

BRLD FINANCIAL MANAGEMENT MANUAL

I. FINANCIAL MANAGEMENT OVERVIEW

Financial Policy Statement

The Basalt Regional Library District (BRLD) is committed to responsible financial management. The entire organization, including the Board of Trustees, administrators and staff will work together to make certain that all financial matters of the organization are addressed with integrity, and in the best interest of the BRLD and the public served.

The following Financial Policies and Procedures are designed to 1) protect the assets of the BRLD, 2) ensure the maintenance of accurate records of the BRLD's financial activities, 3) provide a framework of operating standards and 4) ensure compliance with federal, state and local legal and reporting requirements.

The Director and Trustees of the BRLD have responsibility for administering the Financial Policies and ensuring compliance with Financial Procedures that have been approved by the Board of Trustees. Changes, amendments or exceptions to these policies require approval by the Board.

Basis of Accounting

BRLD will use the modified accrual basis of accounting. Under this method, the revenues are recognized when measurable and available. Property taxes, Motor Vehicle Specific Ownership (MVS) taxes, grants and interest are considered to be subjects of accrual. Fines, fees and fundraising contributions are not subject to accrual because they are not measurable until received, and Grant revenues are recognized as they are earned.

Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which is recognized when due. Expenditures for insurance, membership and other services that extend over more than one accounting period are accounted for as expenditures in the period of acquisition.

Line of Authority

Board of Trustees – have the authority to execute policy that is deemed in the best interest of the organization, within parameters of its Bylaws and federal, state and local law and to approve the annual budget.

Treasurer & Finance Committee – have whatever authority as may be designated by the Trustees, including authority to perform regular in-depth reviews of the organization's financial activity, oversee the development of the budget, present the budget to the Board, and determine the allocation of investment deposits.

Director – has authority as designated by the Trustees and Finance Committee, including but not limited to developing the annual budget, making spending decisions within the parameters of the

approved budget, employing and terminating personnel, determining salary levels and entering into contractual agreements within parameters designated by Trustees.

Financial Oversight by the Finance Committee

The Treasurer will chair the Finance Committee and oversee the accounting system. The Director and Finance Committee will hire a qualified, experienced CPA or Bookkeeper to assist with proper record keeping and disbursements. Library staff will provide additional support, as designated. The Director, President, Vice-President and Treasurer will be bonded for criminal liability. Any contracted bookkeeper hired by BRLD will furnish proof of carrying adequate bonding and an Errors and Omissions policy.

The President and Treasurer will have authority to review fund balances, co-sign checks and approve transfers of funds from one account to another. The Alpine Bank and ColoTrust signature cards will be updated as necessary with current officers replacing previous officer names.

Each month the Bookkeeper will provide the Treasurer with the following reports, for their review: the Colorado Trust Summary Statements for the Bond Repayment Fund, Tabor Reserve Fund, Operating Fund and Capital Reserve Fund; the prior month's Alpine Bank statement showing deposits and withdrawals; copies of all cancelled checks; and Reconciliation Detail, including a listing of outstanding uncashed checks and voided checks.

Finance Committee Meetings

The Finance Committee will meet at least once a month. The monthly meeting will be held the week prior to the monthly Board Meeting. At least two days before the Finance Committee Meeting, the bookkeeper will provide monthly reports from the prior month to the Director, Board and Citizen Representatives. These reports will consist of, at a minimum, the prior month's BRLD Balance Sheet and General Fund Profit & Loss Report, Capital Reserve Fund and Bond Fund Reports (to include actual income/expenses and year to date percentage comparisons to annual budget).

The Finance Committee Meeting attendees will review the financial reports and will ask for further detail or clarification as needed.

Finance Committee Meeting dates and agendas will be posted outside the Library and on the website, and are open to the Public. The Treasurer will determine whether to accept Public comment at meetings.

Finance Committee Monthly Report to the Board

The Treasurer will present a summarized Financial Report of the previous month's activity at the monthly board meetings. Financial reports will be available to the public.

In addition, the Director, will provide annual reports to the Board on the adequacy of all Health Insurance Coverage and Property and Liability Insurance at least two months prior to the

policy renewal. The Director will provide confirmation of payment and coverage.

II. FINANCIAL MANAGEMENT PROCEDURES

1. BUDGET

Goal: putting our money to use “to ensure the best possible use of limited resources and improve sustainability of our mission and programs.” The budget process consists of two parts: the annual financial plan and the long-range financial plan. State law requires budgets for all the District’s fund types: the Operating Fund, Capital Reserve Fund, Bond Repayment Fund and Tabor Fund.

Annual Financial Plan: reflects the Operating Goals and Objectives along with the Capital Plan to maintain, replace and repair the physical structure. In addition, the budget takes into account the business conditions and special circumstances that are expected to occur in the coming year.

Long Range Financial Plan: The long-range plan will include strategic analysis of current services, hours, usage, patron numbers, technology and future objectives and goals. It projects revenues, operating and capital expenditures and fund balances, as well as assessed value growth, mill levy rates, and other revenue sources. The strategic analysis will study whether the library’s reserve account balances are maintaining their principal, growing or declining. If declining, the Director and Finance Committee must create long- range strategies for preserving or restoring reserves to keep the Library viable.

Management, Finance Committee and Board Trustees all are responsible for participating in the development of the long-range plan. This exercise will enable goal setting that will anticipate, rather than reacting to, future needs.

Budget Preparation - Responsibility and Process

1) The Director and Finance Committee will develop an Operations Plan for each fiscal year, consisting of objectives, strategies and tactics to be used as a guide in the development of the Annual Budget. The plan is based on historic trends, the needs of the community and recommendations from the Staff and Trustees on how to best meet those needs. It is applicable to all funds, departments and financial functions of the BRLD. Budget parameters may include a range of percentages [of increase or decrease] in either the overall budget or in specific budgeting areas.

2) The Director is directly responsible for budgeting for payroll, maintenance of the facility, and capital expenditures. The Director will inform the board of both staffing needs and capital repairs and replacements that are necessary in the upcoming year.

3) The Director and Designated Department Managers will make budgetary recommendations for their departments’ collections, programs, materials and technology, in keeping with the Operations Plan. Department Managers will prepare sufficient detail and prioritization, to be discussed with and adjusted by the Director.

4) The Director and Bookkeeper/Human Resources Officer, will develop the Payroll budget in keeping with percentage guidelines set by the Board of Directors.

- Prior to the November budget presentation, the Director, President, Treasurer and Bookkeeper will meet to review recommended payroll changes. Because the payroll involves employee salaries, specifics of this budget category will be confidential.
- Prior to the November budget presentation, the Director, Personnel Committee Chair, Treasurer and Bookkeeper will meet to review and recommend adjustments and budgetary changes to Employee Benefits.

5) The Director and Bookkeeper will prepare a Draft Capital budget based on projected Capital purchases.

6) The Bookkeeper will prepare the Bond budget, based on the bond series that will be due for payment in the following year.

7) The Bookkeeper will prepare the TABOR Fund budget based on State guidelines for funds withheld according the Taxpayer Bill of Rights (TABOR) legislation.

8) Submission of the Draft Budget - After the Director and Finance Committee have reviewed and prioritized the individual budget submissions, they are combined and a Draft Budget is submitted to the Board for approval. If the combined budget does not meet the aforementioned parameters, the budget will be sent back to the Director and Finance Committee and additional budget work sessions may ensue.

9) Public Budget Hearing - Following Board approval of the proposed budget, a public budget hearing is scheduled and advertised in the local newspaper of record. Depending on public feedback, the budget may be adopted after the budget hearing, or additional work sessions may be scheduled to resolve disputed issues.

10) Formal Approval of the Budget - The Board of Trustees is responsible for annual approval and adoption of budgets for all the District's funds, including the Operating Fund, Capital Reserve Fund, Bond Repayment Fund and TABOR Fund. For districts that certify levies for property tax (BRLD is in this category), the Deadline for Adoption of the Budget by Resolution is December 15. This resolution can be passed following the Public Budget Hearing or prior to the December 15 deadline.

11) Certification of the Mill Levies for both the Operational and Bond mill levies of Pitkin and Eagle Counties will be presented and approved following formal approval of the budget in accordance with the time frame requirements (December 15 deadline) mandated by State Statute. The Certification must distinguish the purpose of any levy, whether for debt payment (bonds), general operating purposes, temporary voter-approved mill levy supplement or Refund/Abatement. For districts that cover more than one county, (i.e., Pitkin & Eagle Counties) taxation is uniform across county lines.

Annual Budget Calendar:

- **Jan. 1** – beginning of new budget year
- **January 15-20** - Library Budget Message to taxpayers and library patrons is drafted by Treasurer and sent to district commissioners.
- **Jan. 31** –**Statutory Deadline:** Submission of budget, all resolutions and the Budget Message to Department of Local Affairs (DOLA). CRS 29-1-113(1)
- **July-August** – BRLD Budget Process begins
- **Aug. 25** – **Statutory Requirement:** Eagle and Pitkin County Assessors provide Preliminary Certification of Valuations to BRLD. CRS 39-5-128(1)
- **Sept. Finance Committee Meeting** - Submission of first draft budget.
- **Oct. 15** – **Statutory Deadline:** Final Draft Budget must be delivered to Board of Trustees (CRS 29-1-105).
- **Early in November – Public Budget Hearing** - Public budget hearing must be advertised (one time notice in newspaper) and copies must be made available for the Public. (CRS 29-1-108 (1).) If possible, Board approval of the Budget will occur at the board meeting following the budget hearing.
- **Dec. 10** – **Statutory Requirement:** Amended Certification(s) of Value for property tax revenue estimates is due from Pitkin and Eagle Counties. CRS 39-1-111(5)
- **Dec. 15** – **Statutory Deadline:** Final Resolutions approving Adoption of the Budget, and Appropriation of Expenditures (an appropriation is the legal authority to spend funds within limits authorized for the Budget). CRS 29-1-108(2).
 - FAILURE OF A TAX LEVYING DISTRICT TO MEET THIS DEADLINE WILL RESULT IN RECEIPT OF ONLY 90% OF REQUESTED BUDGETARY APPROPRIATION OF FUNDING FOR THE FOLLOWING YEAR.
- **Dec. 15** – **Statutory Deadline:** Pass Resolution to Set and Certify Mill Levies. The Certifications of Tax Levies must be sent to Boards of Pitkin and Eagle County Commissioners by December 15. CRS 39-5-128(1) and 32-1-1201
- **Dec. 31** – **Statutory Deadline:** Enact “Resolution to Appropriate Funds” for ensuing fiscal year. CRS 29-1-108(4)

Budget Documentation on Website:

1. After approval by the Board of Trustees, the budget will be posted to the website in December;

2. After the year-end reconciliation is complete, an updated budget will be posted to the website in March; and

3. Upon completion and approval of the year-end audit, the final budget copy will be posted to the website.

2. PRINCIPAL SOURCES OF LIBRARY FUNDING

A. GENERAL OBLIGATION BONDS

History

On November 7, 2006 the electorate of the Basalt Regional Library District (BRLD) approved ballot issue 4B for the purchase of \$11,000,000 in general obligation bonds to acquire land and build a library on the present site. In addition a mill levy was approved for payment of principal and interest on the bonds.

The Basalt Regional Library District issued \$11 million in general obligation bonds in 2006 and 2007 to fund the construction of the new library. The BRLD's bond underwriter is Don Diones, Senior Vice President, George K. Baum & Co., 1400 Wewatta St., Suite 800, Denver, CO 80202 (800) 722-1670.

Long-term Debt:

1) The 2007 General Obligation Bond Series totaled \$2,030,590.30, had a seven-year term, and matured in November 2013. Bond uses were: Project Fund (\$1,976,853.24), Bond Discount (\$25,382.38), Bond Insurance Premium (\$7,854.68) and Cost of Issuance (\$20,500.00).

2) The 2006 General Obligation Bond Series (totaling \$9,463,772.85) were issued on December 15, 2006 to fund purchase of land in Basalt and construction of the present library. These bonds carried interest rates ranging from 3.625% to 4.00%, payable from 2007 through 2026.

The 2006 Series contained a provision for prior redemption (advance refunding), i.e., an early payment of principal on a portion of the bonds. Under Colorado law, prior redemption is only allowable if the refunding will produce a savings (in payments) from the original bonds. In addition, November 1, 2015 was the earliest date on which the bonds could be called for early redemption and payment without a premium penalty (at par).

Due to favorable interest rates in August 2012, the advance refunding process was initiated by the Library and GK Baum & Co. The bond series that were eligible to be sold at a lower interest rate were the 2017-2026 principal amounts. With completion of the refunding in October 2012, the resulting interest on the refunded bonds was lowered nearly 200 basis points from a coupon rate of 4.15 to 2.23%.

The proceeds of the sale of the 2006 Series re-funded bonds (2017-2026 principal amounts) were used to purchase United States Treasury (UST) securities, direct obligations of the U.S. Treasury. An irrevocable trust escrow account was established at UMB (a commercial bank with trust powers) to hold and administer these proceeds. From 2013 – 2015, UST made payments totaling \$847,012.68 from this escrow account to the Library’s Bond Repayment Account. The 2006 Series principal maturing between 2014 and 2016 was not refinanced. Final payment on the 2014-2016 Bond Series was made on November 1, 2016. The 2006 Series Bonds have now been defeased (paid off) and the 2017-2026 principal portion of the 2006 Series has become the Series 2012 Bonds.

3) The Series 2012 General Obligation Refunding Bonds were issued on October 25, 2012 to take the place of the portion of the 2006 bonds whose principal debts will mature between 2017 and 2026. The new interest rate for new Series 2012 Refunding Bonds ranges between 2 – 2.5%. Due to this lower interest rate, the debt payments have been restructured. Between 2012 and 2026, taxpayer savings is calculated at approximately \$504,400. The largest portion of this savings was realized between 2012 and 2015.

Bond Repayment

The BRLD bonds are financed by a mill levy that was approved by the electorate of the BRLD in November 2006. The district boundaries extend through a portion of Eagle and Pitkin Counties. Per the language in the 2006 ballot issue for the construction bonds, BRLD has authority to adjust the bond mill levy each year in order to meet its debt obligation (principal and interest payments, plus County Treasurers’ fees for collecting the property tax). Bond interest payments are due on May 1 and November 1, and annual principal payments are due November 1 each year. Bond payments are sent to UMB Bank.

Bond Repayment Schedule

Using the appropriate bond schedules for each outstanding bond series, the Bookkeeper will calculate a projected Bond Repayment Schedule every 2 years. Recommended practice is to calculate the Bond Repayment Schedule at the end of August in odd years, after property valuation adjustments have been sent from the county assessor’s offices. This gives a projection of principal and interest payments due for each outstanding Bond Series, and shows dates when each bond is retired. The variable that fluctuates from year to year in repaying these bonds is the annual assessed property valuation. An adjustment to the assessment rate would also affect the mill amount needed to repay outstanding bonds.

B. OPERATIONAL MILL LEVY

Pitkin and Eagle County Commissioners created Basalt Regional Library District as a Special District in 1973. Its initial mill levy was set at 1.50 mills. Since that time, the mill levy has been increased to 2.61 mills by subsequent ballot measure approvals. In addition, in 1995, district voters approved removing the spending and revenue limitations that would have been imposed by the Taxpayer Bill of Rights (TABOR) Constitutional Amendment. The 2.61 mill levy is a fixed mill levy that cannot be changed except with voter approval. The

variables with a fixed mill levy are (a) property values that fluctuate with economic conditions and (b) adjustments in the assessment rate, set by the state legislature.

C. SUPPLEMENTAL MILL LEVY

In November 2016, District voters approved a ballot measure asking for an annual supplement of \$350,000 for seven years, between 2017-2023. The \$350,000 is divided by the total property valuations of both counties to arrive at the mill levy that will be levied for the following year. The mill amount will fluctuate each year based on property valuations and adjustments in the assessment rate.

D. CALCULATION OF OPERATIONAL AND SUPPLEMENTAL MILL LEVY INCOME

The county assessor's offices set the value of all county property (residential, commercial, agricultural and undeveloped land) every two years in odd-numbered years. Example: The 2017 assessment cycle runs from 7/1/2014 to 6/30/2016, using eighteen months of comparable real estate sales. The purpose is to create an equitable system of placing value and levying taxes throughout each county. The two-year valuation means that property valuations and mill levy income will remain fairly stable within each cycle. Assessed valuation and mill levy income will lag behind the actual state of the economy.

1) Certification of Values

On August 25th of each calendar year the Pitkin and Eagle County Treasurers' Offices must provide all levying entities with a Preliminary Certification of Values, an estimated valuation of all taxable property for the following year. The Preliminary Certification of Values also lists the sum of all real estate abatements (refunds) that will affect the current year's Special District income.

The final, Amended Certification of Values is due from each county by December 10th of each year. It updates the August 25 figures, and is usually slightly different. The amended property value totals are used to calculate BRLD's Certifications of Tax Levies for Pitkin and Eagle Counties.

2) Abatements or Refunds

If property owners feel the value of their property has been incorrectly assessed, they may apply for an adjustment to their tax assessment. If the local or state assessor's office rules in their favor this adjustment would be either a refund (monetary reimbursement) or abatement (deduction of the portion of value of taxes incorrectly assessed) to the property owner. In order to meet these payments the county jurisdiction will withhold this amount of tax revenue proportionally to all Special Districts.

The annual time frame for county assessors to determine abatements/refunds is August 1 of the previous year through July 31 of the current year. The August 25th Preliminary

Certification of Values listing of “Abatements/Refunds” is the first notice of the dollar amount of funds that have been issued to other taxpayers and withheld from the Special District (i.e., BRLD). The abatement amount that appears on the Certification of Values shows the amount of “expected” revenue that *will not be realized* by BRLD during the current year.

The Special District (BRLD) has a one-time opportunity to recapture these funds. Since BRLD would have received the revenue had the valuation errors not occurred and since it is due these funds, it may levy, on the December 15th Certifications of Levies for the subsequent year, a mill to collect the previous year’s un-received revenue. The mill amount calculated is equally apportioned to both counties, regardless of the amounts occurring unequally in each county. If an Abatement Levy is not filed, funds will be permanently lost.

E. CERTIFICATION OF TAX LEVIES AND APPROPRIATION OF FUNDS

Certification of Tax levies and Appropriation of Funds are two major statutory duties assigned to special district boards:

In December, the Director directs the Bookkeeper to calculate the appropriate operational, supplemental and bond mill levy amounts for the following year using total property valuation figures from the Amended Certifications of Values. The Certification of Tax Levies is the document listing mill levy amounts. If a refund from abatements will be requested, this figure is also translated to a mill levy amount, divided equally between the two counties and placed on the Abatement/Refunds column. The Board approves the mill levy totals by Resolution at the December board meeting and the Certification of Tax Levies is due to the Pitkin and Eagle County Treasurers’ Offices by December 15 of each year.

The Resolution adopting the Budget shows that the Board has approved a fiscal plan for the following year. The Resolution Appropriating Funds both gives the board the legal authority to spend the money budgeted and constitutes the legal spending limit for the Library for the following year. Appropriation of funds must occur before December 31, or only 90% of funds budgeted will be received.

3. INVESTMENTS

The BRLD Board of Trustees is responsible for protecting the financial resources of the library. It is the policy of BRLD to invest excess funds that are not needed for current operations or obligations to the best advantage of the library in such securities and/or depositories as permitted by law, as defined in C.R.S. 24-75-601.

A. Investment Responsibilities

The Treasurer and the Finance Committee are responsible for setting investment policy and carrying out procedures in accordance with safekeeping, investment accounting, wire transfer agreements and collateral/depository agreements.

The Treasurer is designated as the investment officer and is responsible for providing periodic reports of investment activities to the Board of Trustees. The investment Policy will be reviewed at least annually, during the budget process.

The Treasurer and Finance Committee will be guided by the “*Prudent Investor Rule*”. The Prudent Investor Rule states that investments will be made with judgment and care under circumstances then prevailing, not for speculation but for investment, considering probable safety of capital as well as probable income derived. The guiding principles for investments are:

- Safety of Principal – the primary objective is to protect against loss of principal.
- Liquidity – Investments are managed to ensure that funds are available to meet obligations as necessary.
- Yield – Investments are managed to optimize returns within the appropriate safety and liquidity constraints.

B. BRLD Investment Policy

Because of BRLD’s role in the community and public funding, the Board believes that all funds of BRLD should be maintained conservatively. The only additional income received will be interest from the ColoTrust accounts or other money market accounts.

C. Investment Safeguards

a. Insurance

- Property and Liability Insurance to protect against loss or damage to the building and/or its contents, and to provide coverage against lawsuits arising from property damage or bodily injury.
- Indemnity Insurance to cover errors and omissions committed by the Director, employees and board members in the line of duty.
- Professional Liability Insurance- contract employees (including Bookkeeper) must show proof of carrying a policy for coverage against claims of wrongful acts (including errors, omissions and negligence).

b. Internal Controls:

- Separation of transaction authority between Management and Bookkeeper is required.
- Dual signatures: checks are co-signed by Director and approved Board member.
- All wire transfers require written confirmation: the Bookkeeper will notify the Director when a transfer of funds is necessary. The Director and Board President or Treasurer will

co-authorize wire transfers to be made by the Bookkeeper. (If a signature cannot be immediately obtained, an email from the person authorizing the transaction will suffice until the approval document can be signed in person.) Signed authorizations will be kept with monthly accounting records.

- Annual independent audit: compliance will be assured by the District's independent audit.

c. **Investment Advisors, Consultants**: To facilitate timely communication, a list of names of the Library's financial institutions, bond underwriter and auditor, and their addresses and contact information will be kept in an addendum to this Manual. The Board Treasurer will establish contact with and obtain reports at least annually from the financial institutions stating their financial condition, interest rates, and other pertinent information.

4. **BRLD FINANCIAL ACCOUNTS**–

The BRLD manages its funds by maintaining the following accounts:

- **Alpine Bank Checking Account** – This account is not an investment account, but is used to disburse money for budgeted library expenses. Funds are transferred from other accounts on an as needed basis. Two signatures are required on each check. The Director, plus two or three designated Trustees will be authorized to sign checks. The list of authorized signers is reviewed annually and any person without signing authority is removed.
 - **ColoTrust Accounts** – ColoTrust is a “pooling” entity set up by the State to manage funds for state taxing districts. The Districts are allowed to deposit and withdraw any amounts of their funds whenever they wish.
The four Reserve Accounts currently held with ColoTrust are the BRLD's Operating Fund, Bond Repayment Fund, Capital Reserve Fund and Tabor Reserve Fund.
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- **UMB** – A commercial bank with trust powers that manages the loan for the Library's remaining 2012 Series Bonds. In May and November, payments are made from the Bond Repayment Fund to UMB.
 - **Credit Card** – The Director is authorized to hold a credit card to charge approved Library expenses and the Director shall supply detailed accounting of card use monthly to the Bookkeeper.

5. **BRLD RESERVE ACCOUNTS**

The following reserve accounts have been established at ColoTrust for specified reasons or purposes. The reserves represent District funds, assets or revenues that are not generally available for appropriation for the current year's capital or operating budgets unless authorized by the Board of Trustees. Reasons and purposes for the reserves may include compliance with laws governing the District, compliance with legal obligations resulting from obligations from

binding agreements entered into by the District for prudent and responsible management of the District's financial affairs and for other reasons that may be specified by the Board of Trustees. Reserves and reserve amounts are approved annually through the budget process.

a. **General Operating Fund:** This fund accounts for all financial resources of the District, except those that are required to be deposited into another fund. The Operating Fund is funded by General Mill Levy proceeds from Pitkin and Eagle Counties, and by a Motor Vehicle Specific Ownership (MVSO) Tax collected by the two counties. The annual mill levy amount is fixed at 2.61 mills, plus the mill equivalent of \$350,000 for the years 2017 – 2023. The District will maintain in the General Operating Fund a reserve equal to a minimum 6 MONTHS (180 DAYS) of estimated operating expenditures for the budget year. The purpose of the retained balance is to lessen the impact to the District in the event of an unforeseen revenue shortfall or emergency.

b. **TABOR Reserve Fund:** This fund is retained within the General Operating Fund as required by State statute (Article X, Section 20 of the Colorado Constitution). Each year following the Annual Audit, the Auditor recalculates the amount of funds to be set aside for TABOR reserve. The amount is based on 3% of fiscal year spending (excluding bonded debt) and can only be used in strictly defined “emergency” situations described in the TABOR Amendment.

c. **Bond Repayment Fund:** This fund accounts for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs. It consists of funds collected from bond mill levy proceeds collected from Pitkin and Eagle Counties. The sum of at least \$500,000.00 will be retained in this account to lessen the impact to the District of unforeseen circumstances or emergency.

d. **Capital Reserve Fund:** This fund was set up to hold funds that are accrued and set aside for repair/replacement of Library assets. Using the Library's Capital Maintenance and Replacement Plan, the Board will determine the amount to transfer from the Operating Fund to the Capital Reserve Fund Income each year to build up adequate long term reserves. During the annual budget cycle, the Board will decide how much money to allocate from the Capital Reserve Fund for capital purchases for the following year. That allocation will constitute the following year's Capital Expense Budget.

APPROVED _____