

# Fort Vancouver Regional Libraries

## Fiscal Management Policy

### PURPOSE

Fort Vancouver Regional Library District (FVRL), as an intercounty rural library district as defined by the state of Washington in RCW 27.12.090, recognizes it has financial responsibility for the management and investment of taxpayers' money. To set direction, monitor and review the FVRL's financial health, and to fulfill the obligations of the public trust, the Board of Trustees (Board) of the FVRL establishes the following fiscal management policy:

### POLICY

It shall be the goal of FVRL to achieve and maintain a strong financial position that provides the necessary resources to sustain library operations and pay for unanticipated emergencies, withstand downturns in the local, regional and global economies, ensure timely payment of all fiscal obligations, and meet all debt obligations. These goals will be achieved through the following practices. FVRL will manage both one-time and ongoing expenditures within current resources, establish and adequately fund reserve accounts, regularly monitor and report on budget performance, evaluate the fiscal impact of new services prior to implementation, operate as efficiently as possible, and constantly review library services for appropriateness and effectiveness.

**Accounts Payable:** FVRL will make every effort to pay bills within 30 days of receipt. For Public Works projects, all applicable Intents and Affidavits must be submitted to Washington State Department of Labor & Industries (LNI) prior to payment.

**Annual Budget:** The Board will adopt and maintain a balanced annual operating budget. FVRL's staff will prepare an annual budget based on anticipated revenues and expenses, and present it to the Board for approval. The process will follow an established calendar and include a public hearing for the final reading. The annual levy for tax collection purposes must be set and sent to the Clark County Assessor by November 30 of each year.

Staff will build and maintain a five-year rolling forecast of the budget to be presented to the Board as part of the annual budget and long-term planning process to ensure FVRL's financial stability is managed and maintained.

**Auditing Officers and Expenditure Certification:** The Executive Director will serve as an Auditing Officer pursuant to RCW 42.24.080. The Executive Director can appoint the Deputy Director or other FVRL Director as a designee in their absence to ensure the timely payment of warrants.

**BARS:** FVRL will follow the prescribed Budget, Accounting, and Reporting System (BARS) as outlined by the Washington State Auditor's Office.

**Capital project funding:** Library facilities may be built using bond funds, Library Capital Facility Area (LCFA) bond funds, special levies, fundraising and/or operating funds when appropriate. FVRL will prioritize capital maintenance and replacement schedule over new construction when establishing the annual budget.

**Cash Receipting:** FVRL staff will maintain physical security of cash receipts, designate who can approve steps and actions related to cash receipts (such as adding a new receipts location, deposits or accepting credit cards), and have procedures in place to monitor and record transactions.

**Cash Reserves:** A portion of the funds held by FVRL are set aside for short, mid and long-term sustainability and will be maintained at sufficient levels to protect FVRL's financial position and responsibilities to the public.

- Reserve funds can be committed, assigned, restricted or unrestricted, as determined by the Board. The Board will adopt a Reserve Plan and review it annually.
- Any year-end operating surpluses will be considered unappropriated and available for use in maintaining reserve levels set by policy or will be available for project specific and/or "one-time" only expenditures.
- FVRL's reserves may include funds for budget stabilization, ongoing long-range capital repairs and maintenance objectives, replacement of equipment and vehicles, and other objectives as deemed appropriate by the Board.
- Employee leave liabilities are carried as part of the operating budget but may be set aside as a reserve as the Board deems appropriate to reduce exposure.

**Debt Management:** As a junior taxing district, FVRL has a few options in determining the method of taking on debt. Those include short term loan obligations, limited tax general obligation or "councilmanic" bonds, unlimited tax general obligation or "voted" bonds, and other types of debt including leases, as well as intergovernmental and Local Option Capital Asset Lending (LOCAL) loans. Long-term debt is only to be used to finance capital improvements and should *never* be used to support current operations.

**Disbursement systems controls:** FVRL shall establish and maintain control systems for each major disbursements process, including payroll and accounts payable, as well as controls over transactions from initiation to payment, account monitoring, and fraud protection. Monthly audits by the Executive Director will be conducted to assure compliance.

**Expenditure Certification:** Pursuant to RCW 42.24.080, the Finance Director is designated to certify all claims made against FVRL for payment. The Executive Director shall certify payments in the absence of the Finance Director.

**Financial Reporting:** FVRL's financial reporting will be on a cash basis. Financial reports shall be submitted to the Board at the regular monthly public meeting. The Board shall receive a copy of the annual report after it is filed with the Washington State Auditor's Office. Forecasts will encompass five years and be updated annually. Balanced revenue and expenditure forecasts will be prepared to examine FVRL's ability to absorb operating costs due to changes in the economy, service demands, contractual obligations, and capital improvements.

**Fiscal Agent:** In accordance with RCW 27.12.070 and 27.12.160, FVRL maintains an agreement with the Clark County Treasurer to serve as the District's fiscal agent.

**Fund Manager:** FVRL designates the Finance Director or their designee as the Fund Manager.

**Investments:** FVRL adopts the Clark County Investment Policy as its investment policy and will participate in the Clark County Investment Pool. Staff will share quarterly Investment reports with the

Board as they are received and will regularly review investments to ensure compliance with any direction from the State Auditor's Office.

**Insurance:** FVRL will maintain adequate insurance policies or self-insurance reserves to pay all claims against the District.

**Liabilities:** FVRL is the custodian for employee accounts held under IRS plan 457 and has no liability for losses under such plans, but does have the duty of due care that would be required of a prudent investor. FVRL will not use these assets to satisfy the claims of general creditors.

**Minimum Balance:** FVRL's fund balance represents the net cash after all revenues have been deposited and all expenses have been paid. While FVRL budgets on a calendar year (January-December), tax revenue is received primarily in the second and fourth quarters. The minimum balance for the fund should not be less than 60 to 90 days of annual operational expenditures to ensure adequate funding to maintain services between property tax collections. The Board delegates the responsibility of maintaining an adequate fund balance to the Executive Director to maintain sufficient cash available for the operational needs of the District.

**Revenue Sources:** Although library services are primarily funded through property taxes, FVRL will seek information on alternative funding from multiple sources, e.g. grants, partnerships and fees. FVRL will monitor and take appropriate action concerning legislation affecting the funding of library districts.

**Staff-related expenses:**

FVRL will follow these general guidelines for expenses directly related to expenditures for staff or board-related activities.

1. FVRL will pay membership fees and participation expenses for Board or staff members when doing so will provide a benefit to the library. Authority to cover the cost is vested in the Executive Director or their designee.
2. The Board authorizes reimbursement for eligible expenses related to travel on behalf of the libraries. The Executive Director shall establish and administer travel procedures that are deemed beneficial to FVRL.
3. FVRL may provide food in conjunction with day long training or meetings when such meals provide sustained periods of time for working together without undue interruption.
4. FVRL may provide clothing or other library branded items to staff as a provision of employment.
5. FVRL may provide cell phones or laptop computers to designated staff or board members for task-related communication purposes. Devices will be returned when requested.
6. FVRL may provide items to the public that support use of the library and enhance literacy in the community, including books, book bags, writing materials and other library or literacy-related resources.
7. All travel and training requests will be pre-approved by the Executive Director or their designee except for cases where unforeseen circumstances (weather or other delays) may incur additional expenses on the employees' behalf.

**Segregation of Duties:** Duties shall be segregated to ensure that there is appropriate separation from assets by those empowered to approve expenditures. These include signatories not having access to the ability to print checks or access FVRL's accounts. Duties for authorization, reconciliation, recording, asset inventory, surplus of assets and other accounting duties shall be delegated among the Finance staff to ensure compliance.

## **ADMINISTRATION**

The Executive Director is responsible for the administration of this policy, for establishing administrative procedures for its implementation and for making the policy available for the public at each branch and via the Library's web site.

**Severability:** The Board of Trustees hereby declares its intention that the provisions of this policy are declared to be separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section, chapter, title or other portion of this policy, or the invalidity of the application thereof to any person or circumstance shall not affect the validity of the remainder of the policy, or the validity of its application to other persons or circumstances.

**Continuance:** The Board of Trustees hereby declares its intention that the provisions of this policy shall be construed and applied as a continuation of the provisions of the policy, as amended, insofar as applicable, and the repeal of any part of this policy shall not be construed as affecting such continuous application.

**Applicable laws:** RCW 27.12.160, RCW 27.12.090, RCW 27.12.180

**Relevant policies:** [Asset Management](#); [Purchase Card](#); [Purchasing and Procurement](#); [Purchase, Lease, Exchange or Sale of Real Property](#); [Trustee Ethics and Responsibilities](#)

**Board approved:** Original Policy: September 26, 1988 (for Fiscal Years 1989, 1990, 1991); Revised October 14, 1991; December 13, 1993; April 14, 1997 (for Fiscal Year 1997); May 14, 2001; September 9, 2002; June 9, 2003; Reaffirmed: September 13, 2004; Revised October 10, 2005; April 11, 2006; May 14, 2007; Nov. 12, 2007; April 21, 2008; November 14, 2011; November 12, 2012; October 17, 2016; December 16, 2019; Nov. 15, 2021; March 18, 2024