

SPOKANE COUNTY LIBRARY DISTRICT

POLICY: FINANCIAL MANAGEMENT

APPROVAL DATE: NOVEMBER 21, 2000

REVISION DATE: April 18, 2023

RELATED POLICY

Procurement

STATUTORY REFERENCES: RCW 27.12.050, 27.12.070, 27.12.210, 43.09.240, 84.52.020, 84.52.070, 84.55.120

Purpose:

The Spokane County Library District (District) Board of Trustees, pursuant to RCW 27.12.210, has exclusive control of its finances and may conduct acts necessary for the orderly and efficient management and control of the District. This policy defines actions, requirements, limitations and restrictions in the District's management of its finances.

General Policy:

The District will comply with all statutory budget, property tax and financial reporting requirements and due dates established by both Washington State and Spokane County.

The Spokane County Treasurer will serve as the District's treasurer and fiscal agent per RCW 27.12.070. The District will participate in the Spokane County Investment Pool and adopts the Spokane County Investment Policy as its investment policy.

The District's financial reporting will be on a cash basis and will follow the prescribed Budget, Accounting, and Reporting System (BARS) for cash basis entities as prescribed by the Washington State Auditor's Office.

Required Board of Trustees Actions

October of each calendar year, the Board of Trustees conducts:

- 1.) A public hearing on District revenue sources as required by state law (RCW 84.55.120).

November of each calendar year, the Board of Trustees reviews and approves:

- 1.) A resolution adopting a budget for the following year that shall be transmitted to the Clerk of the Board of County Commissioners as required by state law in ample time for Spokane County to make the tax levies for the purposes of the District (RCW 27.12.050, 27.12.210(4), & 84.52.020).
- 2.) A resolution authorizing property tax levy increases for the following year, in terms of both dollars and percentage, that shall be transmitted to the County Assessor as required by state law (RCW 84.55.120(3)).
- 3.) A resolution certifying the estimated property tax levy for the following year, in dollars, that shall be transmitted to the Clerk of the Board of County Commissioners and the County Assessor, as required by state law (RCW 84.52.070).

Upon recommendation by District staff, the Board of Trustees reviews and approves the following if required and/or necessary:

- 1.) A resolution adopting an amended budget for the current year, based upon new information or revised estimates of sufficient importance to budget formulation.

2.) A resolution establishing a levy limit factor in excess of the limit factor defined by RCW 84.55.0101 for property taxes that shall be transmitted to the County Assessor only when the inflation factor as defined by RCW 84.55.0101 is less than 1% and the Board finds a substantial need to exceed the property tax limit factor.

Additional resolutions may be needed to address specific circumstances in annual budget formulation.

Financial Management Requirements

The District's General Operating Fund and Capital Projects Fund shall be managed as follows:

General Operating Fund – This fund is used to carry out the District's normal operations and maintenance activities. The following are important components of the General Operating Fund:

1. **Minimum Unassigned Fund Balance**

The minimum unassigned general operating fund balance should be at least 15% of total annual expenditures excluding inter-fund transfers. The unassigned general operating fund balance in excess of the minimum may be used for current-year expenditures or may be transferred to the Capital Projects Fund to meet future needs. Any year-end general operating fund surplus will be considered unassigned.

2. **Expenditure Control**

The maximum annual budgetary authorization amount is the "Total Expenses and Transfers Out" in the final adopted District budget. This amount is the District's overall expenditure control and cannot be exceeded without Board of Trustees' approval via resolution.

Capital Projects Fund – This fund is used to account for financial resources which are restricted or assigned for the acquisition or construction of capital facilities or other capital assets. The Capital Projects Fund balance has no required minimum.

Cash Deposit Frequency – The District will make cash deposits at least once a week, maintaining appropriate safeguards, via an agreement with the Spokane County Treasurer (RCW 43.09.240).

Electronic Funds Transfers – The District allows the use of electronic funds transfers (EFT) to make payments for expenditures. The following are established to provide effective controls to protect EFT transactions:

1.) Use of bank provided EFT blocks and filters: If available from its financial institutions, The District will establish a block or filter on all District bank accounts. An EFT block on a District account will instruct financial institutions to prohibit any electronic fund transaction to occur for that account. An EFT filter is an instruction to the financial institutions to only allow electronic funds transactions to vendors that have been specifically authorized by the District in advance for the account in question.

2.) Required use of Secure File Transfer Protocol (SFTP) capabilities for payroll electronic direct deposit files: The District will require any financial institution partner and/or recipient of District payroll direct deposit electronic files to use SFTP.

Budget Limitations and Restrictions – General Operating Fund

The following are limitations and restrictions on the General Operating Fund:

1.) **Employee Compensation**

The budget for all compensation-related items (salaries and employee benefits) will be in accordance with the provisions of the District's Personnel Policy.

2.) Library Materials

The annual minimum budget for library materials will be not less than 14% of the District's operating revenues from the District's property tax levy plus revenues from contracted cities.

3.) Library Programs

The annual minimum budget for library programs will be not less than 0.5% of the District's operating revenues from the District's property tax levy plus revenues from contracted cities.

4.) Food Purchases

The District may purchase food and beverages and serve them in connection with District-sponsored activities, events, and meetings. Purchases shall be inexpensive and the effort necessary to purchase, prepare, and present them shall be minimal in nature but commensurate to the consideration or return to the District as a result of such purchase. Purchase of alcoholic beverages with District funds is prohibited.

5.) Incentive Purchases

The District may purchase incentives such as gift cards and provide them to District customers for participation in District-sponsored programs or activities that encourage the development of literacy skills. Purchases shall be inexpensive and the effort necessary to purchase and provide them shall be minimal in nature, but commensurate to the consideration or return to the District as a result of such purchase.

6.) District-Branded Promotional Items

The District may purchase District-branded items and distribute them to the public in order to promote District services. Purchases shall be inexpensive and the effort necessary to purchase, prepare, and present them shall be minimal in nature but commensurate to the consideration or return to the District as a result of such purchase.

7.) District-Branded Items for Staff and Volunteers

The District may purchase clothing and/or other District-branded items and provide them to employees as a provision of employment and/or to volunteers as a provision of volunteer service. Purchases shall be inexpensive and the effort necessary to purchase, prepare, and present them shall be minimal in nature but commensurate to the consideration or return to the District as a result of such purchase.

The Executive Director will establish administrative procedures necessary to implement this policy. Any appeal of an administrative action under this policy will first be made in writing to the Executive Director and then to the Board of Trustees.

The District will make a good faith effort to implement this policy in a fair and consistent manner.