



## **FUND MANAGEMENT POLICY**

**Adopted 1/15/2020**

The purpose of the Funds Management Policy is to ensure the stability of the mission, programs, employment, and ongoing operations of the organization, and to provide a source of internal funds for organizational priorities such as building repair and improvement, program opportunity, and capacity building.

Washington State Law (RCW 27.12.210) authorizes the Board of Trustees to undertake all actions necessary for the orderly and efficient management and control of the Library's finances.

All funds are reviewed and adjustments made annually in February by the Board of Trustees.

### **Fund Management**

Library Funds are established and managed as follows:

#### **General Fund**

This fund is used to carry out the Library's normal operations and maintenance activities. The minimum unassigned cash balance should be at least four months of anticipated operating costs at the beginning of the year. A balance in excess of the minimum may be used for current-year expenditures or may be transferred to Board Designated Unrestricted Funds.

#### **Unemployment Reserve**

The Library maintains a self-insured unemployment compensation fund to 1) cover unemployment claims, and 2) ensure continuity of staff salaries in the event of a layoff or an emergency situation. The minimum fund balance is two months of average salary and benefits expenses based on the prior year's expenditures. The fund balance is reviewed and adjusted annually.

## Board Designated Unrestricted Funds

The Jefferson County Library Board of Trustees maintains the Board Designated Unrestricted Funds listed below:

- *Operating Fund* – provides an internal source of funds for situations such as a sudden increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding, or uninsured losses. The Operating Fund minimum balance is equal to four months of average operating costs and is reviewed and adjusted annually.
- *Building Fund* – provides a source of funds for construction, renovation, acquisition, or repair of Library facilities. The Building Fund will be funded through surplus unrestricted operating funds, gifts, grants, or other sources of revenue. There is no minimum balance for this fund.
- *Capital Asset Fund* – provides a source of funds for repair or acquisition of furniture, fixtures, vehicles, technology and other equipment. The Capital Asset Fund will be funded through surplus unrestricted operating funds, gifts, grants, or other sources of revenue. There is no minimum balance for this fund.
- *Capacity Building and Opportunity Fund* – provides a source of funds for organizational capacity building such as staff development, research and development, or investment in infrastructure that will build long term capacity. The Fund may also be used to meet targets of opportunity or needs that further the mission of the Library but may not have the expectation of increased income. The Capacity Building and Opportunity Fund will be funded through surplus unrestricted operating funds, gifts, grants, or other sources of revenue. There is no minimum balance for this fund.

For the purposes of managing the Library's finances, additional Fund accounts may be designated and/or funds transferred between library Fund accounts and/or operating accounts by the Board at any time.