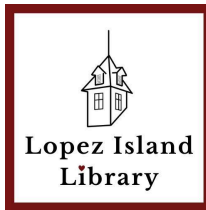


Policy Title	Financial Management		
Approval Date	April 21, 2026	Revision Date	
Related Policies	Collection Development Community Partnership and Sponsorship Fixed Assets Library of Things Collection Library Programs Naming and Recognition Procurement		
Statutory Reference	RCW 27.12.060 RCW 27.12.070 RCW 27.12.420 RCW 27.12.210 RCW 39.58.020 RCW 43.09.185 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 Lopez Island Library District (“LILD” or “Library”) Board of Trustees (BoT), 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 Library’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, Lopez Island Library District (“LILD” “Library”) 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

Auditing Officer –

The Library Director serves in this position, shared with the BoT’s Chair when the Director is absent, and works in consultation with the San Juan County Treasurer, to serve as the Library’s treasurer and fiscal agent per RCW 27.12.060 and 27.12.070.

Bank Accounts – The Library may open bank accounts it determines necessary for its efficient operation. The District may participate in the Local Government Investment Pool (LGIP).

Petty Cash – The Library may establish petty cash for cash handling.

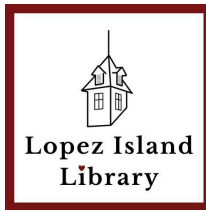
Investment Policy Objective – The Library’s investment objectives, in priority order, include: safety, liquidity, and return on investment.

Custodial Credit Risk – The Library 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 Library will make timely cash deposits, comply with all reporting requirements, due dates and maintain appropriate safeguards, via an agreement with the San Juan County Treasurer (RCW 43.09.240).

Electronic Funds Transfers – The Library 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 LILD will establish a block or filter on all LILD bank accounts. An EFT block on an LILD 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 LILD in advance for the account in question.

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

B. Financial Reporting Management

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

The Library 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 Library'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 Library's Capital Projects Fund, Custodial Fund and Operating Services Fund shall be managed as follows:

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

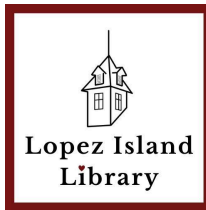
Operating Services Fund – This fund is used to carry out the District's normal operations and maintenance activities. The Operating Services Fund balance has no required minimum.

Custodial Fund - This fund is managed by the County as property tax revenue arrives and from which the library district draws to fund its Capital Projects and Operating Services Fund.

C. Budget Management

The Library will comply with all statutory budget, and property tax requirements and due dates established by both the State of Washington and San Juan County.

Within each budget cycle, the budget should be structurally balanced, which means that ongoing expenditures shall be provided for by anticipating ongoing revenue.



Required Board of Trustees Actions

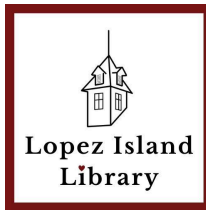
1. November of each calendar year, the BoT conducts:
 1. A public hearing on LILD revenue sources as required by state law (RCW 84.55.120)
2. November of each calendar year, the BoT reviews and adopts:
 1. A budget for the following year that shall be transmitted to the Clerk of the San Juan County Council and Public Records and the County Council Administrative Coordinator in ample time for San Juan County to make the tax levies for the purposes of the LILD (RCW 27.12.420, 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, 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 County Assessor, as required by state law (RCW 84.52.070).
3. Upon recommendation by LILD staff, the Board of Trustees reviews and adopts the following if required and/or necessary:
 1. 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 if the Board of Trustees finds a substantial need to exceed the property tax limit factor.
4. 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.

D. Grant and Donor Restricted Fund Management

The LILD is committed to pursuing grant or donor funding as an appropriate funding source. All grant or donor funded programs must be evaluated for compliance with the Library's mission, strategic priorities, and policies before application and/or acceptance.

The LILD shall maintain compliance with grant and donor restricted funds. The Board of Trustees designates the Director or their designee as the grant contract administrator; this includes authority to sign the grant contract/agreement. The Library 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.

LILD will make a good faith effort to implement this policy in a fair and consistent manner. The Director will establish administrative procedures necessary to implement this policy.