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7000.0 BUSINESS AND LEGAL

7005.0 Accounting Process

The District shall maintain fund accounting principles and expend revenues in accordance with Government Accounting Standards Board (GASB) regulations.

7005.1 Fund Definition

For accounting purposes, a fund is a self-contained accounting entity with its own asset, liability, revenue, expenditure, and fund balance or equity accounts.

7005.2 Fund Categories

Fund categories are defined in three broad areas: Governmental Funds, Proprietary Funds, and Fiduciary Funds.

Aside from the legally required General Fund, the Board may establish other types of funds at its discretion to segregate monies for a specific purpose (see Policy No. 7005.3.B -- Unrestricted Funds). However, the number of funds should be limited to the minimum number consistent with legal and operating requirements. Overuse of funds complicates the accounting system and adds unwarranted complexity to financial reporting. At time of audit and in accordance with GASB regulations, these fund types shall be classified in one of the major fund categories described below.

A. Governmental Funds

To account for basic operations of government entities.

1. General Fund

To account for all assets, liabilities, revenues financed by the District except those required to be accounted for in another fund.

2. Special Revenue Funds

To account for the proceeds of specific revenue sources legally restricted to expenditures for specific purposes.

3. Capital Projects Funds

To account for the accumulation of financial resources and the expenditure of resources for the acquisition or construction of major permanent capital facilities and to procure asset replacement.

4. Debt Service Funds

To account for the accumulation of resources for payment of long-term debt principal and interest.

B. Proprietary Funds

To account for goods and services provided by an activity if the agency intends the activity to be self-supporting currently or in the future. These funds operate in a similar manner to private business (Enterprise Funds) or for goods or services provided to another governmental agency (Internal Service Funds). Currently, the District does not have this category of fund.

C. Fiduciary Funds

To account for assets where the Board acts as an agent for individuals, private organizations, other government units, and/or other funds.

7005.3 Fund Classifications

A. Restricted Funds

Governmental or private resources available only for specific projects or defined purposes (e.g., designated gifts, grants and debt service monies).

B. Unrestricted Funds (Board Designated)

Revenues available for whatever purposes deemed necessary and appropriate by the Board (e.g., General Fund, undesignated gift monies).

7005.4 Establishing, Closing, Reporting and Transferring Between Funds

A. A fund shall be established via Board resolution. The resolution shall include, but not be limited to, the title, purpose, source of revenue, authorization(s) for expending funds, date, and the category and type of fund in accordance with Policy No. 7005.2 (Fund Categories) above.

B. The Board may, at its discretion, close a fund. A fund may be closed via Board resolution. The resolution shall include but not be limited to, the title of fund to be closed, closing balance in the fund, date, and the title of the fund(s) to which the monies will be transferred.

C. Board Designated Funds shall be reported quarterly in accordance with Policy No. 7020.3.C (Quarterly Reporting). A detailed report of the sources and uses of the Gift Fund shall be performed in accordance with Policy No. 7020.3.C (Semi-Annual Reporting).

D. The Board may transfer monies between unrestricted funds by majority vote as noted in Policy No. 7034 (Inter-fund Transfers).

7005.5 Current District Funds

Below are funds currently managed by the Board of Library Trustees. Each fund is labeled as to category and classification defined above.

A. General Fund (Governmental, Unrestricted)

Fund used to account for District operations.

B. Debt Service Fund (Governmental, Restricted)

Fund used to account for accumulation of resources for payment of General Obligation Bond principal and interest. Calculation of these payments is performed by Los Angeles County.

C. Capital Projects Fund (Governmental, Unrestricted)

1. Asset Replacement Fund

Resources set aside, usually from the General Fund, for initial or replacement of capital purchases.

2. Building Fund

Originally established to account for bond money for the construction of the Peninsula Center facility. Currently used to account for remediation of the Peninsula Center facility.

D. Gift Fund (Fiduciary, Restricted and Unrestricted)

1. Accounting for Gift Fund Resources

Gift money is usually derived from library support organizations such as the Peninsula Friends or Library or individual residents of the District. Gift monies may be restricted or unrestricted as defined in Policy No. 7005.3 (Fund Classifications). Both the General Fund and Gift Fund may be affected by a gift/donation depending on its character. All gifts, whether restricted or unrestricted, of less than \$1,000 shall be deposited in the General Fund, as these funds are usually spent within a twelve-month period. Restricted gifts that represent payment to the General Fund for the advance purchase of a specific gift item also shall be deposited directly into the General Fund. All other gifts of \$1,000 or more shall be deposited into the Gift Fund. Restricted gifts will be tracked individually.

2. Accounting for Gift Fund Interest Income

The Gift Fund may contain several gifts with different designations. Interest income related to each gift shall be allocated on the basis of dollar amount at the close of the reporting period.

Adopted November 9, 2000; Revised June 13, 2002; Revised May 12, 2005; Revised May 14, 2009

7010.0 Budgeting Process

The Board of Library Trustees is responsible for adoption of the annual Operating Budget (General Fund) and annual budgets for all other Funds on or before September 1 each year in compliance with Division I, Part 11, Chapter 9, Section 19655, of the California Education Code. The fiscal year of the Palos Verdes Library District is July 1 to June 30.

The Director is responsible for preparing and submitting annual revenue and expenditure budgets to the Board in accordance with the calendar prescribed in Policy No. 7010.1 (Calendar for Budget Submissions).

7010.1 Calendar for Budget Submissions

The Budget Calendar is keyed to the following regular monthly meetings of the Board:

- | | |
|-----------|---|
| March | Board may provide such guidance as deemed appropriate for use in preparing the forthcoming annual budgets. |
| April | Present the First Reading of Budget. |
| May | Present the Second Reading of Budget. |
| June | Present the Third Reading of Budget. |
| September | Adopt on or before the 1st if not adopted by the Board at the Third Reading of the Budget. |
| February | Present recommended revisions to the current year revenue and expenditure budgets to the Board (also known as the Mid-Year Budget). |

Adopted May 12, 1988; Revised September 13, 1990; Revised September 10, 1992; Last Reviewed August 10, 2000; Last Reviewed June 13, 2002; Revised May 12, 2005

7010.2 Current Budget - PVL D Adopted Budget FY 2007-2008

Distributed under separate cover

7015.0 Chart of Accounts

ASSETS

CASH ON DEPOSIT

0100 LOS ANGELES COUNTY POOLED SURPLUS
0114 BANK OF AMERICA BUILDING FUND
0115 BANK OF AMERICA MONEY MARKET
0120 BANK OF AMERICA GENERAL DISBURSEMENTS
0130 BANK OF AMERICA PAYROLL
0126 CASH ON HAND
1200-1221 RECEIVABLES-TAXES
1225 RECEIVABLES-INTEREST
1229 RECEIVABLES - CLSA

1240 DEPOSIT - LOCAL HISTORY ROOM
1241 DEPOSIT - ART GALLERY MALAGA COVE
1300 DUE FROM OTHER FUNDS
1350 DUE FROM FRIENDS OF THE LIBRARY
1351 PREPAID INSURANCE
1352 PREPAID - OTHER
1360 RECEIVABLE - OTHER
1499 UNDEPOSITED FUNDS

LIABILITIES

2100 ACCOUNTS PAYABLE ACCRUED
2108 PAYABLE-SALES/USE TAX
2109 PAYABLE TO PENINSULA FRIENDS OF THE LIBRARY (PFL)
2135 ACCRUED VACATIONS
2137 ACCRUED SALARIES
2138 ACCRUED PAYROLL TAXES
2150-2153 TAXES WITHHELD
2154 PAYABLE-PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
2155 PAYABLE- SERVICE EMPLOYEES INTERNATIONAL UNION (SEIU)
2158 GARNISHMENTS
2160 PAYABLE-MUTUAL OF AMERICA
2161 PAYABLE-NATIONWIDE SOLUTIONS
2170 - 2179 DEPOSITS
2200 DUE TO OTHER FUNDS
2300 DEFERRED REVENUE
2720 PAYABLE - BONDS
3100 FUND BALANCE - DESIGNATED
3200 FUND BALANCE - UNRESERVED

REVENUES

PROPERTY TAXES:

4001 CURRENT SECURED
4002 CURRENT UNSECURED
4003 PRIOR SECURED
4004 PRIOR UNSECURED
4005 SUPPLEMENTAL
4050 REFUNDS
4060 REDEMPTION
4185 HOMEOWNERS EXEMPTION
4186 OTHER SUBVENTION
4202-4204 GRANTS
4205 CLSA REIMBURSEMENT
4206 MEETING ROOM FEES
4210 PAYPHONE INCOME
4223 COLLECTION REVENUE

4239 BOOK RENTAL FEES
 4240 FINES
 4242 AUDIO MATERIALS
 4243 DEBIT CARD COMMISSIONS
 4245 LOST MATERIAL FEE
 4247 VIDEOCASSETTE FEES
 4249 PASSPORT SERVICE FEES
 4250-4253/
 4255-4260 GIFTS
 4254/4270 GRANTS
 4300 OVER/SHORT
 4350 SALE OF FIXED ASSETS
 4360 ART EXHIBIT PROCEEDS
 4400 MISCELLANEOUS INCOME
 4410 AMAZON.COM COMMISSIONS
 4420-4421 INTEREST INCOME
 4500 PUBLIC LIBRARY FUND
 4510 CLSA SUBSIDY
 4550 TELECONNECT REFUND
 4600 SETTLEMENTS
 4980 TRANSFERS - IN

EXPENDITURES

SALARY RELATED

5100 SALARIES
 5101 OTHER COMPENSATION
 5105 FICA-EMPLOYER
 5106 STATE UNEMPLOYMENT
 5108 PERS CONTRIBUTION-EMPLOYEE
 5109 PERS CONTRIBUTION-EMPLOYER
 5110 GROUP INSURANCE
 5111 WORKERS COMPENSATION INSURANCE
 5140 - 5161 PROFESSIONAL SERVICES

BUILDING AND MAINTENANCE

5220 COMMUNICATIONS
 5219-5224/5270 HOUSEHOLD EXPENSES
 5225 INSURANCE-GENERAL
 5226 CASUALTY LOSS EXPENSE
 5229 - 5234 MAINTENANCE-EQUIPMENT
 5235 - 5240 MAINTENANCE-BUILDING AND GROUNDS
 5250 TRANSPORTATION
 5261-5263 UTILITIES

AUTOMATION

5300 DATA LINE
 5303 AUTOMATION SUPPLIES/REPAIRS/MAINT/SPARE PARTS
 5304 INTERNET SERVICE PROVIDER
 5305 HARDWARE MAINTENANCE
 5306 SOFTWARE MAINTENANCE
 5311 SMALL EQUIPMENT/SOFTWARE (OVER \$200/UNDER \$1999)
 5312 SMALL EQUIPMENT/SOFTWARE –GIFTS (OVER \$200/UNDER \$1999)

LIBRARY MATERIALS

5340 - 5342 ADULT BOOKS
 5343 - 5345 ADULT SERIALS
 5346 ELECTRONIC DB LICENSES
 5348 ADULT PAMPHLETS
 5350 VIDEO MATERIALS
 5351 - 5353 ADULT AUDIO MATERIALS

- 5354 ADULT MATERIALS - GIFTS
- 5355 - 5357 YOUNG READERS BOOK
- 5358 YOUNG ADULT BOOKS
- 5359 YOUNG READERS SERIALS
- 5360 YOUNG READERS PAMPHLETS
- 5361 - 5362 YOUNG READERS AUDIO MATERIALS
- 5363 YOUNG READER MATERIAL - GIFTS
- 5364 BINDING
- 5366 ADULT FOREIGN LANGUAGE
- 5367 GRANTS, LIBRARY MATERIALS

OFFICE AND LIBRARY

- 5440 MEMBERSHIPS
- 5441 METROPOLITAN COOPERATIVE LIBRARY SYSTEM (MCLS) DUES
- 5442 PROFESSIONAL DEVELOPMENT/TRAINING

- 5443 TRAVEL/CONFERENCE SEMINARS
- 5444 CLASSIFIED ADVERTISING/RECRUITING
- 5445-5448 GRANTS - OTHER
- 5449 EMPLOYEE TRAINING
- 5450 SMALL EQUIPMENT (OVER \$200/UNDER \$1999)
- 5451 SMALL EQUIPMENT – GIFTS (OVER \$200/UNDER \$1999)
- 5455 AUTHORITY CONTROL CLEANUP
- 5460 40 FAMILIES PROJECT
- 5461/5462 OFFICE/LIBRARY SUPPLIES
- 5463 POSTAGE
- 5464 TECH SERVICES PROCESSING SUPPLIES
- 5466 PUBLIC RELATIONS
- 5467 PUBLIC RELATIONS - GIFTS
- 5470 TAX COLLECTION FEE
- 5471 - 5472 PROGRAMMING
- 5475 TRANSFER AGENT FEES

- 5479 BANK FEES
- 5480 LAFCO FEE5485 ELECTION EXPENSE
- 5488 T/S ILL/OCLC/ACCESS
- 5489 T/S OCLS ACTIVITY
- 5490 INTER-LIBRARY LOAN
- 5550 MISCELLANEOUS EXPENSE

FIXED ASSETS

- 6440 COMPUTER HARDWARE/SOFTWARE
- 6441 FIXED ASSETS - GIFTS
- 6450 FIXED ASSETS-EQUIPMENT/OFFICE FURNITURE
- 6460 CONSTRUCTION IN PROGRESS

TRANSFERS

- 4500 TRANSFER IN
- 8440 TRANSFERS OUT

Adopted November 14, 1991; Revised August 8, 1996; Revised August 14, 1997; Revised November 12, 1998; Revised May 11, 2000; Revised August 10, 2000; Revised June 13, 2002; Revised March 10, 2005

7017.0 Definitions of Financial Accounts

<u>ASSETS</u>	
0100 CASH ON DEPOSIT-LOS ANGELES COUNTY POOLED SURPLUS	Cash on deposit with Los Angeles County Pooled Surplus Fund. Cash with the County is pooled with other County investments, but segregated into several Funds.
0114 CASH ON DEPOSIT – BANK OF AMERICA - BUILDING FUND	Cash on deposit with Bank of America in a checking account to be used for building remediation project disbursements.
0115 CASH ON DEPOSIT-BANK OF AMERICA - MONEY MARKET	Cash on deposit with Bank of America in money market account to maximize earnings prior to disbursement.
0120 CASH ON DEPOSIT-BANK OF AMERICA GENERAL DISBURSEMENTS	Cash on deposit with Bank of America in a checking account to be used for general disbursements.
0130 CASH ON DEPOSIT-BANK OF AMERICA PAYROLL	Cash on deposit with Bank of America in a checking account to be used for payroll disbursements.
0126 CASH ON HAND	Cash on hand for various purposes such as cash register change, coin changer and administrative petty cash.
1200-1221 RECEIVABLES-TAXES	Includes the uncollected portion of taxes levied in the current fiscal year or in prior fiscal years and remaining unpaid.
1225 RECEIVABLES-INTEREST	Interest income earnings not yet distributed by LAC Pooled Surplus Fund or bank.
1229 RECEIVABLE - CLSA	Reimbursements from direct loan and inter-library loan transactions to be received from the State of California.
1300 DUE FROM OTHER FUNDS	Amounts owed to General Fund from Special Funds.
1350 DUE FROM FRIENDS OF THE LIBRARY	Amounts owed to General Fund from Peninsula Friends of the Library.
1351-1352 PREPAIDS	Expenses paid in advance. Such as a one year insurance renewal paid in full at the beginning of the year.
1360 RECEIVABLES-OTHER	Includes miscellaneous amounts owed to the District such as travel advances.

<u>LIABILITIES</u>		
2100	PAYABLE-ACCOUNTS	Includes amounts reflecting liability of the District for Library materials, supplies, services, equipment or fixed assets that have been ordered and received but not yet paid for.
2108	PAYABLE-SALES/USE TAX	Includes amounts collected on rental of videos, DVDs, rental books, etc., not yet remitted to the State Board of Equalization.
2109	PAYABLE - PENINSULA FRIENDS OF THE LIBRARY (PFL)	Includes monies collected from Miraleste and Malaga Cove books sales not yet paid to PFL.
2135	ACCRUED VACATIONS	Includes compensated absences (unpaid vacation) earned but not taken.
2137	ACCRUED SALARIES	Includes earned salaries by employees but not paid. Necessitated by payroll on tenth of following month for work through the end of the previous month.
2138	ACCRUED PAYROLL TAXES	Includes the payroll taxes for the earned salaries by employees but not paid. Necessitated by payroll on tenth of following month for work through the end of the previous month.
2150 – 2153	PAYROLL TAXES WITHHELD	Includes payroll taxes withheld from paychecks but not yet remitted to the taxing agency.
2154	PAYABLE-PERS	Includes retirement contribution amounts withheld from paychecks but not yet remitted to PERS.
2155	PAYABLE-SEIU	Includes union dues amounts authorized by employee to be withheld from paycheck but not yet remitted to the union.
2158	PAYABLE - GARNISHMENTS	Includes amounts disbursed to the IRS or State not yet deducted from the employees paycheck.
2160	PAYABLE-MUTUAL OF AMERICA	Includes deferred compensation contributions authorized to be withheld from paycheck by employee (457 Plan) but not yet remitted to Mutual of America.
2161	PAYABLE-NATIONWIDE SOLUTIONS	Includes deferred compensation contributions authorized to be withheld from paycheck by employee (457 Plan) but not yet remitted to Nationwide Solutions.

2170 -2179	DEPOSITS	Includes amounts received as gifts, but not yet spent.
2200	DUE TO OTHER FUNDS	Amounts owed to a particular Fund by another Fund of the District (e.g. Building, Asset Replacement, etc.).
2720	BONDS PAYABLE	Includes the General Obligation Refunded Bonds, Series 1998; Bond Payments are scheduled to be paid once a year until the year 2016.
3100 - 3200	FUND BALANCE	The excess of assets over liabilities and reserves.
<u>REVENUES</u>		
PROPERTY TAXES:		
4001	CURRENT SECURED	Includes revenues resulting from ad valorem (based upon value) taxes made against real property, which consists of land and improvements such as buildings and fixtures, in the current year.
4002	CURRENT UNSECURED	Includes revenues resulting from ad valorem (based upon value) taxes on property other than real property in the current year. This includes personal property such as office furniture, machinery, computers, boats and aircraft.
4003	PRIOR SECURED	Includes revenues from ad valorem taxes against real property, which consists of land and improvements, in a previous year.
4004	PRIOR UNSECURED	Includes revenues resulting from ad valorem taxes on property other than real property in a previous year.
4005	SUPPLEMENTAL	Includes revenues resulting from ad valorem taxes on real property following an ownership change or completion of new construction. Generally results from reassessment of real property.
4050	REFUNDS	Includes refunds as a result of a reduction in value of real property, generally from reassessment.
4185	HOMEOWNERS EXEMPTION	Includes revenues received from the State as a subvention for the Homeowner's exemption credit excluded from the secured taxes levy.
4186	OTHER SUBVENTION	Includes revenues received as a subvention for amounts excluded from the levy.

4202 - GRANTS 4204/4254/4270	Monies awarded to the District from local, state and federal entities for library needs (i.e., programming, materials and tuition).
4205 CLSA REIMBURSEMENT	Includes revenue, authorized by the California Library Services Act, for direct loan, ILL, and database reimbursement.
4206 MEETING ROOM FEES	Includes revenue for the use of the meeting rooms and equipment.
4210 PAYPHONE INCOME	Commission received from monies collected from payphones located on District property.
4223 COLLECTION REVENUE	Monies recovered by the Districts' collection agency for lost materials and unpaid fines to the District.
4239 BOOK RENTAL FEES	Includes revenue from best sellers rented to public.
4240 FINES	Includes revenue from the collection of fines for overdue books and other library materials. Includes cash over and short.
4242 AUDIO MATERIALS	Includes revenue from rental of books on tape.
4243 DEBIT CARD FEES	Includes commissions received from the debit card vendor on debit card usage.
4245 LOST MATERIAL FEES	Includes revenue from the collection of fees for lost books and other library materials.
4247 VIDEOCASSETTE FEES	Includes revenue from the rental of videos and DVDs.
4249 PASSPORT SERVICE FEES	Includes revenue collected from passports processed.
4250-4253/4255-4260 GIFTS	Includes donations from all sources for library materials, programming, fixed assets, and other specified or unspecified materials.
4350 SALE OF FIXED ASSETS	Monies received from the sale of library equipment (i.e., computers, printers, book shelves, etc.).
4360 ART EXHIBIT PROCEEDS	Commissions received from the sale of art.
	Includes revenue from all sources not listed

4400	MISCELLANEOUS INCOME	above.
4410	AMAZON.COM COMMISSIONS	Includes revenue received as a percentage of sales purchased from Amazon.com through the PVLD website.
4420-4421	INTEREST INCOME	Includes income from interest earned on bank deposits and deposits in Los Angeles Pooled Surplus Fund.
4500	PUBLIC LIBRARY FUND	Includes revenue distributions from the State of California Public Library Fund.
4550	TELECONNECT REFUND	Discounts received on all telecommunication bills through a state plan for LSTA.
4510	CLSA SUBSIDY	Monies received from the State of California for the 239.50 statewide data base subsidy.
4600	SETTLEMENTS	Monies received from litigation settlements.
4980	TRANSFERS - IN	Funds transferred from another Fund.
<u>EXPENDITURES</u>		
5100	SALARIES	Wages for salaried and hourly employees, temporary employees, overtime premium pay, vacation and sick leave.
5101	OTHER COMPENSATION	Other types of compensation such as mileage allowance.
5105	FICA-EMPLOYER	Employer's contribution toward employee's coverage under Federal Insurance Contributions Act.
5106	STATE UNEMPLOYMENT	Cost of employees' coverage under state program. District participates in the reimbursement program.
5108	PERS CONTRIBUTION-EMPLOYEE	Employer's contribution toward employee's coverage under Public Employees Retirement System. Currently, the District contributes 100% of the employee's contribution.
5109	PERS CONTRIBUTION-EMPLOYER	Employer's contribution toward coverage under Public Employees Retirement System.
5110	GROUP INSURANCE	Employer's share of health, dental, life and accidental insurance.
5111	WORKERS COMPENSATION INSURANCE	Cost of total workers compensation coverage provided by Special District Risk Management Authority.

5140 - PROFESSIONAL 5161 SERVICES	Legal (labor and general) services, audit fees, recruitment fees, temporary services, employment background checks, internships, collection agency fees and other professional services.
5220 COMMUNICATIONS	Telephone, fax lines, pagers,, and dedicated lines for alarm systems.
5219-5224/5270 HOUSEHOLD EXPENSES	Cost of contracts for housekeeping services such as pest control, trash pick-up, security alarm monitors, window cleaning, carpet/upholstery cleaning, cleaning supplies, sanitary supplies, and lights.
5225 INSURANCE-GENERAL	Commercial property coverage for buildings and contents, general liability, umbrella liability, automobile, comprehensive crime coverage, boiler & machinery.
5226 CASUALTY LOSS EXPENSE	Includes all casualty loss expenses beyond insurance recovery.
5229-5234 MAINTENANCE-EQUIPMENT	Expenditures for services, supplies, and repairs for keeping all furniture and the following equipment in operating condition: typewriters, cash registers, copy machines and reader-printers (public and staff), phone system, piano, and all maintenance equipment.
5235-5240 MAINTENANCE-BUILDING AND GROUNDS	Expenditures for maintaining the useful life of structures, improvements, and grounds including systems which make the building operational, such as HVAC, elevator, landscaping, electrical, and plumbing equipment. Also included are replacements which do not extend life of structure or result in betterment.
5250 TRANSPORTATION	Maintenance of District's vehicles (including gasoline) and the reimbursement to maintenance personnel for use of their personal vehicles when on District business.
5261-5263 UTILITIES	Cost of all utilities, such as water service, natural gas and electric service.
5300 DATA LINES	Data lines including OCLC telecommunications and T1 lines connecting the branches to the Peninsula Center Library and the network to the Internet Service Provider.

5303	AUTOMATION SUPPLIES/REPAIRS/MAINT/ SPARE PARTS	Specialized supplies used with the Districts automated systems and for maintenance of these systems, such as printer supplies, computer disks and tapes, cables, paper, and application software under \$2,000, and costs for maintaining computers, printers, etc., such as repairs, maintenance and spare parts.
5304	INTERNET SERVICE PROVIDER	Fees charged by the Internet Service Provider to provide a link to the Internet for the Districts network.
5305	HARDWARE MAINTENANCE	Maintenance costs for hardware for the Districts automated systems, provided through maintenance contracts and time and materials.
5306	SOFTWARE MAINTENANCE	Maintenance costs for software for the Districts automated systems, provided through maintenance contracts and time and materials. This includes software support as well as regular upgrades to that software.
5311	SMALL EQUIPMENT/ SOFTWARE (OVER \$200/UNDER \$1999)	Includes cost for automation equipment purchases such as printers, computers and monitors over \$200 and under \$1,999.
5312	SMALL EQUIPMENT/ SOFTWARE - GIFTS (OVER \$200/UNDER \$1999)	Includes cost for automation equipment purchases such as printers, computers and monitors over \$200 and under \$1,999 purchased with donated monies.
5340 – 5342	ADULT BOOKS	Includes cost of adult reference and circulating hardback and paperback books for use by the public, including series purchased through "standing orders." Also includes hardback college catalogs.
5343 -5345	ADULT SERIALS	Includes cost of adult periodical subscriptions and indexes for public use, in various formats (such as print and microform).
5346	ELECTRONIC DATABASE LICENSES	Includes the cost of online license fees and software from vendors such as EBSCO, Gale Group, Newsbank and Bowker.

5348 ADULT PAMPHLETS	Includes cost of adult pamphlets and government documents used by the public and purchased individually through GPO and through standing orders deposit accounts with GPO and Bernan, and through standing orders with Ebsco. Also includes Unipub publications purchased through a Unipub standing order deposit account.
5350 VIDEO MATERIALS	Includes cost of all DVD and VHS videocassettes (adult and young readers) and all future video formats used by the public.
5351 -5353 ADULT AUDIO MATERIALS	Includes cost of all adult audiocassettes and compact discs and any future audio format, used by the public.
5354 ADULT MATERIAL GIFTS	Includes cost for adult library materials such as books, standing orders and subscriptions purchased with donated monies.
5355 -5357 YOUNG READERS BOOKS	Includes cost of young readers reference and circulating monographic hardback and paperback books for use by the public, including monographic series purchased through "standing orders."
5358 YOUNG ADULT BOOKS	Includes cost of young readers (ages 14-16 or grades 7-12) reference materials, books and standing orders.
5359 YOUNG READERS SERIALS	Includes cost of young readers periodical subscriptions and indexes for public use, in various formats.
5360 YOUNG READERS PAMPHLETS	Includes cost of young readers pamphlets and government documents used by the public and purchased individually through GPO and through standing orders with Ebsco.
5361 - YOUNG READERS AUDIO 5362 MATERIALS	Includes cost of all young readers phonorecords, audiocassettes and compact discs and any future audio format, used by the public.
5363 YOUNG READERS MATERIALS - GIFTS	Includes cost for young readers library materials such as books, standing orders and subscriptions purchased with donated monies.
5364 BINDING	Cost of sending library books and periodicals to a commercial bindery. Primarily used to preserve back issues of magazines and to repair out-of-print materials still valuable for public use.

5366	ADULT FOREIGN LANGUAGE	Includes cost of adult foreign language materials.
5367	GRANTS, LIBRARY MATERIALS	Library materials purchased with local, state or federal grant monies.
5440	MEMBERSHIPS	Membership and dues in societies, professional and trade organizations. Includes employees and Trustees.
5441	METROPOLITAN COOPERATIVE LIBRARY SYSTEM (MCLS) DUES	Membership contribution to support services (including delivery, communication, reference, etc.) of the Metropolitan Cooperative Library System (MCLS).
5442	PROFESSIONAL DEVELOPMENT	Includes costs that pertain to employee or Board development such as in-house training to conduct library business.
5443	TRAVEL/CONFERENCE/ SEMINARS	Costs, including registrations, meals, lodging, travel by air or car, and other incidental expenses incurred by employees and Trustees at professional conferences, local meetings and workshops. Also includes mileage reimbursements for use of personal cars on District business to branches and other authorized uses.
5444	CLASSIFIED ADVERTISING/ RECRUITING	Cost of newspaper, professional newsletters and other media of classified advertising for personnel postings, legal notices, and other required notifications. Also includes any related recruiting expenses such as overnight lodging of job candidates or authorized moving expenses of new employees.
5445-5448	GRANTS OTHER	All items purchased other than library materials with local, state or federal funds.
5449	EMPLOYEE TRAINING	Includes in-house training for employees such as the Dynix system, safety and computer.
5450	SMALL EQUIPMENT/ SOFTWARE (Over \$200/under \$1999)	General, office-type and library supplies including equipment with unit cost greater than \$200 and less than \$1,999.
5451	SMALL EQUIPMENT/SOFTWARE – GIFTS (Over \$200/under \$1999)	General, office-type and library supplies including equipment with unit cost greater than \$200 and less than \$1,999 purchased with donated monies.

5455 AUTHORITY CONTROL CLEANUP	Quarterly updates to the name, subject and series indexes in Dynix – allows for more accurate and up-to-date access for patrons and staff.
5460 40 FAMILIES PROJECT	Includes all expenses related to the 40 Families Project.
5461-5462 OFFICE/ LIBRARY SUPPLIES	General, office-type & library supplies including equipment whose unit cost is less than \$200. Includes supplies for Trustee meetings.
5463 POSTAGE	Postage charges for meter mail, freight, UPS/Federal Express charges, stamps, postal insurance. An allocation, based on studies, is deleted from postage and transferred to inter-library loan expense.
5464 TECH SERVICES PROCESSING SUPPLIES	Includes processing charges from vendors such as Brodart and Baker & Taylor.
5466/5467 PUBLIC RELATIONS/PUBLIC RELATIONS – GIFTS	Materials publicizing library services and programs, including book lists, brochures, photography, filming of Trustee meetings, adult and young reader printing, semi-annual District newsletter printing and production costs, and holiday decorations.
5470 TAX COLLECTION FEE	Costs billed by County of Los Angeles for the collection of property taxes.
5471-5472 PROGRAMMING	Materials and services costs related to library-related adult and young reader programs for the community.
5475 TRANSFER AGENT FEES	Fees paid by the District to a transfer agent to pay down principal and interest on behalf of the 1998 Bonds.
5479 BANK FEES	Fees charged by the payroll service for the preparation of the District's semi-monthly payroll and service charges on the several bank accounts. Return check fees and other miscellaneous charges.
5480 LAFCO FEE	Annual fees paid to the Local Agency Formation Commissions.

5485	ELECTION EXPENSE	Fees charged by the County of Los Angeles Registrar-Recorder for the District's allocated costs of the biennial election of Library Board of Trustees or library issues subject to the electorate.
5488	TS/ILL/OCLC/ACCESS	Internet hourly access fee which allows cataloging and interlibrary loan to be done online.
5489	CATALOGING	Technical Service costs for OCLC activities including exporting, changing, adding and updating material records.
5490	INTER-LIBRARY LOAN	All identified costs related to the inter-library loan service provided for the patron. The costs include the OCLC charges for online searching, connect charges (CompuServe), fees charged by the lending library for book rental or copy fees, and an out-going postage charge allocation for books borrowed by or loaned to other libraries.
5550	MISCELLANEOUS EXPENSE	Infrequent or small expenditures which cannot be classified in any other expenditure account.
6440	COMPUTER HARDWARE/ SOFTWARE	Costs of hardware or software with unit cost of \$2,000 or more.
6441	FIXED ASSETS - GIFTS	Costs of furniture/equipment or hardware/software with unit cost of \$2,000 or more purchased with monies gifted to the District.
6450	FIXED ASSETS - EQUIPMENT/OFFICE FURNITURE	Cost of furniture or equipment whose unit cost is \$2,000 or more.
6460	FIXED-ASSETS CONSTRUCTION IN PROGRESS	Cost of construction to any of the three library buildings in excess of \$2,000 (i.e., roof, HVAC, remodeling, fixtures, etc.).
<u>TRANSFERS</u>		
4500	TRANSFERS IN	Funds transferred from other funds.
8440	TRANSFERS OUT	Funds transferred to another Fund .

Adopted November 14, 1991; Revised August 8, 1996; Revised September 11, 1997; Revised November 12, 1998; Revised May 11, 2000; Revised August 10, 2000; Updated September 2002; Revised March 10, 2005

7019.0 Special Projects

Management reports may be required for certain items or processes that do not fit the structure of strict accounting rules. Therefore, management reports are developed that allow latitude in format and use of numbers derived from the accounting records. Reports used to track specific projects are examples of these types of reports.

7019.1 Characteristics of Special Projects

- A. Special Projects are funded through the transfer of monies from one of the unrestricted District funds or the Gift Fund contained in Policy No. 7005.5 (Current District Funds).
- B. Special Projects have a defined scope of work, specific goals, and an identified completion. Example events which would close a Special Project include: report submitted, rework or refurbishment list completed, policy modified, etc.
- C. Special Projects have a designated Project Manager. For facilities projects utilizing architectural services, the Project Manager may be referred to as “Owner’s Agent” and may be a Trustee, the Director, staff, or other person.

7019.2 Creating a Special Project

A Special Project is created by majority vote of the Board with an authorizing resolution. The resolution includes:

- A. amount and source of funds required for the project;
- B. name of Project Manager or Owner’s Agent;
- C. date of authorization and estimated completion date; and
- D. list of general tasks to be accomplished.

Special Projects will not normally be created for activities that take less than three months to complete or are expected to incur less than \$5,000 total project cost.

7019.3 Monitoring Special Projects

- A. The Project Manager shall maintain a Project Docket with authorizing documents, task lists, schedules, budget and expense record, etc. The Finance Director provides fiscal support and controls as required.
- B. Written monthly reports shall be provided by the Project Manager in accordance with Policy No. 7020.3.A.3 (Monthly Reporting).

7019.4 Modifying Special Projects

Revisions, such as additional funding and/or changes in scope or schedule, shall be authorized by the Board and require a new resolution superseding the prior resolution.

7019.5 Terminating Special Projects

- A. Special Projects shall terminate
 - 1. automatically at the time specified in the current resolution, requiring no Board action; or
 - 2. by Board adoption of a new resolution which terminates the project.
- B. Termination ends authorization to encumber additional funds.
- C. If funds remain from a project created through a designated gift, the donor shall be contacted for direction regarding the remaining funds. If the donor provides no direction, the funds will be transferred to the General Fund and expended at the Board's discretion. If funds remain that are not from a designated gift, excess funds will be returned to the original funding source.

Adopted November 9, 2000; Last Reviewed June 13, 2002

7020.0 Reports/Schedules

7020.1 Annual Audit

The Board of Library Trustees provides for an annual audit of all District funds. The audit is provided by an independent public accounting firm engaged by the Board and working directly with the District's Finance Director. The Board receives the audit results directly from the auditor.

The audit is submitted to the Board on or before the regular December Board meeting and once accepted is distributed to the Board, Los Angeles County Auditor-Controller, and U.S. Bank Corporate Trust Services (Bond Trustee).

Adopted May 12, 1988; Revised August 14, 1997; Revised November 12, 1998; Revised August 10, 2000; Last Reviewed May 12, 2005

7020.2 State Reports

A. State Library

California Education Code, Division I, Part 11, Chapter 9, Section 19653 requires a comprehensive report of District operations including collection data, circulation, funding and expenditures be filed with the State Library on or before August 31 each year, or at a date established by the State.

The Director is responsible for preparation and submission of this report to the State Librarian. A copy of the Palos Verdes Library District annual California Public Library report shall be furnished each Trustee at the next Board Meeting following submission.

The Director shall maintain a copy of the most recent Palos Verdes Library District annual report and the California Library Statistics and Directory in the Office of the Director for viewing by the public or Trustees.

Adopted May 12, 1988; Revised August 10, 2000; Last Reviewed May 12, 2005

B. State Controller

The Director shall file with the State Controller's Office, usually within 90 days after the end of each fiscal year, or at the date established by the State, a detailed report of all financial transactions of the District.

The Director shall maintain a copy of the State Controller's Consolidated comparative statistics for all Special Districts (Financial Transactions of Special Districts) in the Office of the Director for review by the public or Trustees.

Adopted May 12, 1988; Revised September 13, 1990; Last Reviewed August 10, 2000; Last Reviewed May 12, 2005

7020.3 Reports to the Board of Library Trustees⁴

A. Monthly Reports

The Director shall provide in the monthly agenda packet for each Trustee, Operational Statistical Report, Approved Budget Performance Report and Special Project Report.

1. Operational Statistical Report

Each of the statistical items shall be furnished for the District in total, and each branch when applicable, for the current month, same month last year, year-to-date total and same period last year. The report shall contain the following information as a minimum:

- a. circulation statistics
- b. patron door count
- c. reference requests
- d. use of meeting rooms
- e. collection holdings
- f. inter-library loans
- g. in-house material use
- h. library cards issued
- i. website statistics, and
- j. number of volunteers and volunteer hours.

2. Approved Budget Performance Report – General Fund

This report shall include as a minimum:

- a. account description;
- b. appropriated revenue and expenditure budgets for current month and year-to-date;
- c. actual revenues and expenditures for current month and year to date;
- d. percentage of budget year remaining;
- e. percentage of accounting budget remaining;
- f. transfers;
- g. fund balance, beginning and end;
- h. minimum balance requirement; and
- i. reserves.

3. Special Project Reports

This report shall include at a minimum:

- A. authorization date, estimated completion date, project manager, total funded;
- B. financial status, including expenditures this period and total estimated to complete and estimated total project cost;
- C. significant tasks of project;
- D. status or completion of tasks.

4. Director's Report

Director shall present a verbal report at monthly Regular Board meeting. Report may be printed at the Director's discretion or Board's request and shall not be included in the packet. As a minimum it shall include information regarding the past month's and future:

- a. programming,
- b. operational activities,
- c. MCLS information,
- d. local and state legislation issues,
- e. attendance at community or library meetings or trainings,
- f. activity affecting library's finances,
- g. community or other activity influencing the library, and
- h. public relations.

B. Quarterly Reports

The Director shall provide each Trustee, at the Regular Board meetings held in August, November, February and May, a Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance for each of the District's Funds and a Cash and Investment Report reflecting all Funds.

The Director shall provide each Trustee at the first Board meeting of each calendar quarter a listing of all contracts due to expire in the following quarter. The schedule shall include the following: name of company, purpose of contract, date contract was first issued, start date, expiration date, extension option, cost and comments.

C. Semi-Annual Reports

The Director shall provide each Trustee, no later than June and December of each year, a schedule reflecting information regarding individual gifts contained in the Gift Fund. The schedule shall include the following: name of donor, amount of original donation, restrictions on donation, purpose and amount of donation expensed, and balance of donation remaining.

D. Annual Reports

- 1. The Director shall provide each Trustee, at the September Regular Board meeting, a schedule reflecting the disposal of fixed assets through sale, gift, exchange/trade in or discard for the preceding fiscal year. The schedule shall indicate, if available, the inventory number, date of acquisition, cost of item, and income received (if any).
- 2. The Chair of each standing or special committee shall provide each Trustee, at the January Regular Board meeting, a report reflecting the activities/accomplishments of the committee in the prior calendar year.

3. The Director shall provide with the First Reading of the Budget a list of all contracts to be entered into by the District for the coming year. The list shall include the following: name of company, purpose of contract, date contract was first issued, start date, expiration date, extension option, cost and comments.

Adopted May 12, 1988; Updated June 26, 1989; Revised August 8, 1996; Revised August 14, 1997; Revised March 9, 2000; Revised May 11, 2000; Revised June 8, 2000; Revised August 10, 2000; Revised January 9, 2003; Revised May 12, 2005

7030.0 Funding Sources - General Fund

District funding is currently provided from the following sources: District property taxes, internal income, gifts and grants, interest income and the State of California.

A. Property Taxes

Both secured and unsecured property is taxed at the rate of one (1) percent of the full market value as established by the 1978 assessment rolls. The District receives only a portion of these property taxes. Each year this property base assessment is adjusted by changes in population, the CPI, and sale of individual properties. The Homeowners Exemption taxes are subvented 100 percent by the State.

Distribution of all these forms of property tax is made by the Los Angeles County Auditor's Office following the distribution formula established by Chapter 6, Part 0.5 (Sections 95 and 98.6), Division I of the Revenue & Taxation Code (popularly known as AB-8).

B. Internal Income

The Board of Library Trustees authorizes and directs that internal income be generated from fines and fees such as meeting room fees, rentals, concessions, commissions, miscellaneous fees and gifts as separately specified in operating policies contained in Policy No. 5000.0 (Library Operations).

C. Gifts and Grants

Gift money is income usually derived from the Friends of the Library or individual residents of the District. Gift monies may be restricted or unrestricted as defined in Policy No. 5060.0 (Gifts/Donations). Both the General Fund and Gift Fund can be affected by a gift/donation depending on its character. Policies regarding both funds are discussed here.

All unrestricted gifts and restricted gifts of less than \$1,000 shall be deposited in the General Fund, as these funds are usually spent within a twelve-month period. Restricted gifts of \$1,000 or more that represent payment to the General Fund for the advance purchase of a gift item also shall be deposited directly into the General Fund. All gifts, whether restricted or unrestricted, of less than \$1,000 shall be deposited in the General Fund, as these funds are usually spent within a twelve-month period. Restricted gifts that represent payment to the General Fund for the advance purchase of a specific gift item also shall be deposited directly into the General Fund. All other gifts of \$1,000 or more shall be deposited into the Gift Fund. Restricted gifts will be tracked individually.

Gift fund interest income shall be allocated to each gift on the basis of its dollar amount. Reporting of amounts contained in the gift fund shall be performed in accordance with Policy No. 7020.3.C.2 (Semi-Annual Reporting).

Grants are usually provided to the District by the State or Federal government or a recognized foundation. They are restricted to the program for which they are requested.

D. Interest Income

Interest Income is generated from earnings on balances maintained by Los Angeles County and in various money market accounts.

E. State of California

1. Public Library Fund

On September 27, 1982 the Governor signed Senate Bill 358 as Chapter 1498, Statutes of 1982, creating Chapter 1.5 (Section 18010 et seq.) of Part 11 of the Education Code. This bill is referred to as the Public Library Finance Act of 1982. It created the Public Library Fund providing state assistance annually to the state's eligible public libraries. Funds for this program appear in the Local Assistance portion of the annual budget of the California State Library, and must be approved each year by the Legislature and the Governor. This program is administered by the California State Librarian. Funds can be used for "general library purposes", but the funds cannot be used to reduce the local budget from the prior year as an offsetting revenue source.

The first year of implementation was 1983, and the program has never been fully funded. The actual amount from the Public Library Fund distributed to each eligible library depends on three factors: a) the total amount approved by the Legislature and Governor for the year in question; b) the number of public library jurisdictions eligible for that year; and c) the success of local jurisdictions in raising a sufficient amount of local revenues to meet the designated level of local funds required by the State.

There have been several changes to the local match requirements in recent years in response to budget reductions at the local level. These changes have been limited to the fiscal year in which the specific legislation was passed.

2. California Library Services Act

The California Library Services Act (CLSA) enables libraries throughout the state to provide users with services and resources from all libraries in the state. Quarterly revenues from CLSA are reimbursements based on transactions for direct loans and inter-library loans to patrons outside PVLDD's service area. An annual database subsidy based on participation in the MCLS Linked system provides additional monies.

Adopted May 12, 1988; Revised November 14, 1991; Revised May 11, 1995; Revised August 14, 1997; Revised November 12, 1998; Revised February 10, 2000; Revised May 11, 2000; Last Reviewed June 13, 2002; Revised May 12, 2005; Revised May 14, 2009

7031.0 Donor Recognition Policy

7031.1 Purpose and Scope

The Palos Verdes Library District (PVLDD) and its affiliated support organization, the Peninsula Friends of the Library (PFL), solicit and accept gifts from individuals and families and from businesses, corporations, foundations and other organizations to support PVLDD's Vision and Mission and to enhance PVLDD's programs, services, collections, and facilities.

The purpose of this policy is to establish consistent guidelines for the acknowledgement and recognition of such gifts and their donors by PVLDD and PFL.

The provisions of this policy are intended to apply to all gifts received by the PVLDD, and to be replicated in the Donor Recognition policies of the PFL.

7031.2 Donor Recognition Principles

The Palos Verdes Library District and the Peninsula Friends of the Library will:

- Promptly acknowledge gifts using personalized thank you letters.
- Inform donors about how their gifts are being used.
- Respect requests by donors not to be publicly recognized or acknowledged (to the extent permitted by law).

7031.3 Donor Recognition Opportunities

1. Palos Verdes Library District Donor Boards

A Donor Recognition Board is maintained at the Peninsula Center Library to recognize major contributions to PVLD and PFL. Donors may include individuals, families and organizations (other than PFL). Additional Donor Boards will be established and maintained at the Malaga Cove and Miraleste libraries.

Donors will be listed at the appropriate level on the Donor Board when the value of their gifts to the Palos Verdes Library District or Peninsula Friends of the Library reaches the following levels in any calendar year:

Affiliates: \$1,000 - \$1,999
Patrons: \$2,000 - \$4,999
Sponsors: \$5,000 - \$9,999
Benefactors: \$10,000 - \$24,999
Major Benefactors: \$25,000 - \$49,999
Partners: \$50,000 or more

Once recognized on the Donor Board for a gift of at least \$1,000 in any calendar year, donors may move between levels based on the cumulative value of their gifts over time.

All donors of \$1,000 or more in a calendar year will be recognized on the Donor Recognition Board at the Peninsula Center Library. Additionally, gifts of \$1,000 or more in any calendar year that are restricted for use only at the Malaga Cove Library or the Miraleste Library will also be recognized on the Donor Recognition Board at the designated library.

Contributions recognized by naming a physical asset will also be listed in the appropriate category on the Donor Board(s).

PVLD and PFL will review donor records on at least an annual basis to determine recognition status.

The Board of Library Trustees and the Director are authorized to negotiate pledge arrangements on a case by case basis.

In the case of memorial or honorary gifts, the name of the individual being remembered or honored will be listed on the Donor Board to reflect the cumulative value of gifts received.

Donors whose gifts are matched by organizations will receive recognition for the total of their personal gift and the matching gift. The organization will receive recognition for the total of its matching gifts combined with its direct gifts.

The Board of Library Trustees may establish additional donor boards for specific projects.

2. Naming Recognition

The Board of Library Trustees may provide opportunities to name facilities, rooms, interior or exterior spaces, collections, equipment, gardens, walkways, furnishings and art, etc. in accordance with the following policy guidelines.

A. New and Existing Physical Assets

Naming rights are offered for new and existing physical assets. Naming of physical assets follows a PVLD Board pre-approved menu of items available for naming and the related naming rights values. This menu covers buildings, rooms, spaces, or substantial equipment/furniture installations at each of the three libraries.

In assigning naming rights values to individual assets, the Board of Library Trustees will take into consideration the expected remaining useful life of the asset, the capital cost and ongoing maintenance cost, and the public prominence and traffic level.

Naming opportunities do not extend beyond the useful life of the asset. At the end of an asset's useful life, the asset will be retired and the related naming recognition will end. Major assets (libraries, community room) are anticipated to have longer useful lives; at the end of the useful life of such an asset the Board of Library Trustees will seek to provide recognition in another way.

The naming rights agreements will define for the donor the related naming rights.

The design of any plaques or other commemorative items must be approved by the Palos Verdes Library District Director. The District will provide and bear the cost of the plaques and other items. There will be no business or product logos on the plaques.

The Board of Trustees may approve naming recognition items and values other than those specified in the most recently approved gift menu, on a case-by-case basis.

B. "In kind" Donations

"In kind" donations of furniture, equipment, and fixtures will be recognized on the Donor Board(s) based on the value of the asset when donated, provided the donation meets PVLD's specifications as determined by the District Director.

C. Specialized Collections

A specialized collection of library materials accepted under the terms of PVLD's Gift Acceptance Policy (5060.0) or purchased using gift monies may be named for the donor. Donations valued at \$1,000 or more will also be recognized on the Donor Board(s).

D. Works of Art

Donors of works of art accepted for display under the terms of PVLD's Gift Acceptance Policy will be recognized with appropriate plaques. Donations valued at \$1,000 or more will also be recognized on the Donor Board(s).

3. Recognition of gifts of less than \$1000.

Book Plates are reserved for memorial/in honor of/in spirit of gifts of a minimum of \$250. This can be cumulative. If memorial gifts related to a single person total \$250 or more, a book plate would be placed in an appropriate book for the collection.

All gifts will be recognized in PVLD/PFL publications such as newsletters, an annual report to donors, and/or on the website. No minimum amount.

7031.4 Sponsorships

Sponsorships are accepted under the terms of PVLD's Gift Acceptance Policy (5060.0). Public recognition of a sponsor of an event, program, or service may include:

1. Acknowledgement of the sponsorship and/or display of the sponsor's logo on the promotional materials for the sponsored event, program or service.
2. A press release submitted to local media outlets.
3. A verbal announcement at the beginning of a program.
4. An announcement or article in a PVLD newsletter.
5. Sponsorships with a value of \$1,000 or more in any calendar year will also be recognized on PVLD's Donor Board.

7031.5 Capital Campaigns

From time to time, the Palos Verdes Library District Board of Library Trustees may authorize specific fundraising campaigns in support of substantial capital projects and may establish additional donor recognition opportunities specific to that campaign.

Adopted: December 12, 2002; Revised April 13, 2006; Revised September 11, 2008; Revised September 10, 2009

7033.0 General Fund - Fund Balance/Reserve Policy

- A. Fund Balance will include a designation of six-months of operating expenses (six months is equivalent to 50% of budgeted operating expenditures) as required by California Government Code Section 53646 (B)(3). This will ensure that the District have sufficient cash on hand for the first six months of the fiscal year prior to the receipt of property taxes.
- B. Fund Balance will include an emergency reserve of no less than 5% of total operating revenue. The emergency reserve is used to protect against unplanned events such as emergency purchases, special projects and situations such as loss of revenue due to an economic down-turn.
- C. Fund balance remaining after A and B above have been taken into consideration will be designated to the Asset Replacement Fund for projected capital and asset replacement needs to the amount of the budgeted need based on a Capital Improvement Budget as approved by the Board in conjunction with each year's Annual and Mid-Year Budgets.
- D. Any fund balance remaining after A,B and C above are taken into consideration will be placed into the emergency reserve until the emergency reserve reaches 10% of operating revenue.

- E. Any fund balance remaining after A, B, C and D above are taken into consideration can be designated by the Board for other current compelling needs in conjunction with each year's Mid-Year Budget or will be listed as Unreserved or Undesignated.
- F. If at any time staff cannot balance the budget due to an economic downturn that is severe enough to result in possible service cuts/impacts, PVLD staff is to report on these service impacts and will be authorized to drawdown from Fund Balance if core mission programs are affected. Staff will make recommendations on a case-by-case basis of how the funds will be allocated as financial support to a particular core program. Core mission programs are defined as:
- Maintaining library hours
 - Maintaining current service levels
 - Materials Budget
 - Technology Budget
 - Facilities Budget

Adopted April 10, 2003; Revised March 10, 2005; Revised April 12, 2007; Revised May 8, 2008

7034.0 Inter-fund Transfers

Upon Board approval of the audit and subsequent to all audit adjustments made to the quarterly financial reports, the Finance Director shall review fund balances in all Board-designated funds as reflected on the Combined Statement of Revenues, Expenditures and Changes in Fund Balance. The Finance Director shall then recommend to the Board a transfer of funds, in accordance with Policy 7033.0, or any portion thereof, to the appropriate Board-designated fund(s) as defined in the audit. All fund transfers require Board approval through adoption of a Resolution.

Approved May 11, 2000; Last Reviewed June 13, 2002; Revised March 10, 2005

7035.0 Investment Policy

- A. This Investment Policy applies to all funds of the District as identified in the District's Independent Auditor's Reports and General-Purpose Financial Statements, with the exception of those funds governed by bond indentures or bond resolutions. The following is a list of funds included:
1. General Fund
 2. Capital Projects Fund Asset Replacement Fund)
 3. Non-major Governmental Fund (Gift Fund)
- B. Investment Authority
1. Pursuant to Education Code Section 19658, the Los Angeles County Treasurer is the investment authority for, and holder of all District Funds, except as otherwise specified in this Paragraph and Paragraph D of this Policy.
 2. All District revenue derived from taxes, shall be paid to the Los Angeles County Treasury to the credit of the Library Fund of the District. Money acquired by gift, devise, bequest or otherwise for the purposes of the District may be deposited in either a District-maintained account or in the Los Angeles County Treasury, depending upon the dollar amount, length of time and the anticipated margin of return on investment before it is expended.
 3. All funds in the District's Library Fund of the Los Angeles County Treasury shall be held in the Los Angeles County Pooled Surplus Investment Fund, unless the District

makes a special request of the County Treasurer for placement in other lawful investments with a term of no less than two (2) years. However, few funds are eligible for this type of long-term investment, as funds of the District must remain sufficiently liquid to enable the District to meet all operating requirements that might be reasonably anticipated, including but not limited to, the operating budget of the current fiscal year.

C. District Authority

1. The District may withdraw funds from the County Treasury to use for general and special operations of the District. In order to disburse funds related to these obligations, transfers from the County Treasury shall be made to District-maintained financial accounts. These transfers shall be made on order of the Board of Library Trustees or the District Director on an as-needed basis, usually twice per month, to cover anticipated expenses of the District.
2. District-maintained financial accounts must be held in California or federally chartered banks or other financial institutions that are members of, and insured by, FDIC or FSLIC. These financial institutions shall be selected by the District Director or Finance Director and approved by the Board of Library Trustees.

D. Ethics and Conflicts of Interest

No District officer or employee shall make, participate in making, or use his or her official position to influence a decision regarding District investments in which he or she has a financial interest in the outcome of that decision, as provided in California Government Code Section 1090 et seq. And California Government Code Section 87100 et seq.

E. Reporting

1. In accordance with CGC S53646(b)(1), the Director of Finance shall submit to the Board of Library Trustees a quarterly Cash and Investment Report. This quarterly report shall be submitted at the Regular Board meetings held in August, November, February and May. The report shall reflect all District funds at quarter end and the location of same, i.e., County of Los Angeles Pooled Surplus Investment Fund or District-maintained financial accounts. This report shall also include a statement that (1) all investments are in full compliance with the Investment Policy, with any exception(s) disclosed and, (2) the District will meet its expenditure obligations for the next six months, as required by California Government Code Section 53646(b)(2) and (3) respectively.
2. A report summarizing the County of Los Angeles Pooled Surplus Investment Fund is available online or for inspection in the Office of the Director. The report is entitled "Excerpts from the Report of Investment" and is published by the County of Los Angeles Treasurer and Tax Collection on a monthly basis.

F. Investment Policy Review

The Investment Policy shall be reviewed each January by the Board of Library Trustees and revised by the Board of Trustees as necessary.

Adopted October 8, 1987; Revised November 14, 1991; Revised November 9, 1995; Revised June 13, 1996; Revised February 10, 2000; Last Reviewed June 13, 2002; Revised May 12, 2005; Revised January 12, 2006; Revised January 10, 2008; Revised May 14, 2009

7040.0 Insurance

It is the Board of Library Trustees policy to provide insurance coverage for the following: Property, fire, ECE (Extended Coverage Endorsement) and basic liability, not less than 90% co-insurance (based on current appraised value):

	<u>Peninsula Center</u>	<u>Malaga Cove</u>	<u>Miraleste</u>
Buildings & Contents	\$ 37,204,019	3,647,193	2,481,391

Note: above items are now included in Building & Contents

Other contents not owned by the District	28,063	0	0
Deductible	2,000	2,000	2,000
*Earthquake Sprinkler Leakage	1,000,000	0	0
Deductible	10,000		

*The District does not have Earthquake Insurance beyond sprinkler leakage

Flood	10,000,000	Rep't Value	Rep't'd Value
Deductible	500	500	500

Commercial/General Liability	10,000,000 / 500 deductible
Blanket Business Income	250,000
Employment Related Practices	10,000,000

Automobile property and liability: \$10,000,000 for District vehicles and any future automobiles or trucks purchased or leased by District. Deductible \$1,000.

Uninsured motorist: \$750,000 per incident. No Deductible.

Boiler and machinery equipment installed in any District facility: \$100,000,000
Deductible \$5,000

Umbrella Policy liability no less than \$10,000,000. Covers all employees and Trustees.
Personal Liability Coverage for Trustees and Directors: \$500,000. Deductible \$500

Commercial Crime coverage including Blanket Employee Dishonesty Coverage for all employees: up to \$400,000. No deductible.

Worker's Compensation for employees and volunteers, in compliance with State regulations. Also includes Employers Liability of \$1,000,000 per accident, per employee.

State Unemployment insurance coverage for all employees of the District, through a State administered program that the District underwrites on a reimbursable basis.

Public Officials and Employees Errors and Omissions Liability with a liability limit of \$10,000,000 annual aggregate.

Adopted May 12, 1988; Revised November 14, 1991; Revised January 9, 1992; Revised December 12, 1996; Revised February 13, 1997; Revised November 12, 1998; Revised August 10, 2000; Revised June 13, 2002; Revised May 12, 2005

7050.0 Legal Counsel

It is the policy of the Palos Verdes Library District to utilize independent and competent legal counsel.

The Board currently contracts with two private law firms specializing in public sector law; one as General Counsel and one for labor and employee relations. The function of counsel is to advise the Board and the Director in all legal matters. Counsel for labor and employee relations serves on the negotiating team during collective bargaining with the recognized employees' organization.

From time to time as may be required, the Board shall contract for legal counsel to handle specific legal situations confronting the District. The Director may use attorneys not on contract with the District on an hourly basis, as may be required, provided total fees for any one firm do not exceed \$3,000 on an annual basis. Such use will be reported at the next regularly scheduled Board meeting.

Adopted May 12, 1988; Revised November 14, 1991; Revised August 14, 1997; Updated November 12, 1998; Revised September 14, 2000; Last Reviewed May 12, 2005

7060.0 Contracts and Agreements

7060.1 Approval

All contracts and resolutions must be approved by no less than three (3) Board members, with the following exceptions:

- A. The Director is authorized to enter into contracts funded via a line item in the current fiscal year General Fund Budget, or in a Board Resolution, in accordance with Policy No. 7110.0 (Authority for Budgeted Purchased). Notice is required to the Board in the Consent Calendar at the next Regular meeting after contract ratification identifying the contract date, contractor, cost, authorizing budget line item or Board Resolution, length of contract, and other pertinent information.
- B. The Director may, at his/her discretion, present any contract to the Board for discussion and prior approval. Any Board member may request that a contract be presented to the Board for discussion and prior approval.

Adopted May 12, 1988; Revised August 10, 2000; Last Reviewed May 12, 2005

7060.2 Personnel

- A. The Board of Library Trustees is responsible for selecting and contracting with a District Director, establishing the salary, benefits and terms of employment, and completing an annual review. The Director's termination shall be tendered to or directed by the Board.
- B. The Board is responsible for contracting with the recognized employees' association covering wages, benefits, terms of employment, and working conditions.

Adopted May 12, 1988; Revised December 13, 1990; Revised September 10, 1992; Revised August 14, 1997; Revised December 11, 1997; Updated November 12, 1998; Last Reviewed May 12, 2005

7060.3 Property Contingency

Library District - Village Shopping Center Agreement

The District is a party to an agreement with the Village Shopping Center and the City of Rolling Hills Estates which provides for reciprocal parking between the Village Shopping Center and Peninsula Center Library. By this agreement the Village Shopping Center maintains the small plaza on Deep Valley Drive which occupies land owned by the Library District.

Adopted May 12, 1988; Revised December 13, 1990; Revised August 14, 1997; Revised December 11, 1997; Updated October 1998; Revised August 12, 1999; Revised August 10, 2000; Last Reviewed May 12, 2005

7070.0 Retention of Administrative Records

It is the responsibility of the Director of the Palos Verdes Library District to create and maintain current and useful administrative files and records as a basic management resource for the District. Similarly, the Director is responsible for the maintenance of the necessary historical records required by law and accepted practice. The Director shall review these files and records periodically to determine the adequacy of the retention procedures. The Director will carry out these duties in line with the specific guidelines outlined below. Changes in these guidelines shall be brought to the Board for its consideration and approval. Unusual items, not listed, should be brought to the Director's attention.

Revised July 10, 1997; Revised May 11, 2000; Last Reviewed May 12, 2005

RECORD

RETENTION

AMERICANS WITH DISABILITIES ACT (ADA)

Self Evaluation forms	3 years
Complaints	3 years
Responses to Complaints	3 years

BOARD OF LIBRARY TRUSTEES

Minutes of Board Meetings	Permanent
Trustee Elections/Appointments	Permanent
Audio Recordings of Board and Committee Meetings	6 months
Video Recordings of Board and Committee Meetings	6 months
Agendas/Agenda Packets	5 years

CALIFORNIA LIBRARY SERVICES ACT, ILL DATA

4 years

COLLECTION FORMS (July 1878, Article 7 Interlibrary Loans Section 20265(b) of CSLB's regulations)

CIRCULATION RECORDS

Computerized fines & fees	3 years
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CORRESPONDENCE

Chronological File of Correspondence	5 years
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FINANCIAL RECORDS

Accounting Records of Original Entry (Financial ledgers and journals)	Permanent
Audits	Permanent
Bank Statements/Canceled Checks/Deposit Slips	3 years
Cash Collections Account	4 years after audit
Imprest Cash Account	4 years after audit
Payroll Account	4 years after audit
Budgets/Capital Plans	5 years

FIXED ASSET RECORDS

Annual Disposal Reports	10 years
Inventory Detail	10 years
Library Construction (Bonds, election, construction, architects, outfitting, litigation, etc.)	Permanent
Tait Appraisal	Permanent

INSURANCE

Insurance Claim Group	4 years after termination
Property & Liability	Permanent
Workers Compensation	5 years after file is closed

LITIGATION (except library construction)

3 years after final settlement

PAYROLL

Bank Payroll Report	5 years
Earnings Record (ADP)	5 years
P.E.R.S. Monthly Reports	5 years
Record of Sunday Work	5 years after audit
Time Sheets or Cards	5 years
W-2 Forms	5 years

PERSONNEL

Employment Applications	3 years
General Interest and Posted Positions	4 years
Organization Charts	permanent
Employee Personnel Files	5 years after termination
Grievances	1 year
Job Descriptions	2 years
Labor Contracts	5 years
Exposure to Hazards	30 years after termination
Immigration/Naturalization	3 years or 1 year after termination
Pension, Insurance, Seniority and Merit Pay Plans	1 year after termination of plan

PRESS RELEASES

8 years

PURCHASING/CONTRACTS

Bids (bidders and bid amounts)	10 Years
Contracts Completed	10 years
Purchase Orders	7 years
Purchase Order Logs	7 years
Supply Requisitions	7 years
Invoices	10 years

TAX REPORTS

DE-3 (State Income Tax Withheld Report)	5 years
941-E (Federal Income Tax Withheld Report)	5 years
OAR-S (F.I.C.A. Report to P.E.R.S.)	5 years
Sales Tax	5 years
Unemployment	6 years

Revised October 8, 1992, Revised September 8, 1994; Revised July 10, 1997; Last Reviewed January 1999; Revised June 10, 1999; Revised October 14, 1999; Revised August 10, 2000; Revised June 13, 2002; Revised January 9, 2003; Revised November 13, 2003; Last Reviewed May 12, 2005

7080.0 Disposal of Materials and Other Items Deemed Inappropriate for Retention

The purpose of this policy is to provide a procedure for handling disposal of items owned by the District other than library materials (for library materials see Policy No. 5040.2), which are inappropriate for retention, to assure such actions are in the best interests of the District and the community, and to provide a process of control and review by the Board.

A. Definition of Items

1. Fixed assets -- furniture or equipment costing or valued for replacement at \$5,000 or more
2. Other furniture, equipment and supplies -- material costing or valued for replacement at less than \$5,000

G. Factors to be Considered Prior to Disposal

1. Usefulness to the District now or in the future
2. Costs to achieve usefulness to the District now or in the future

H. Means of Disposal

1. Sale -- income is received by the District. Board shall be provided with justification of sale and information on how sale is to be conducted. Sale must be approved by Board action.
2. Gift -- restricted to other libraries unless otherwise authorized by Board action.
3. Exchange/Trade-in -- credit is received by the District toward acquisition of similar item
4. Discard -- to be utilized only if other means of disposal are not possible or appropriate

I. Responsibility for Determination

1. Fixed assets (see "A" above) and Art or Other Artifacts -- The Director makes recommendation to the Board as to items and means of disposal. Decision is then made by Board action.
2. Other furniture, equipment and supplies (see "B" above) -- The Director makes the decision as to items and means of disposal; no Board action is necessary unless sold (see "D.1" above).

J. Reporting

A written annual report shall be provided to the Board in accordance with Policy No. 7020.3.D (Annual Reporting).

Approved April 14, 1977; Revised August 9, 1990; Revised October 6, 1994; Revised June 8, 2000; Last Reviewed June 13, 2002; Revised May 12, 2005

7100.0 Purchasing Policy

It is the policy of the District to purchase quality products and services from the lowest responsible bidder. However, lowest cost will not be the sole factor in selecting vendors to provide products and services necessary for the operation of the District. Value, future costs and quality of service will be given equal weight.

Purchases, services or contracts over \$5,000 and under \$25,000 are made by obtaining quotes. The quote process implies that the lowest price will be the sole criteria in the award selection if the minimum stated requirements are met. Purchases, services or contracts over \$25,000 are made by employing a Request for Proposal (RFP). The RFP process allows for selection based on stipulated award criteria in addition to price.

Products and services which are required to be bid by law will be governed by the applicable laws. The District, as an independent special district formed under the Education Code, is not required to follow the Public Contracts Code. However, the District will follow similar bid procedures as indicated in the Quote and RFP requirements below.

Adopted October 13, 1988; Revised April 9, 1992; Revised August 8, 1996; Revised August 14, 1997; Revised August 10, 2000; Revised June 13, 2002; Revised May 12, 2005; Revised December 13, 2007

7110.0 Authority for Budgeted Purchases

Department Managers may initiate purchases covered by funds approved in their budgets as per the Procurement Value Table below. The District Director is delegated the authority to enter into contracts for the purchase of any product or service approved in the current fiscal year budget in accordance with the policies set forth herein.

If products or services are deemed available only from a sole source, the District Director may waive the requirements set forth in section 7100.0.

Adopted October 13, 1988; Revised April 9, 1992; Revised August 14, 1997; Last Reviewed May 12, 2005; Revised December 13, 2007

7110.1 Procurement Value Table

Dollar Value	Petty Cash	Credit Card	Request for Warrant	Purchase Order	Request for P.O.	Quotes	RFP/Bid
< \$100	✓	✓	✓				
>\$100<\$500		✓	✓	✓			
>\$500<\$1,000		✓	✓	✓	✓		
>\$1,000<\$5,000		✓	✓	✓	✓		
>\$5,000<\$25,000			✓	✓	✓	✓	
>\$25,000			✓	✓	✓		✓

Petty Cash – Primarily used only for small or emergency purchases under \$100.

Credit Card – The district credit card or store credit cards can be used for any purchase under \$5,000 (a request for warrant is required for all purchases greater than \$5,000).

Request for Warrant (check) - A request for warrant, typically used for acquiring services, can be used at any time for any amount.

Adopted October 13, 1988; Revised April 9, 1992; Revised September 14, 1995; Revised August 8, 1996; Revised August 14, 1997; Revised August 10, 2000; Revised June 13, 2002; Revised May 12, 2005; Revised December 13, 2007

7110.2 Purchase Order Requirements

- A. A budgeted purchase, service, contract or agreement under \$100, not including Library materials as defined in Policy No.7150.0 (Purchase of Library Materials), will not require a purchase order.
 - B. Categories exempt from purchase orders are:
 - (1) Utilities (i.e., electric, gas, telecommunications, water, trash)
 - (2) Insurance premiums
 - (3) Membership fees and subscriptions
 - (4) Legal and audit fees
 - (5) Training
 - (6) Postage
 - (7) Travel expenses (i.e., airfares, hotel rooms)
-

7110.3 Quotes & Request For Proposal Requirements

- A. Purchases, services, contracts or agreements over \$5,000 and under \$25,000 will require quotes from (3) three vendors from the District's Preferred Vendors List.
- B. Purchases, services, contracts or agreements over \$25,000 will require a Request for Proposal (RFP). The RFP shall specify the following requirements:
 - (1) Submission of requirements
 - (2) Vendor Qualifications/Costs
 - (3) Contracting Requirements
 - (4) Evaluation of Proposals
 - (5) Award and Execution of Contract
 - (6) The time and place that bids will be received and opened.

7120.0 Preferred Vendor List

PVLD will establish a Preferred Vendors List for goods and services that are purchased on a regular basis (e.g. computer equipment and supplies) that have a value greater than \$5,000 and less than \$25,000.

The Preferred Vendors List for a given category of purchases will be established through a request for Proposal (RFP) process no less frequently than once every three years. Companies with whom PVLD has existing satisfactory business relationship as of the date of authorization of this policy will be placed on the Preferred Vendors List for a period not to exceed three years, at which time an RFP will be issued. During the term of any Preferred Vendors List, additional vendors may apply to be added to the list and will be considered on the same criteria as contained in the RFP establishing the list. Vendors who fail to maintain acceptable service levels may be deleted from the Preferred Vendors List.

7130.0 Purchasing Limitations

Multiple purchases to the same vendor may not exceed \$20,000 in any given fiscal year except for the following:

- The purchase, service contract or agreement was based on a Bid or Request for Proposal (RFP)
OR
- The purchase was made directly from an OEM (Original Equipment Manufacturer)

7140.0 Retention Period

Detailed records of informational quotes or RFP's will be maintained by the District for a period of ten (10) years. Refer to Policy No. 7070.0 (Retention of Administrative Records)

7150.0 Purchase of Library Materials

- A. Library materials include, but are not limited to, books, audio visual, microfilm, microfiche, compact discs, pamphlets, and periodicals.
- B. Purchasing of library materials shall be at the discretion of the Director and limited solely by the dollar amounts provided within the current District budget.
- C. The District utilizes various library vendors to assure the best prices, discounts, and services relating to library materials.
- D. The Director shall prepare, negotiate and issue contracts for outsourced acquisition of library materials no less than every three years.

- E. Detailed records of informational quotes will be maintained by the District for a period of ten (10) years. Refer to Policy No. 7070.0 (Retention of Administrative Records).
- F. Upon occasion, library personnel will go to a warehouse and select numerous titles and volumes.
- G. Before going to such locations, an informal survey will be done to identify similar warehouses and to solicit informal quotes as to discounts received.
- H. Upon occasion, library personnel will purchase memorial or recognition books or other media directly from a local supplier. The quantity of these purchases, which must be done in a timely manner and it is determined that they cannot be obtained through traditional sources, does not normally exceed 30 items per year. These purchases are excluded from this policy.

Adopted October 13, 1988; Revised April 9, 1992; Revised September 14, 1995; Revised August 14, 1997; Revised August 10, 2000; Last Reviewed May 12, 2005; Revised June 14, 2007; Revised December 13, 2007

7160.0 Purchase of Unbudgeted Products and Services

- A. Purchase of any unbudgeted product or service in an amount not exceeding \$5,000 (as a one-time purchase) may be negotiated by the Director with due regard to the policies set forth herein and will be reported to the Board at the next regular meeting.
- B. Purchases of any unbudgeted products or services in an amount greater than \$5,000 (as a one-time purchase) shall first be submitted to the Board at the next regular meeting, The Board shall approve such purchases by obtaining no less than three (3) votes.

Adopted October 13, 1988; Revised April 9, 1992; Revised August 14, 1997; Revised December 11, 1997; Revised August 10, 2000; Revised June 13, 2002; Revised May 12, 2005

7170.0 Emergency Purchases

- A. The Director is delegated the authority to act and enter into any purchasing action for products or services in the event of emergency involving potential loss of life or property damage.
- B. If time permits, the Director is to inform the President of the Board, or in the absence of the President, to inform the Vice-President of the Board.
- C. When this authority is exercised, the Director shall inform all Trustees of action taken within 10 days, but not later than at the next regularly scheduled meeting.

Adopted October 13, 1988; Revised April 9, 1992; Revised August 10, 1995; Revised August 14, 1997; Last Reviewed May 12, 2005

7180.0 Purchases through Purchasing Services Agreements between other governmental entities and suppliers and through Cooperative Agreements with other governmental entities

- A. The Director has the authority and is directed to join into such purchase agreements, when substantial cost savings exist, as is deemed appropriate for the purchase of materials, equipment and supplies.
- B. The Director may choose to use or not use a bid process, depending on the item(s) to be purchased. When such action is taken, it shall be reported to the Board at its next regularly scheduled meeting. Under no circumstances shall a purchase be authorized for more than \$10,000 without prior Board approval, unless it is an emergency purchase.
- C. The District shall maintain a separate file of all acquisitions made through such agreements.

Adopted June 13, 1991; Revised April 9, 1992; Revised August 10, 1995; Revised August 14, 1997; Revised August 10, 2000; Last Reviewed May 12, 2005

7190.0 Service Contracts and Professional Services Agreements

For all service contracts and professional service agreements, the Director shall prepare, issue and evaluate appropriate Request For Proposals no less than every three years, unless otherwise directed by the Board. The objective is to re-assess the price, utility, and service received to assure the District is receiving quality service at a competitive price. The results of such review shall be reported to the Board.

Adopted August 10, 1995; Revised August 10, 2000; Last Reviewed May 12, 2005

7200.0 Fixed Assets Policy

7200.1 Purpose:

To establish and implement controls necessary to protect the fixed assets of the Palos Verdes Library District.

7200.2 Policy:

1. Fixed assets are defined as tangible assets, such as buildings, furnishings or equipment, which have a value greater than \$2,000 and a useful life of at least one year.
2. The District will record and control fixed assets in compliance with federal rules and regulations and generally accepted accounting principles. The District will maintain a register of all fixed assets. Fixed assets will be capitalized and depreciated in accordance with Policy 7210.0 (Capitalization Policy) and Policy 7220.0 (Depreciation Policy).
3. Fixed assets that are unable to be used by the District (e.g. as a result of damage or theft) or are surplus to the District's current or future needs will be removed from the asset register and disposed of in accordance with Policy 7080.0 (Disposal of Materials and Other Items Deemed Inappropriate for Retention).

7210.0 Capitalization Policy

7210.1 Purpose:

To establish uniform guidelines to ensure the consistent and accurate capitalization of all assets held by the Palos Verdes Library District as required for regulatory reporting and for compliance with generally accepted accounting principles.

7210.2 Policy:

The District will capitalize and depreciate all fixed assets that meet the following capitalization thresholds. Assets that do not meet the capitalization thresholds will be treated as an expense in the year acquired.

1. Infrastructure Assets

As defined by GASB 34, these are “long-lived capital assets that normally are stationary in nature and can be preserved for a significantly greater number of years than most capital assets.”

Typically these assets would include pavement, curbs and gutters, sidewalks, streetlights, sewers, traffic controls etc.

2. General Capital Assets

- a) Land – Costs to be capitalized includes all costs associated with the acquisition of the land as well as the costs incurred in preparing the land for its intended purpose. These costs include, but are not limited to purchase and closing costs.
- b) Land Improvements – Costs to be capitalized include, but are not limited to, landscaping, parking lots, parking structures that exceed \$10,000.
- c) New Buildings – Costs to be capitalized include all costs associated with the purchase or construction that exceeds \$10,000.
- d) Building Improvements (repairs and renovations) -- Costs to be capitalized are costs that improve the useful life of the building, substantially change the use of the original space, or expand the total space of the building, and the cost of which exceeds \$10,000. (Repairs, which are distinguished from improvements, are rarely capitalized. They usually do not extend the useful life of the asset and are simply classified as operational).
- e) Construction-in-Progress – Capital improvements projects are capitalized as “construction-in-progress” until completed. Costs to be capitalized include:
 1. Direct costs – e.g., labor, materials, and transportation
 2. Indirect costs – e.g., engineering and construction management.
- f) Artwork- A single purchase greater than \$2,000 at the historical or original price. In the absence of historical information, the asset’s estimated historical purchase price may be used.
- g) Donated Assets – are capitalized at their fair market value plus any associated costs at the time of the donation. Therefore, the fair market value of these assets is used to determine whether or not they meet the capitalization threshold for that specific type of asset.
- h) Furniture and Equipment (furniture, computers, software, vehicles etc.) – A single item with a purchase price greater than \$2,000, which is a tangible piece of personal property and has a useful life of more than one year, is capitalized. The total amount capitalized should include all costs of purchase and those costs associated with delivery, transportation, and insurance while in transit, installation costs, and other similar costs.

7220.0 Depreciation Policy

7220.1 Purpose:

To provide a systematic method for allocating and recording the cost of the District’s capitalized assets over their useful life on accordance with generally accepted accounting principles.

7220.2 Policy:

1. All items that meet the capitalization thresholds defined in Policy 7090.1 (Capitalization Policy) will be depreciated using the “straight-line” method according to the useful life schedule below.
2. Items purchased during the first half of the fiscal year will be depreciated for one full year. Items purchased in the second half of the fiscal year will not be depreciated until the following fiscal year.
3. Constructed buildings will be depreciated beginning in the first year the building is put into use.
4. Land, construction in progress and artwork do not depreciate.

Schedule of Useful Life

ITEM	USEFUL LIFE
Infrastructure Asset	20 to 30 years
Land	Not depreciated
Land Improvements	15 years
New Buildings	30 years
Building Improvements – Long-lived Structural, Mechanical and Equipment (for example roofs, plumbing, HVAC, remodeling)	10 to 20 years
Building Improvements – Short-lived Refurbishment (for example carpets and flooring, painting, kitchen refurbishment)	5 to 10 years
Construction-in-Progress	Not depreciated
Artwork	Not depreciated
Furniture	5 years
Vehicles	7 years
Computer Equipment and Software	3 years
Machinery and equipment (office equipment, cleaning equipment, etc.	3 years

Adopted March 10, 2005