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7005.0 Accounting Process

The Palos Verdes Library 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 of Library Trustees may establish other types of funds at its discretion to segregate monies for a specific purpose (see Policy No. 7005.3 - Fund Classifications). 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 Palos Verdes Library 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.

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, Palos Verdes Library District does not have this category of fund.

C. Fiduciary Funds

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

7005.3 Fund Classifications

A. Non-Spendable Fund Balance

1. Not in spendable form
 - a. Cannot ever be spent – inventory, pre-paid items, supplies
 - b. Cannot currently be spent – long-term portion of loans receivable and nonfinancial assets held for resale
2. Legally or contractually requirements
 - a. Principal of an endowment or revolving loan fund

B. Spendable Restricted Fund Balance

1. Externally legal restrictions
 - a. Externally imposed by outside parties such as creditors, debt covenants, grantors or contributors, laws or regulations of other governments
 - b. Imposed by law through constitutional provisions or enabling legislation
 - c. Identical requirements of Restricted Net Assets

C. Spendable Committed Fund Balance

1. Self-imposed limitations
 - a. Highest level of decision-making authority – governing body
 - b. Formal action required by close of reporting period

D. Spendable Assigned Fund Balance

1. Amounts intended for a particular purpose- intent should be expressed by
 - a. Less formal action – governing body or
 - b. May be delegated to lower authority, such as staff
 - c. Limitation on assigned fund balance
 - d. Never in excess of total fund balance less non-spendable, restricted and committed components
2. Assigned fund balance includes:
 - a. Remaining positive fund balance reported in governmental funds, except for General Fund
 - b. General Fund amounts intended for specific purpose
 - c. Appropriation for projected budgetary deficits

E. Unassigned Fund Balance (residual net resources)

7005.4 Establishing, Closing, Reporting and Transferring Between Funds

- A. A fund shall be established via Board of Library Trustees 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 of Library Trustees may, at its discretion, close a fund. A fund must be closed via 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 of Library Trustees Designated Funds shall be reported quarterly in accordance with Policy No. 7020.3.B (Quarterly Reports).

- D. The Board of Library Trustees may transfer monies between all funds as noted in Policy No. 7034.0 (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, Non-spendable, Spendable: Restricted, Committed or Assigned, Unassigned)

Fund used to account for Palos Verdes Library District operations.

- B. Capital Projects Fund (Governmental, Spendable: Restricted, Committed or Assigned)

- 1. Asset Replacement Fund

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

- C. Pension Trust Fund (Fiduciary, Spendable: Restricted)

Adopted November 9, 2000; Revised June 13, 2002; Revised May 12, 2005; Revised May 14, 2009; Revised August 12, 2010; Revised September 17, 2015; Revised February 18, 2021; Revised July 15, 2021

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 1st 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 District Director is responsible for preparing and submitting annual revenue and expenditure budgets to the Board of Library Trustees in accordance with the calendar prescribed in Policy No. 7010.1 (Calendar for Budget Submissions).

A copy of the Budget is available in the Administration Office at Peninsula Center Library or on Palos Verdes Library District's website.

7010.1 Calendar for Budget Submissions

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

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

7015.0 Chart of Accounts

A copy of Palos Verdes Library District's Chart of Accounts is available in the Administration Office at Peninsula Center Library.

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; Revised August 12, 2010; Removed Section 7017.0 "Definitions of Financial Accounts" September 17, 2015; Reviewed 2/18/2021

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 usually budgeted in Palos Verdes Library District's General Fund.
- B. Special Projects have a defined scope of work, specific goals, and an identified completion and are outside the routine maintenance activities budgeted in the General Fund.
- C. Special Projects have a Project Manager designated by the Board of Library Trustees. The Project Manager may be referred to as "Owner's Agent" and may be a member of the Board of Library Trustees, the District Director, a staff member, or other person.
- D. Special Projects will be created for activities that meet the criteria established in subsections A-C above, will take more than three months to complete, and have a total project cost greater than \$25,000.

7019.2 Creating a Special Project

A Special Project is created by majority vote of the Board of Library Trustees 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.

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 Manager 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. 5 (Monthly Reporting-Special Project Reports).

7019.4 Modifying Special Projects

Revisions, such as additional funding and/or changes in scope or schedule, shall be authorized by the Board of Library Trustees 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 of Library Trustees action; or
2. by Board of Library Trustees 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 of Library Trustees 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; Reviewed August 12, 2010; Revised May 19, 2012; Revised August 12, 2010; Revised September 17, 2015; Revised February 18, 2021

7020.0 Reports/Schedules

7020.1 Annual Audit

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

The audit is submitted to the Board of Library Trustees on or before the regular December Board meeting and once accepted is distributed to the Board of Library Trustees and filed with the California State Controller's Office in accordance with California Government Code Section 26909.

Adopted May 12, 1988; Revised August 14, 1997; Revised November 12, 1998; Revised August 10, 2000; Reviewed August 12, 2010; Revised September 17, 2015; Revised February 18, 2021

7020.2 State Reports

A. State Library

California Education Code, Division I, Part 11, Chapter 9, Section 19653 requires a comprehensive report of Palos Verdes Library 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 District 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 to each member of the Board of Library Trustees at the next Board meeting following submission. The District Director shall maintain a copy of the most recent Palos Verdes Library District annual report and the California Library Statistics and Directory in the Administration Office at Peninsula Center Library for viewing by the public or the Board of Library Trustees.

B. State Controller

The Finance Manager shall file with the State Controller's Office, usually within seven months after the end of each fiscal year, or at the date established by the State, a detailed report of all financial transactions of Palos Verdes Library District.

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

Adopted May 12, 1988; Revised September 13, 1990; Reviewed August 10, 2000; Reviewed August 12, 2010; Revised September 17, 2015; Revised February 18, 2021

7020.3 Reports to the Board of Library Trustees

A. Monthly Reports

The District Director shall provide in the monthly agenda packet for each member of the Board of Library Trustees, Operational Statistical Report, Approved Budget Performance Report and Special Project Report.

1. Operational Statistical Report

Each of the statistical items shall be furnished for Palos Verdes Library 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. Variance Report

- a. A report explaining variances between actual revenues and expenditures and the approved budget.

4. Reserve Balance Report for Five Years

5. 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, and
- d. status or completion of tasks.

6. District Director's Report

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

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

B. Quarterly Reports

The District Director shall provide each member of the Board of Library Trustees, at the Regular Board of Library Trustees 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.

C. Annual Reports

1. The District Director shall provide each member of the Board of Library Trustees, 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 may provide each member of the Board of Library Trustees, at the January Regular Board meeting, a report reflecting the activities /accomplishments of the committee in the prior calendar year.

Revised February 18, 2021

7030.0 Funding Sources - General Fund

Palos Verdes Library District funding is currently provided from the following sources: 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 approximately one (1) percent of the full market value as established by the 1978 assessment rolls. Palos Verdes Library District receives only a portion of these property taxes. Each year this property base assessment is adjusted by changes in

population, the Consumer Price Index 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, services such as passport, notary, and exam proctoring, 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 Peninsula Friends of the Library or individual residents of Palos Verdes Library District. Spendable restricted gifts will be tracked individually.

Grants are usually provided to Palos Verdes Library 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.

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; Reviewed June 13, 2002; Revised May 12, 2005; Revised May 14, 2009; Revised August 12, 2010; Revised September 17, 2015; Revised February 18, 2021

7031.0 Donor Recognition Opportunities

7031.1 Purpose and Scope

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

The provisions of this policy are intended to apply to all gifts received by the Palos Verdes Library District, and to be replicated in the Donor Recognition policies of the Peninsula Friends of the Library.

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; and
- respect requests by donors not to be publicly recognized or acknowledged (to the extent permitted by law).

7031.3 Donor Recognition

A. Palos Verdes Library District Donor Recognition Board

A Donor Recognition Board is maintained at the Peninsula Center Library to recognize major contributions to Palos Verdes Library District and Peninsula Friends of the Library. Donors may include individuals, families, family trusts or foundations, and other types of foundations, trusts and organizations (other than Peninsula Friends of the Library).

1. Monetary Contributions

Donors will be listed at the appropriate level on the Donor Recognition 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:

Patron:	\$125,000 and above
Partner:	\$100,000 - \$124,999
Major Benefactor:	\$50,000 - \$99,999
Benefactor:	\$25,000 - \$49,999
Sponsor:	\$10,000 - \$24,999
Advocate:	\$5,000 - \$9,999
Supporter:	\$2,000 - \$4,999
Donor:	\$1,000 - \$1,999

Donors that include Peninsula Friends of the Library in their estate planning will be members of the Ruby Hale Field Legacy Society.

Once recognized on the Donor Recognition Board for a gift of at least \$1,000 in any calendar year, donors may move up levels based on the cumulative value of their gifts over time. Donor recognition levels may be revised by the Board of Library Trustees and will be effective as of the date of the most recent revision.

All donors of \$1,000 or more in a calendar year will be recognized on the Donor Recognition Board at the Peninsula Center Library.

Gifts below \$1000 are classified as "Friends".

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

Palos Verdes Library District and Peninsula Friends of the Library will review donor records on at least an annual basis to determine recognition status.

The Board of Library Trustees and the District 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 Recognition 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 recognition boards for specific projects and retains discretion to recognize donors and sponsors by other methods on a case-by-case basis.

2. Non-Monetary Donations

Non-monetary donations will be recognized on the Donor Recognition Board based on the value of the asset when donated, provided the donation complies with Policy No. 5060.0 (Gift Acceptance).

a. "In Kind" Donations

"In Kind" donations of furniture, equipment, and fixtures will be recognized on the Donor Recognition Board based on the value of the asset when donated.

b. Specialized Collections

A specialized collection of library materials accepted under the terms of Policy No. 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 appropriate Donor Recognition Board.

c. Works of Art

Works of art with an appraised value of \$1,000 or more that have been accepted for display under the terms of Policy 5060.0 will be recognized on the appropriate Donor Recognition Board. Additionally, at the discretion of the District Director, a plaque may be placed on or near the artwork.

B. Naming Recognition

The Board of Library Trustees in its sole discretion and authority may recognize donors to Palos Verdes Library District by naming facilities, rooms, interior or exterior spaces, collections, equipment, gardens, walkways, furnishings and art, and the like, in accordance with the following guidelines.

Naming recognition may also be bestowed for a non-monetary contribution where the donor has made a sustained, enduring, and exceptional contribution to the advancement of the mission of Palos Verdes Library District through leadership, librarianship, or service.

These guidelines also apply to those gifts solicited and received for the benefit of Palos Verdes Library District by the Peninsula Friends of the Library.

1. Assets

Naming rights are available for new and existing physical assets such as buildings, rooms, spaces, or substantial equipment/furniture installations at each of the three libraries. Naming rights are also available for new and existing intangible assets such as programs offered to the public, licenses, speakers' series and the like, at each of the three libraries.

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

2. Life of Naming Opportunities

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 agreement will define for the donor the related naming rights.

3. Pledges

The Board of Library Trustees may authorize pledge arrangements on a case-by-case basis. Naming recognition, however, where appropriate, will be bestowed only upon fulfillment of the pledge agreement.

4. Naming Rights Agreement

Naming rights shall only be bestowed subject to execution of a Naming Rights Agreement between Palos Verdes Library District and the donor. The Naming Rights Agreement shall define for the donor the related naming rights, including the term for recognition and the consideration received by Palos Verdes Library District in return for naming rights recognition. A sample Naming Rights Agreement is attached as Exhibit A.

5. Plaques

The design of any plaques or other commemorative items must be approved by the District Director. There will be no business or product logos on the plaques unless the donation is made by a business or corporation.

6. Business and Corporations

Businesses or corporations are welcomed as community partners. Gifts to Palos Verdes Library District to support or enhance Palos Verdes Library District's Vision and Mission are gratefully accepted, and naming recognition will be considered as for an individual donor. The mission, product, service, and public image of the donor business or corporation must be consistent with accepted community standards and not contradict or be inconsistent with Palos Verdes Library District's Vision or Mission.

C. Other Cases

The Board of Library Trustees may approve naming recognition for Palos Verdes Library District assets and items on a case-by-case basis.

D. Granting or Termination of Naming Rights

Palos Verdes Library District reserves the right, in its sole discretion, either to refuse to grant naming rights, cancel or terminate existing naming rights, and remove plaques or commemorative items, in the event that the character and reputation of the named donor no longer comports with accepted community standards, or if the named donor publicly engages in activities contrary to, or inconsistent with, the Vision and Mission of Palos Verdes Library District.

7031.4 Sponsorships

Sponsorships are accepted under the terms of Policy No. 5060.0 (Gift Acceptance). Public recognition of a sponsor of an event, program, or service may include:

- A. Acknowledgement of the sponsorship and/or display of the sponsor's logo on the promotional materials for the sponsored event, program or service.
- B. A press release submitted to local media outlets.
- C. A verbal announcement at the beginning of a program.
- D. An announcement or article in a Palos Verdes Library District newsletter.

- E Sponsorships with a value of \$1,000 or more in any calendar year will also be recognized on Palos Verdes Library District's Donor Recognition Board.

7031.5 Capital Campaigns

From time to time, the 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; Revised March 11, 2010; Revised April 18, 2013; Revised September 17, 2015

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 Palos Verdes Library District has 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 downturn.
- C. Fund balance remaining after A and B above have been taken into consideration will be earmarked for the subsequent year's projected capital plan and fixed asset needs 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 of Library Trustees for other current compelling needs in conjunction with each year's Annual and Mid-Year Budgets or will be listed as Unassigned.
- 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, Palos Verdes Library District staff is to report on these service impacts and will be authorized to draw down 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:
 - 1. maintaining library hours;
 - 2. maintaining current service levels;
 - 3. materials budget;
 - 4. technology budget; and
 - 5. facilities budget.

Adopted April 10, 2003; Revised March 10, 2005; Revised April 12, 2007; Revised May 8, 2008; Revised October 9, 2008, Revised April 8, 2010; Revised August 12, 2010; Revised September 17, 2015; Revised February 18, 2021

7034.0 Inter-fund Transfers

Upon Board of Library Trustees approval of the audit and subsequent to all audit adjustments made to the financial reports, the Finance Manager shall review fund balances in all Board of Library Trustees-designated funds as reflected on the Combined Statement of Revenues, Expenditures and Changes in Fund Balance. The Finance Manager shall then recommend to the Board of Library Trustees a transfer of funds, in accordance with Policy No. 7033.0 (General Fund-Fund Balance/Reserve) or any portion thereof, to the appropriate Board of Library Trustees-

designated fund(s) as defined in the audit. All fund transfers require Board of Library Trustees approval through adoption of a resolution.

Approved May 11, 2000; Reviewed June 13, 2002; Revised March 10, 2005; Revised September 17, 2015; Revised February 18, 2021

7035.0 Investment Policy

- A. It is the policy of Palos Verdes Library District to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of Palos Verdes Library District and conforming to all state and local statutes governing the investment of public funds.

The primary objectives, in order of priority shall be:

legality - conformance with federal, state and other requirements;
safety – preservation of capital and protection of investment principal;
liquidity – maintenance of sufficient liquidity to meet operating requirements, and
yield – attainment of market rates of return.

This Investment Policy applies to all Governmental Funds of Palos Verdes Library District referenced in §7005.2A and 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)

B. Investment Authority

1. Pursuant to Education Code §19658, the Los Angeles County Treasurer is the investment authority for, and holder of all Palos Verdes Library District Funds, except as otherwise specified in this paragraph and paragraph C of this policy.
2. All Palos Verdes Library District revenue derived from taxes shall be paid to the Los Angeles County Treasury to the credit of the Library Fund of Palos Verdes Library District. Money acquired by gift, devise, bequest or otherwise for the purposes of Palos Verdes Library District may be deposited in either a district authorized financial institution, depository, broker/dealer or the Los Angeles County Treasury in accordance with state government code for allowable investment instruments, 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 Palos Verdes Library District’s Library Fund of the Los Angeles County Treasury shall be held in the Los Angeles County Pooled Surplus Investment Fund, unless Palos Verdes Library District makes a special request of the County Treasurer for placement in other lawful investments in accordance with California Government Code §53635.2. However, Palos Verdes Library District must remain sufficiently liquid to enable us to meet all operating requirements that might be reasonably anticipated, including but not limited to, the operating budget of the current fiscal year.

C. Delegation of District Authority

1. Palos Verdes Library District may withdraw funds from the County Treasury to use for general and special operations of the Palos Verdes Library District. In order to disburse funds related to these obligations, transfers from the County Treasury shall be made to Palos Verdes Library District-maintained financial accounts. These transfers shall be made on order of the Board of Library Trustees or the District Director and Finance Manager on an as-needed basis, usually twice per month, to cover anticipated expenses of Palos Verdes Library District.

2. Palos Verdes Library 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 Manager and approved by the Board of Library Trustees.

D. Ethics and Conflicts of Interest

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

E. Reporting

1. A report summarizing the County of Los Angeles Pooled Surplus Investment Fund is available online or for inspection in the Administrative Office at Peninsula Center Library. 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.
2. In accordance with CGC §53646(b)(1), the Finance Manager shall submit to the Board of Library Trustees a quarterly Cash and Investment Report. This quarterly report shall be submitted at the Regular Board of Library Trustees meetings held in August, November, February and May. The report shall reflect all Palos Verdes Library District funds at quarter end and the location of same, i.e., County of Los Angeles Pooled Surplus Investment Fund or Palos Verdes Library 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) Palos Verdes Library District will meet its expenditure obligations for the next six months, as required by California Government Code §53646(b)(2) and (3) respectively.

F. Investment Policy Review

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

Adopted October 8, 1987; Revised November 14, 1991; Revised November 9, 1995; Revised June 13, 1996; Revised February 10, 2000; Reviewed June 13, 2002; Revised May 12, 2005; Revised January 12, 2006; Reviewed January 11, 2007; Revised January 10, 2008; Reviewed February 19, 2009; Revised May 14, 2009; Reviewed January 14, 2010; Reviewed August 12, 2010, Revised January 12, 2012; Reviewed February 21, 2013; Reviewed January 16, 2014; Reviewed January 15, 2015; Revised September 17, 2015; Reviewed January 21, 2016; Reviewed January 19, 2017; Reviewed January 18, 2018; Reviewed January 17, 2019; Reviewed January 16, 2020; Revised January 21, 2021; Revised July 15, 2021

7036.0 Pension Funding Policy

7036.1 Purpose and Background

Determination of an appropriate level for proactive Pension Funding is a policy decision. The overarching goal of a Pension Funding Policy is to ensure that the Palos Verdes Library District avoids service-delivery crowd-out by increasing annual pension costs.

CalPERS is a defined benefit plan providing employees with a specified amount of monthly retirement income over their lifetime and is based on a retirement formula using years of service credit, age at retirement and final average compensation. The District is required to make the CalPERS Actuarial Determined Contribution (ADC) on an annual basis. The ADC is made up of two parts: the Normal Cost (NC), which represents the pay-as-you-go portion of costs, and the Unfunded Accrued Liability (UAL) payment, which represents the catch-up portion of costs. CalPERS currently calculates both the NC and the UAL based on a discount rate of 7.0%. CalPERS amortizes any difference between investment returns and that discount rate as part of its UAL calculation over 20 years. In a year when CalPERS does not meet its target (i.e., loss) the District has to pay more over the next 20 years. In a year when CalPERS exceeds its target (i.e., gain) the District would be able to pay less over the next 20

years. The timeframe of 20 years for amortizing gains and losses is recent; they were amortized over 30 years through the June 30, 2018 valuation.

However, the District also recognizes that CalPERS calculated costs are based on a discount rate, annual rates of return, and other variables that might not align with actual experience nor perhaps with expected experience. To address these shortcomings, the District has established a Pension Funding Policy to guide proactive pension contributions taking into account the following objectives:

- A. Reduce projected pension contributions to maintain services.
- B. Increase and/or maintain the funded status for the District's CalPERS plans.

7036.2 Funding Strategies

- A. Pre-pay the District's annual UAL payment to save on interest expense. On July 1 of each year, the District receives its annual CalPERS UAL invoice. The District has two payment options: the invoice can be paid in 1/12 increments or pre-paid at the beginning of the fiscal year by July 31. By pre-paying the entire balance due by July 31 the District can save approximately 3.3% annually. As such, every effort should be made to pre-pay the UAL upon receipt of the annual invoice.
- B. Deploy financial resources and implement budget processes to increase and/or maintain the plans' funded status based on the following guidelines:
 - 1. Prevent or minimize the creation of new UAL by budgeting pension contributions based on more conservative assumptions. The initial assumptions would include a 1% lower discount rate and an investment rate of return matching the discount rate compared to the CalPERS discount rate in effect at the time. The lower discount rate would be implemented over a 4-year ramp period (i.e., 0.25% lower in year 1; 0.50% lower in year 2; 0.75% in year 3; and 1.00% lower in year 4) until such time that the discount rate is no less than 2.5% above the three-year rolling average of the 30-year treasury constant maturity rates as of June 30 of the most recently ended fiscal year. Additionally, 100% of any year's budget surplus would be contributed as described in section 7036.2(B)(2) below, to the extent that the District has set aside sufficient funding for major near-term capital improvement projects.
 - 2. The District would continue to make the required ADC as set forth in its annual actuarial valuation reports from CalPERS. However, budgeted pension contribution amounts that exceed the required ADC (Excess Budgeted Contribution) would be directed in one of three ways:
 - a. Making an Additional Discretionary Payment (ADP) directly to CalPERS to pay down new UAL balances. This would achieve interest expense savings and lower annual operating expenses in future years. ADP payments would only be made using undesignated/unassigned funds and as long as the General Fund is not projected to end the fiscal year at a deficit, inclusive of those payments.
 - b. Contributing to a Section 115 Pension Trust (115 Trust). Any Excess Budgeted Contribution that is not contributed to CalPERS via an ADP would be contributed into a 115 Trust administered by an outside investment advisor. The 115 Trust would be utilized to achieve greater investment returns than what is currently available through the District's cash pool investments. Assets from the 115 Trust could be transferred to CalPERS for the purposes of making the required ADC or for an ADP upon recommendation by the Finance Manager and approval by the Board of Library Trustees. Some years may result in accumulating additional funding in the 115 Trust, while others may result in transferring to CalPERS an amount greater than a single year of contributions into the 115 Trust. This may change from year-to-year depending on the circumstances and level of funding accumulated.

- c. Building up reserves to make partial prepayments on the Pension Obligation Bond (POB). Upon meeting items (i) and (ii) above, any remaining Excess Budgeted Contribution would be earmarked as reserves designated to partially prepay at par the District's POB beginning in year 6 of the POB issuance, subject to the terms stated in Resolution 2021-02. This would achieve additional interest expense savings and lower annual operating expenses in future years.
3. Funding a defined benefit pension plan requires a long-term horizon. As such, the District will review this policy at least every two years to determine if changes to this policy are needed to ensure adequate resources are being accumulated.

Adopted May 20, 2021

7040.0 Insurance

It is the Board of Library Trustees policy to provide adequate insurance coverage for:

- A. General Liability
- B. Public, Officials and Employee Errors
- C. Personal Liability Coverage for Board of Library Trustees
- D. Employment Practices Liability
- E. Employee Benefits Liability
- F. Employee Dishonesty Coverage
- G. Auto Liability
- H. Auto Physical Damage
- I. Uninsured/Underinsured Motorists
- J. Property Coverage
- K. Boiler and Machinery Coverage
- L. Workers' Compensation

Copies of Palos Verdes Library District's current insurance policies are available in the Administration Office at Peninsula Center Library.

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; Revised September 17, 2015

7050.0 Legal Counsel

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

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

Adopted May 12, 1988; Revised November 14, 1991; Revised August 14, 1997; Updated November 12, 1998; Revised September 14, 2000; Reviewed May 12, 2005; Revised September 17, 2015

7060.0 Contracts and Agreements

7060.1 Approval

All project- or procurement-related resolutions must be approved by no less than three (3) members of the Board of Library Trustees, with the following exceptions:

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

Adopted May 12, 1988; Revised August 10, 2000; Reviewed May 12, 2005; Revised September 17, 2015

7060.2 Personnel

- A. When deemed advisable by the Board of Library Trustees, the District Director may be employed under a contract mutually agreed upon by the Board of Library Trustees and District Director.

The District Director's yearly performance evaluation is based on a mutually agreed upon statement of management goals and objectives adopted at the beginning of the evaluation year.

The District Director is responsible for carrying out policies and directives adopted by the Board of Library Trustees and is the administrative supervisor on behalf of the Board of Library Trustees of all library operations. Among the District Director's duties and responsibilities shall be the direction and supervision of all staff members in the performance of their duties, submission to this Board of Library Trustees of monthly, annual and such other special reports as the Board of Library Trustees may require, yearly formulation of proposed budget, and the recommendation to the Board of Library Trustees of such policies and procedures that, in the opinion of the District Director, will promote the efficiency of the library and its service to the people of the community or the Palos Verdes Library District.

- B. The Board of Library Trustees is responsible for contracting with the recognized employees' association or union for compensation, benefits, terms of employment, and working conditions.
- C. The Board of Library Trustees is responsible for establishing compensation, benefits, terms of employment, and working conditions for employees who are not represented by an employee association or union.

Adopted May 12, 1988; Revised December 13, 1990; Revised September 10, 1992; Revised August 14, 1997; Revised December 11, 1997; Updated November 12, 1998; Reviewed May 12, 2005; Revised September 17, 2015

Removed Section 7060.3 "Property Contingency" January 29, 2021

7070.0 Retention of Administrative Records

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

Revised July 10, 1997; Revised May 11, 2000; Reviewed May 12, 2005; Revised September 17, 2015

<u>RECORD</u>	<u>RETENTION</u>
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 of Library Trustees Meetings	Permanent
Trustee Elections/Appointments	Permanent
Audio Recordings of Board of Library Trustees and Committee Meetings	6 months
Video Recordings of Board of Library Trustees 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
CORRESPONDENCE	
Chronological File of Correspondence	5 years
E-mail	10 years
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
Informational Quotes	10 years
Purchase Order Logs	7 years
Request for Proposals (RFP's)	10 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
LIBRARY SURVEILLANCE VIDEOTAPES	1 year

Revised October 8, 1992, Revised September 8, 1994; Revised July 10, 1997; 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; Reviewed May 12, 2005, Revised April 14, 2011; Revised September 17, 2015

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 – Disposal of Library Materials), 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 of Library Trustees.

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

B. 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

C. Means of Disposal

1. Sale - income is received by the Palos Verdes Library District. The Board of Library Trustees shall be provided with justification of sale and information on how sale is to be conducted. Sale must be approved by Board of Library Trustees action.
2. Gift - restricted to other libraries unless otherwise authorized by Board of Library Trustees 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

E. Responsibility for Determination

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

F. Reporting

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

Approved April 14, 1977; Revised August 9, 1990; Revised October 6, 1994; Revised June 8, 2000; Reviewed June 13, 2002; Revised May 12, 2005; Revised September 17, 2015

7100.0 Purchasing Policy

It is the policy of the Palos Verdes Library 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 Palos Verdes Library 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. Palos Verdes Library District, as an independent special district formed under the Education Code, is not required to follow the Public Contracts Code. However, Palos Verdes Library District will follow similar bid procedures as indicated in the Quote and RFP requirements below.

7100.1 Sustainable Purchasing Policy

The Palos Verdes Library District strives to be a responsible steward of its resources, including decreasing its impact on the environment. Toward that end, the District shall, wherever practicable and efficient, endeavor to use sustainable and environmentally sound procurement practices in purchasing supplies and equipment for the District. District purchasing agents shall take factors such as the following into consideration when making purchases for the District, although this is not an exhaustive list:

- Recyclability of the items
- Amount of post-consumer recycled content in the items and packaging
- Disposal of items such as batteries and hardware
- Transportation distances and impacts for delivery of the items
- Ability for an item to be repaired or repurposed rather than re-purchasing
- The environmentally friendly practices of the vendors under consideration

Nothing in this policy shall prohibit the District from considering a product or vendor that is more suitable for the intended use and/or available at a more competitive price that does not meet these aspirational standards.

Adopted November 21, 2019; Reviewed 2/18/2021

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; Reviewed May 12, 2005; Revised December 13, 2007; Reviewed September 17, 2015

7110.1 Procurement Value Table

Dollar Value	Petty Cash	Credit Card	Request for Warrant	Request for Purchase	Purchase Order	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 – Palos Verdes Library District’s 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.

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, and
 - 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 Palos Verdes Library 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; and
 - 6. the time and place that bids will be received and opened.

Revised February 18, 2021

7120.0 Preferred Vendor List

Palos Verdes Library District 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 Palos Verdes Library District 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.

Revised September 17, 2015; Reviewed 2/18/2021

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)

Reviewed September 17, 2015; Reviewed 2/18/2021

Removed Section 7140.0 "Retention Period" September 17, 2015

7140.0 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 District Director and limited solely by the dollar amounts provided within the current Palos Verdes Library District budget.
- C. Palos Verdes Library District utilizes various library vendors to assure the best prices, discounts, and services relating to library materials.
- D. The District 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 Palos Verdes Library 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; Reviewed May 12, 2005; Revised June 14, 2007; Revised December 13, 2007; Revised September 17, 2015

7150.0 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 District Director with due regard to the policies set forth herein and will be reported to the Board of Library Trustees 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 of Library Trustees at the next regular meeting. The Board of Library Trustees 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; Revised September 17, 2015; Reviewed 2/18/2021

7160.0 Emergency Purchases

- A. The District 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 District Director is to inform the President of the Board of Library Trustees, or in the absence of the President, to inform the Vice-President of the Board of Library Trustees.
- C. When this authority is exercised, the District Director shall inform all members of the Board of Library 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; Reviewed May 12, 2005; Revised September 17, 2015; Reviewed 2/18/2021

7170.0 Purchases Through Purchasing Services Agreements Between Other Governmental Entities and Suppliers and Through Cooperative Agreements With Other Governmental Entities

- A. The District 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 District 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 of Library Trustees at its next regularly scheduled meeting. Under no circumstances shall a purchase or contract be authorized for more than \$25,000 without prior Board of Library Trustees approval, unless it is an emergency purchase.
- C. Palos Verdes Library District shall maintain a separate file of all acquisitions made through such agreements.

Adopted August 10, 1995; Revised August 10, 2000; Reviewed May 12, 2005; Removed Section 7190.0 "Service Contracts and Professional Service Agreements" September 17, 2015; Reviewed 2/18/2021

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

- A. Fixed assets are defined as tangible assets, such as buildings, furnishings or equipment, which have a value greater than \$5,000 and a useful life of at least one year.
- B. Palos Verdes Library District will record and control fixed assets in compliance with federal rules and regulations and generally accepted accounting principles. The Palos Verdes Library District will maintain a register of all fixed assets. Fixed assets will be capitalized and depreciated in accordance with Policy No. 7210.0 (Capitalization Policy) and Policy No. 7220.0 (Depreciation Policy).
- C. Fixed assets that are unable to be used by Palos Verdes Library District (e.g. as a result of damage or theft) or are surplus to Palos Verdes Library District's current or future needs will be removed from the asset register and disposed of in accordance with Policy No. 7080.0 (Disposal of Materials and Other Items Deemed Inappropriate for Retention).

Revised September 17, 2015; Reviewed 2/18/2021

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

Palos Verdes Library 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.

A. 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.

B. General Capital Assets

1. 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.
2. Land Improvements – Costs to be capitalized include, but are not limited to, landscaping, parking lots, parking structures that exceed \$10,000.
3. New Buildings – Costs to be capitalized include all costs associated with the purchase or construction that exceeds \$10,000.
4. 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).
5. Construction-in-Progress – Capital improvements projects are capitalized as “construction-in-progress” until completed. Costs to be capitalized include:
 - a. Direct costs – e.g., labor, materials, and transportation
 - b. Indirect costs – e.g., engineering and construction management
6. Artwork- A single purchase greater than \$5,000 at the historical or original price. In the absence of historical information, the asset’s estimated historical purchase price may be used.
7. 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.
8. Furniture and Equipment (furniture, computers, software, vehicles etc.) – A single item with a purchase price greater than \$5,000, 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.

Revised September 17, 2015; Reviewed 2/18/2021

7220.0 Depreciation Policy

7220.1 Purpose

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

7220.2 Policy

- A. All items that meet the capitalization thresholds defined in Policy No. 7210.0 (Capitalization Policy) will be depreciated using the “straight-line” method according to the Schedule of useful Life below.
- B. 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.
- C. Constructed buildings will be depreciated beginning in the first year the building is put into use.
- D. 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; Revised September 17, 2015; Reviewed 2/18/2021

Exhibit A

Naming Rights Agreement

Issued to: _____ Date: _____

Thank you for your generous \$ _____ donation to the Peninsula Friends of the Library. In recognition of your generosity, the/a _____ will be named in recognition or honor of the person or organization of your choice, for the remaining useful life of _____. Please contact the Peninsula Friends of the Library Executive Director at 310-921-7505 to discuss specific arrangements for this naming recognition including wording. These arrangements will be confirmed in a subsequent letter from the Peninsula Friends of the Library.

The naming recognition and designation are subject to the naming recognition rules of the Palos Verdes Library District and Peninsula Friends of the Library, as may be amended from time to time. Under those rules at this time,

- ✓ Naming recognition is offered for new and existing physical assets. Naming of physical assets follows a Palos Verdes Library District Board of Library Trustees 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. The Board of Library 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.
- ✓ Naming recognition is not transferrable and the related donations and payments are non-refundable.
- ✓ A naming recognition holder may choose to relinquish the designation at any time, for any reason. The designation may be terminated by action of the Palos Verdes Library District Board of Library Trustees in its sole and absolute discretion if the holder or the designee comes into disrepute within the community at large.
- ✓ At the end of the asset's useful life as determined by Palos Verdes Library District, the asset may be retired and, if so, 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 design and wording of any plaques or other commemorative items must be approved by the Palos Verdes Library District Director and comply with any Palos Verdes Library District policies as may be in effect. Palos Verdes Library District will provide and bear the cost of the plaques and other items. There will be no business or product logos on the plaques.

I acknowledge receipt of this form and agree to its terms.

Donor Name: _____

Donor Name: _____

Donor Signature: _____

Donor Signature _____

Date: _____

Date: _____

Peninsula Friends of the Library

Palos Verdes Library District

By: _____
President

By: _____
President, Board of Library Trustees

Date: _____

Date: _____