

S P O K A N E C O U N T Y L I B R A R Y D I S T R I C T

Policy Title	Financial Management		
Approval Date	November 21, 2000	Revision Date	May 20, 2025
Related Policies	Collection Development Community Partnerships and Sponsorships Fixed Assets Gifts Library of Things Collection Library Programs Naming and Recognition Procurement Public Art in District Facilities HR03 Compensation HR04 Benefits HR05 Leave		
Statutory References	RCW 27.12.050 RCW 27.12.070 RCW 27.12.210 RCW 39.58.020 RCW 49.09.185 RCW 43.09.240 RCW 84.52.020 RCW 84.52.050 RCW 84.52.052 RCW 84.52.054 RCW 84.52.056 RCW 84.52.070 RCW 84.55.0101 RCW 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.		

In the event of the amendment of any law, regulation, or ordinance incorporated into this policy or upon which this policy relies, the policy shall be deemed amended in conformance with those changes.

In cases where this policy conflicts with any local ordinance, state or federal law, the terms of that law, and its underlying rules or regulations shall prevail. In all other cases, District policies and practices prevail.

The Board reserves the right to change and/or modify this policy at any time, as circumstances dictate and in accordance with applicable law.

Policy:

A. Cash Management

District Treasurer – The Finance Director, in consultation with the Spokane County Treasurer, shall serve as the District's treasurer and fiscal agent per RCW 27.12.060 and 27.12.070.

Bank Accounts – The District may open bank accounts it determines necessary for its efficient operation. The District will participate in the Spokane County Investment Pool (Pool) and adopts the Spokane County Investment Policy in order to participate in the Pool.

Petty Cash – The District may establish petty cash or impress change funds for cash handling.

Investment Policy Objective – The District’s investment objectives, in priority order, include: safety, liquidity, and return on investment.

Custodial Credit Risk – The District will hold its deposits in banks or credit unions qualified to accept public funds as provided by the Washington Public Deposit Protection Commission (RCW 39.58.020).

Cash Deposit Frequency – The District will make timely cash deposits, comply with all reporting requirements, due dates and 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 from occurring 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.

B. Financial Reporting Management

The District will comply with all statutory financial reporting requirements and due dates established by the state of Washington.

The District shall immediately notify the State Auditor’s Office of any loss of public funds or assets or other illegal activity in accordance with RCW 43.09.185.

The District’s financial reporting will be in accordance with the Cash Basis Budgeting, Accounting, and Reporting System (BARS) Manual prescribed by the Washington State Auditor’s Office under the authority of RCW 43.09.

The District’s General Fund, Debt Service Fund, Capital Projects Fund and Custodial Fund shall be managed as follows:

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

Minimum Unassigned Fund Balance

The minimum unassigned General Fund balance should be at least 35% of total annual expenditures excluding inter-fund transfers. The unassigned General 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 Fund surplus will be considered unassigned.

Debt Service Fund – This fund is used to account for financial resources that are restricted, committed, or assigned to expenditures for principal, interest, and related costs on general long-term debt.

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

Custodial Fund – This fund is used to account for financial resources the District holds on behalf of others in a custodial capacity.

C. Budget Management

The District will comply with all statutory budget, and property tax requirements and due dates established by both the state of Washington and Spokane County.

The budget shall be prepared with a priority-based approach that enables resources to be allocated to the services and programs that provide the greatest value to the community.

Within each budget cycle, the budget should be structurally balanced, which means that ongoing expenditures shall be provided for by anticipating ongoing revenue and one-time revenue should only be used for one-time expenditures unless explicitly authorized by the Board of Trustees.

Debt agreements shall be budgeted to ensure sufficient resources are available to make the required payments.

Required Board of Trustees Actions

A. 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)

B. November of each calendar year, the Board of Trustees reviews and adopts:

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).

- C. Upon recommendation by District staff, the Board of Trustees reviews and adopts the following if required and/or necessary:
1. A resolution to amend the 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 and the Board of Trustees finds a substantial need to exceed the property tax limit factor.
- D. Additional resolutions may be needed to address specific circumstances in annual budget formulation. The Board of Trustees may also pursue an excess property tax levy as authorized by RCW 84.52.052 to 84.52.056.

Budget Limitations and Restrictions

The following are limitations and restrictions on District expenses:

1. **Employee Compensation**
The budget for all employee compensation-related items (wages and benefits) will provide for all authorized positions in compliance with Board Policies (HR03, HR04, and HR05).
2. **Library Materials**
The minimum budget for library materials (Board Policy – Collection Development) within the General Fund will be not less than 14% of the District's budgeted operating revenues from the District's property tax levy plus revenues from contracted cities.
3. **Library Programs**
The minimum budget for library programs (Board Policy – Library Programs) within the General Fund will be not less than 0.5% of the District's budgeted 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 library programs, events, and meetings. Purchases shall be reasonable 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 library programs. Purchases shall be reasonable 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 reasonable 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 reasonable 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.

8. 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.

D. Grant and Donor Restricted Fund Management

The District is committed to pursuing grant or donor funding as an appropriate funding source (Board Policies – Community Partnerships and Sponsorships, Fixed Assets, Gifts). All grant or donor funded programs must be evaluated for compliance with the District's mission, strategic priorities, and policies before application and/or acceptance.

The District shall maintain compliance with grant and donor restricted funds. The Board of Trustees designates the Executive Director or their designee as the contract administrator. The District will have a centralized grant management function which will encompass functions for pre- award, acceptance, and post-award.

1. Pre-Award includes all activities that facilitate a proposal's creation and submission, prior to the award being received.
2. Acceptance includes all activities that facilitate agreeing to the terms and conditions of the award and becoming legally obligated to carry out the work in the agreement.
3. Post-Award includes all activities of carrying out the grant's objectives, reporting on progress and closing out the grant.

Grants and donor restricted funds will be incorporated into the budget if they are expected to be received or expended in the year.

The District will use a negotiated rate or the 10% de minimus indirect cost rate allowed under Federal Uniform Guidance, which ever provides for a larger indirect cost rate.

E. Long-Term Debt Management

Long-term debt is a contractual obligation to pay cash in one or more payments that exceed a time period of 12 months and \$20,000. The District acquires debt in the form of general long-term debt, leases, and subscription-based information technology arrangements. The District may utilize general long-term debt for capital improvements that cannot reasonably be financed on a pay-as-you-go basis from anticipated cash flows.

1. General long-term debt is a structured debt whereby the District issues a security instrument (bond, note, loan, lease purchase etc.) and receive cash or another asset in exchange. The District will not use general long-term debt for current operations.

2. Lease is a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction.
3. Subscription-Based Information Technology Arrangement is a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets (the underlying information technology assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The Board of Trustees shall approve all long-term debt agreements with a value greater than the value stated in Board Policy – Procurement section Approval Authority for Purchased Goods and Services (Unrelated to Public Works). Long-term debt agreements with a value less than this value may be approved by the Executive Director or their designee.

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

The Executive Director will establish administrative procedures necessary to implement this policy.