.

The budget will be an integral part of the annual planning process. The annual budget is approved by the Board of Trustees. The budget shall be presented in a summary format which is intended to be understandable by a general audience. The budget format shall itemize expenditures of the Library according to the chart of accounts. It shall describe the expenditure and show the actual amounts from the previous year, amount budgeted for the current fiscal year, and the amount budgeted for the ensuing fiscal year.

The development, presentation, and administration of the annual budget are the responsibility of the Director.

Pine River Public Library District

The Board of Trustees may make budget transfers by resolution, following statutory guidelines, after proper notice of public hearing to amend the annual budget (24-hour notice).

The fiscal year for PRL is January 1 through December 31.

Capital Budget

The Capital Budget is a long term financial plan for replacement cost of long term assets, technology, special projects, and building projects. Reserves shall be identified as committed or unassigned reserves. Committed reserves are resources whose use is constrained by a limitation that a government imposes upon itself at its highest decision making level. The decision to classify funds as committed reserves requires a resolution by the Board of Trustees. Committed reserves that are set aside for a specific purpose can be used for other purposes once that need is realized, but only with a resolution of the Board of Trustees. Unassigned reserves are all amounts that do not fit into any other component listed above.

Committed Funds

In addition to the operating reserve above, committed fund categories are as follows:

- Educational Fund,
- Future Facility Repair and Improvement,
- TABOR (Taxpayer Bill of Rights Reserve), and
- Inflationary Reserve.

The Board of Trustees are aware that the Library could potentially incur large repair expenses (such as a new roof) in the future. There may also be a need to add an extension to the current building as Bayfield grows.

Budget Calendar

Date	Event
January 1	Start of Fiscal Year
January 10	Deadline for assessor to deliver tax warrant to county treasurer (C.R.S. 39-5-129)
January 31	Budget Report 4th quarter
January 31	A certified copy of budget must be filed with the Division (29-11-113(1) C.R.S.)
February-2 nd week	The Division sends notification if the budget has not been filed.
February – Last week	The county treasurer will be authorized to withhold local government's tax revenues until budget is filed
April 30	Budget Report first quarter
June 30	Deadline for auditor to submit audit report to Board of Trustees (29-1-606(a) (1), C.R.S.)
July 31	Deadline for auditor to submit audit report to Office of the State Auditor (29-1-606(3), C.R.S. Deadline for request for extension of audit (29-1-606(4) C.R.S.)
July 31	Budget Report 2nd quarter

Pine River Public Library District

August 10	Director distributes budget information to staff and discusses upcoming budget
August 25	Assessors certify to all taxing entities and to the Division of Local Government the total new assessed and actual values (for real and personal property) (39-5-121 (2) (b) and 39-5-12S, C.R.S.)
September 10	Preliminary budget requests from staff submitted to Director, budget discussions with staff and Treasurer
October 31	Budget Report 3rd quarter
October 15	Notice of Budget and Public Hearing (prior to November meeting) published
October	Director must submit proposed budget to the Board of Trustees (29-1-105, C.R.S.), governing body must publish "Notice of Budget" upon receiving proposed budget (29-1-1 1), C.R.S.)
October 10	Copy of budget available for public inspection
November 10	Budget submitted to Board of Trustees
December	Board adopts budget certification of mill levy, appropriation, and mill levy resolution
December 10	Assessors' changes in assessed valuation will be made only once by a single notification (re-certification) to the County Commissioners or other body authorized by law to levy property tax, and to the DLG (39-1-111(5). C.R.S.)
December 14	Budget information returned to staff
December 15	Deadline for certification of mill levy to La Plata County Commissioners (39-5-128(1), C.R.S) Local governments levying property tax must adopt their budgets before certifying the levy to the county. If the budget is not adopted by certification deadline, 90 percent of the amounts appropriated in the current year for operations and maintenance expenses shall be deemed re-appropriated for the purposes specified in such last appropriation. (29-1-108(2) and (3), C.R.S.)

Purchases

It is the policy of PRL to ensure a responsible method of procurement accountability, maintain budgetary control, and secure quality goods and services at the best possible cost.

Responsibilities and approvals for standard purchases are the responsibility of the Director. Items over \$10,000 need to be budgeted or approved by the Board of Trustees. Purchases may not be split in order to avoid the approval process.

Purchasing Procedures

Check Request Form

If a staff member needs to request a check for reimbursement or to pay a third party they must complete a check request form. Staff must complete the form and submit a copy to the Director along with the vendor invoice or receipt, packing slip, and other documentation. The

Pine River Public Library District

Director may approve the request and then pass the form on to the financial administration staff for payment.

Credit Card Use

PRL credit cards will be provided to the Director for use in purchasing and for travel-related expenses. The Director will authorize issuance of credit cards to other staff members and determine credit limits on those cards based on the needs of the Library District. Credit cards may only be used for official library business. Credit cards are not to be used for personal use. Credit cards must be surrendered upon termination of employment or at the request of the Director. Loss of a corporate credit card must be reported immediately to the credit card bank and to the Director.

The financial administration staff are responsible for reconciling the monthly credit card statement and submitting the statement, a summary sheet of expenses, and receipts for every purchase to the Director. All credit card statements must be approved by the Director. Use of the PRL credit card entitles the purchaser to seek tax-exemption on normally taxable purchases, when accompanied by a tax exempt form.

Personal credit cards can be used to purchase authorized goods or services, for which reimbursement will be processed with proper documentation. When using personal credit cards, any benefits or risks to the employee must not result in any additional cost to the library.

Bids and Quotations

\$10,001 - \$20,000: Multiple proposals should be pursued before being authorized by the director or designee.

\$20,001 - \$50,000: Two or more proposals should be sought and must be authorized by the Board of Trustees.

\$50,001 or more: Formal bid or proposal process and approval by the Board of Trustees are required.

The Board of Trustees, by resolution, may waive the requirement for formal bids over \$50,000 on a case-by-case basis.

NOTE: The number of bids or quotations to be obtained is subject to the other provisions of this policy. If other provisions of this policy do not apply, and it is not possible or reasonable to obtain the required number of bids or quotations, the reason must be included in the documentation. A sole source purchase may be made if it has been determined that only one vendor is capable of meeting all specifications and purchase requirements or that it is in the District's best interests. Purchases may then be made on the basis of prices established by negotiation.

Evaluation of Bids, Quotations, and Proposals

The Board of Trustees reserves the right to reject any or all bids and to accept the bid that appears to be in the best interests of the District. All formal bids will be a matter of public record.

Pine River Public Library District

Local Purchase Priority

When available, items should be purchased from local and regional vendors, unless an outside source can provide a price at least 5% below the local regional price.

State Purchase Program

PRL is eligible to purchase various commodities under the Colorado State Purchasing Program. Contracts and price agreements that have been awarded by the State are acceptable as satisfying bid and quotation requirements of the District.

Cooperative Purchasing

PRL may participate in joint bidding and/or other cooperative purchasing ventures with other library organizations and government agencies if it is deemed in the best interests of the District to do so.

Selection by Vendor

Books and other library materials, supplies, and printing services may be bid by vendor rather than item by item.

Professional/Personal Services

Agreements for professional or personal services, including but not limited to architectural, engineering, and consulting services, shall be negotiated on the basis of demonstrated competence and qualifications, at fees not in excess of market rates.

A secondary service provider may be selected on the advice of a primary service provider, for example, the Board's attorney may recommend bond counsel; the financial advisor may recommend an appraiser.

An agreement for performance of services may be extended to include a wider or expanded scope of services if the extension is within three years of the initial agreement and the fee does not exceed market rates.

Standardization

All common use materials, supplies, and equipment will be standardized as much as possible for better prices through quantity purchase of fewer varieties of materials and to increase proficiency in evaluating product performance.

Personnel Budgets

The Director is authorized to make adjustments to staffing levels for the current budget year that will fall within the overall staffing budget level for the year.

Management of Fixed Assets

Fixed Assets represent land, buildings, vehicles, materials, and equipment owned by PRL and acquired by purchase or donation. Individual items costing more than \$10,000 are accounted for in the General Fixed Asset Group of Accounts in the financial records of the District. Materials such as books and audio-visual materials of lasting value will be recorded in aggregate at year-end for inclusion in the General Fixed Asset Group. In accordance with Section 29-1-506 of the Colorado Revised Statutes, Local Government Accounting Law, an annual inventory of such assets is required each year.

Pine River Public Library District

Continuing Inventory

The Board of Trustees shall provide an annual inventory of property \$5,000+ belonging to PRL, both real and personal unless such items having a value of less than the amount established by such governing body are required to be inventoried by directive of the State Auditor. In no event shall the amount established by the governing body of any local government pursuant to this subsection (1) exceed the amount specified in rules promulgated by the State Controller pursuant to section 24-30-202, C.R.S., regarding inventory accounts for items of State property (currently \$5,000).

Inventory Items costing more than \$5,000 will be identified and accounted for by the Director. The tags will identify the location of each asset. Movement of a tagged asset item must be reported to the Director immediately upon relocation.

The Director will maintain a Continuing Property Record of all fixed assets. The listing of fixed assets will be reconciled annually in the audit, and any differences must be reconciled and adjusted.

Estimated useful lives of each asset (unless otherwise determined by the auditor) for the purposes of depreciation are as follows: Buildings - 40 years; Furniture and Fixtures - 5-10 years; Computer Equipment – 3-5 years; Materials - 4-7 years. Depreciation of fixed assets will occur annually based on this schedule, and adjustments will be made to the General Fixed Asset Group.

Disposal of Fixed Assets

A disposition of fixed assets represents the physical removal of an asset from custody or accountability. In accordance with Colorado State Statutes (CRS 24-90-109), any asset with a value of \$1,000+ can be disposed of in one of four different ways: donated, scrapped, sold, or traded. The Director may dispose of items of lesser value.

Disposal sales by bid are recommended. They must be open to the public and advertised locally. All bids must be reviewed but any bids may be refused.

Computer equipment, when obsolete and not subject to donation or sale, will be sent to a computer recycling firm for disposal according to legislation prohibiting the wholesale dumping of such equipment.

Expense Reimbursement

It is the policy of PRL to reimburse expenses incurred by employees while performing their assigned duties. Expenses that will be reimbursed include approved travel, lodging, meals, and incidental expenses.

The PRL Board has adopted a plan for the reimbursement of approved business-related travel in order to minimize and simplify record keeping for both the District and its employees (located in the Employee Handbook). An accountable plan is defined in the Internal Revenue Code, and requires that certain conditions be met, including: (1) the expense must be business related; (2) the employee must substantiate the expense; and (3) the employee must return any amounts received in excess of substantiated amounts.

Pine River Public Library District

Other Miscellaneous Expenses

Employee reimbursement requests for authorized items purchased for the Library, submitted on a check request form including receipts, will be paid with the other District bills.

Audits

As required by the Colorado Revised Statutes, Local Government Audit Law, 29-1-601 through 29-1-608, and Library Law, 24-90-109, the Board of Trustees of the Pine River Public Library District shall ensure that an annual audit of the financial affairs and transactions of all funds and activities of the District be conducted for each fiscal year, and that the results of the audit be distributed as described in these statutes. The audit shall be completed and the audit report submitted by the auditor to the Board of Trustees no later than the end of June.

An ad-hoc audit committee of the Board, comprised of three members of the Board of Trustees, working with the Director will initiate a formal Request for Proposal (RFP) process every five years, at a minimum, to acquire the services of an auditor. The committee will evaluate submitted proposals, conduct interviews if necessary, and select a certified public accountant or partnership of certified public accountants based upon the lowest/best bid.

The Board of Trustees shall annually approve the selection of a certified public accountant or partnership of certified public accounts, based on the recommendation of the Audit Committee.

Fundraising

Fundraising is the responsibility of the Board of Trustees. PRL reserves the right to make the most appropriate use of all gifts, including cash gifts. Monies shall be sought for special projects as needed and as opportunities arise. Provision of library services and fulfillment of each employee's job description are to take priority during work time; fundraising for which the Library is the beneficiary will be allowed in limited situations only with the advance approval of the Library Director. All donations to the library should be made through the Friends of the Library.

Records Retention Schedule

The Board of Trustees passed a resolution in 2023 to adopt the Colorado State Auditor's schedule of records retention.

Code of Ethics with Respect to Financial Management

No employee, or member of an employee's immediate family, or firm owned by same, will be allowed to sell the library goods or services of any kind without the prior written consent of the Board of Trustees for expenditures of over \$1,000.

It is the responsibility of the Director to bring these matters to the attention of the full Board of Trustees. Goods or services costing \$1,000 or less can be approved by the Director or designee.

No member of the Board of Trustees, or member of the Board of Trustees' immediate family, or firm owned by same, will be allowed to sell to the District goods or services of any kind, at any cost, without the prior written consent of the Board of Trustees. Members of the Board of Trustees will follow all rules of conduct as outlined in C.R.S. (Colorado Revised Statutes) Title 24; Article 18.

Pine River Public Library District

[Excerpt: Subsection C.R.S. 24-18-108.5: "Rules of conduct for members of boards and commissions. (1) Proof beyond a reasonable doubt of commission of any act enumerated in this section is proof that the actor has breached his fiduciary duty. (2) A member of a board, commission, council or committee who receives no compensation other than a per diem allowance or necessary and reasonable expenses shall not perform an official act which may have a direct economic benefit on a business or other undertaking in which such member has a direct or substantial financial interest."]

No employee or trustee of the District shall accept a fee, gift, or other valuable item or service for personal use from any person or group of persons when such gift or other valuable item or service is given in the hope or expectation of receiving preferential treatment over others wishing to do business with PRL.

Banking Information

- Community Bank of Colorado. Account # 0006801072. (La Plata County direct deposits to this account.)
- Community Bank of Colorado. \$2,000 CD required by the Department for Wildlife for PRL to process hunting and fishing licenses. Certificate of Deposit # 2022980783
- ColoTrust Account # CO-01-1840-8001

Approved by the Board of Trustees: May 2016

Updated and submitted to the Board for review by Garry Hillyer and Brenda Marshall, February, 2024

Approved by the Board of Trustees: March 2024