

**POUDRE RIVER PUBLIC LIBRARY DISTRICT
AGENDA ITEM SUMMARY**

Name of Requestor: Jeff Barnes
Appearance Date: February 10, 2014
Time Required: 30 minutes
Date Decision Needed: February 10, 2014

Agenda Item:

**VII. NEW BUSINESS
B. Approval to Establish Banking
Relationship, First National Bank**

Objective:

Establishment of banking relationship.

Situation:

Banking services for the Library District are currently included in the Intergovernmental Agreement with the City of Fort Collins. For revenue deposits, treasury management and larger vendor payments this arrangement is efficient and cost effective. However for smaller vendor payments, the processing costs are high. Except for performers, refunds and employee reimbursements, purchase orders are required to initiate a vendor payment. Requisitions are done for vendor payments of \$5,000 or more and mini-orders are done for items less than \$5,000. The purchasing transaction costs are \$150 for each requisition and \$75 for each mini-order.

In order to minimize these costs, management is recommending a checking account be opened in the Library District's name so that vendor bills that otherwise would require a mini-order can be paid directly. This would be an impressed account similar to a petty cash fund but on a larger scale. As such, an opening deposit would be made, checks cut for the smaller vendor payments and the balance replenished as needed to bring the balance back up to the initial amount. Check signors would be the Executive Director, Deputy Director and Finance Officer. Controls will be implemented to safeguard this account in order to protect the District's resources and minimize any audit issues.

Management is recommending the account be at First National Bank in Fort Collins. The City of Fort Collins also uses First National Bank and the bank is familiar with the requirements of the Colorado Public Deposit Protection Act for the holding of public funds.

Advantages:

The paying of smaller vendor invoices directly will result in significantly less purchasing fees with the City of Fort Collins. Being able to pay these items directly will also assist the District in controlling the timing of these payments and better demonstrate that the District is a separate entity from the City.

Disadvantages:

Paying these vendor payments by using the new bank account will require a process separate from the City's finance and purchasing departments which otherwise handle all of the District's financial transactions. This will impact the finance and administrative staff workload throughout the year and, potentially, during the audit process. However, this additional workload is not anticipated to require additional staffing.

Requested Action:

Approval of the resolution establishing First National Bank in Fort Collins as public depository for the Library District, authorizing the Finance Officer to open a checking account with First National Bank, and naming the Executive Director, Deputy Director and Finance Officer as signors on the account.

Potentially Affected Interest:

Library District finance and administrative staff and City of Fort Collins finance staff.

Level of Public Interest and Participation: Low