Fiscal Management

Policy Statement

The Pierce County Library System (“Library”) Board of Trustees shall implement and maintain sound financial management of the entrusted resources provided by the taxpayers and other sources of funding, consistent with the Library’s mission.

In accordance with state law, RCW 27.12.070, the Pierce County Office of the Assessor-Treasurer serves duly as the Library’s fiscal agent.

Definitions

*Budget*: A statement of anticipated revenues to be used for planned expenditures.

*Capital Improvement Fund*: A fund that is set aside for major asset purchases, maintenance, and improvements.

*Cash*: The actual cash contained on hand or in a financial institution.

*Cash reserves*: A portion of cash that is set aside in any fund for short term, mid-term, and long term sustainability without needing to borrow money.

*Expenditure management*: A process to capture and report actual expenditures compared to the budget of planned projects and operations.

*General Fund*: A public sector accounting term for the primary fund to operate a governmental entity. It records all financial activities to conduct day to day business.

*Special Revenue (Purpose) Fund*: A fund that is designated by the governing body as having a restricted use for specific purposes

Policy

The Library Board of Trustees establishes the following fiscal management policy, which requires Board Action to enforce, make decisions, make exceptions, or otherwise implement to the extent law allows:

1. Current year general fund operations are funded from current year revenues.

2. Cash may be transferred between funds.
3. Debt may be incurred as a last resort.

4. Cash reserves is a fiscal resource to stabilize long-term library sustainability. Cash reserves may be used but not as a sole substitute for budget reductions to meet economic challenges.

5. Upon declaring a need for cash reserves to address a severe emergency having effects that cannot be addressed through the existing budget, the Board may pass a motion to release cash reserves for purposes of continuity of operations and services. Examples of emergencies are a natural disaster or a virulent pandemic.

6. Cash reserves in all funds shall maintain positive fund balances that plan and account for fiscal year patterns of revenues and expenses. The General Fund shall have adequate cash reserves beginning January 1 of every fiscal year to pay for expenses until the first major property value receipt occurs on or around May 1. The Capital Improvement Fund shall have adequate cash reserves beginning January 1 of every fiscal year to pay for expenses until the General Fund transfer occurs during the fiscal year. Specific guidelines shall be managed under Library Responsibility below.

7. The Library Board of Trustees may set cash reserve balances for any Fund as circumstances require.

8. For purposes of managing the Library’s finances, additional fund types may be implemented.

9. To pay for capital improvement projects, a Capital Improvement Fund is established and funded appropriately by and through General Fund transfers and other multiple funding sources including but not limited to, grants, donations and distributions from external sources such as a Foundation, restricted or unrestricted revenues, special set-asides, and other sources of revenue.

10. To pay for special purpose projects, a Special Revenue Fund is established and funded appropriately by and through multiple funding sources including but not limited to, grants, donations and distributions from external sources such as a Foundation, restricted or unrestricted revenues, General Fund transfers, special set-asides, and other sources of revenue.

11. When there are unanticipated revenues and savings, the Board will consider transferring all or some portion thereof to the Capital Improvement Fund or to the Special Revenue Fund, or both.

12. The Board approves an annual budget for revenues and expenditures in each fund, and any substantial modifications throughout the year.

13. The annual budget process anticipates the need for long-term sustainability of services and future system expansion and improvement, and allocates revenue accordingly. The Board recognizes that in the absence of new revenue sources such as annexations, levy lid-lifts, or bonds, additional services from system growth will need to be funded mostly through reductions in operational costs.
Library Responsibilities

The Board expects the Library staff to carry out the following responsibilities:

1. Establish and administer a budget and expenditure management system to meet the goals of this policy.

2. Establish and maintain financial procedures for managing the Library’s cash. Document, keep prudently current, and enforce such financial procedures as an implementation of this fiscal policy.

3. Establish and maintain a ten-year cash reserve strategy to sustain services to the Library’s communities.

4. Establish and maintain a solvency strategy to sustain positive balances that ensure short-term debt is not used to pay for operations. Cash of at least four months of anticipated operating costs shall be available in the fund balance as of January 1 of each fiscal year.

5. Develop and manage fiscal practices and strategies so that cash reserves have at least two percent (2.00%) of the following year’s anticipated revenues in addition to the amount set aside for General Fund solvency.

6. Administer a cash-flow system as an anticipatory approach to budget for and meet the Library’s expenditure needs for future operations, including bill management.

7. Implement the State of Washington’s Budget, Accounting, and Reporting System (BARS).

8. Furnish to the Board appropriate financial reports on a monthly basis, and deliver the annual report to the Board subsequent to filing it with the State of Washington.

9. Make efforts to reduce operational costs as part of the annual budget process anticipating that future service expansion may need to be met without significant future revenue increases.

10. Maintain a goal of 4% of average annual General Fund revenues in the year-end Capital Improvement Fund Balance over a ten year period.

The Board of Trustees shall review this fiscal management policy prior to or in conjunction with considerations of the annual fiscal year budget process, and amend it as deemed appropriate.

Board Policy 3.15