



Office of the Washington State Auditor  
Pat McCarthy

## Financial Statements Audit Report

# Timberland Regional Library

For the period January 1, 2023 through December 31, 2023

*Published December 19, 2024*

Report No. 1036267



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**Office of the Washington State Auditor  
Pat McCarthy**

December 19, 2024

Board of Trustees  
Timberland Regional Library  
Tumwater, Washington

**Report on Financial Statements**

Please find attached our report on the Timberland Regional Library's financial statements.

We are issuing this report in order to provide information on the District's financial activities and condition.

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

*In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at [webmaster@sao.wa.gov](mailto:webmaster@sao.wa.gov).*

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## INDEPENDENT AUDITOR'S REPORT

### Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

#### **Timberland Regional Library January 1, 2023 through December 31, 2023**

Board of Trustees  
Timberland Regional Library  
Tumwater, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Timberland Regional Library, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated December 12, 2024.

We issued an unmodified opinion on the fair presentation of the District's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the District using accounting practices prescribed by state law and the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

## **REPORT ON COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **PURPOSE OF THIS REPORT**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However,

this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

December 12, 2024

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### **Timberland Regional Library January 1, 2023 through December 31, 2023**

Board of Trustees  
Timberland Regional Library  
Tumwater, Washington

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

### **Unmodified and Adverse Opinions**

We have audited the financial statements of the Timberland Regional Library, as of and for the year ended December 31, 2023, and the related notes to the financial statements, as listed in the financial section of our report.

### **Unmodified Opinion on the Regulatory Basis of Accounting (BARS Manual)**

As described in Note 1, the District has prepared these financial statements to meet the financial reporting requirements of state law and accounting practices prescribed by the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) Manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash and investments of the Timberland Regional Library, and its changes in cash and investments, for the year ended December 31, 2023, on the basis of accounting described in Note 1.

### **Adverse Opinion on U.S. GAAP**

The financial statements referred to above were not intended to, and in our opinion, they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Timberland Regional Library, as of December 31, 2023, or the changes in financial position or cash flows thereof for the year then ended, because of the significance of the matter discussed below.

## **Basis for Unmodified and Adverse Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit unmodified and adverse opinions.

## **Matter Giving Rise to Adverse Opinion on U.S. GAAP**

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. As described in Note 1 of the financial statements, the financial statements are prepared by the District in accordance with state law using accounting practices prescribed by the BARS Manual, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of state law and the BARS Manual described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

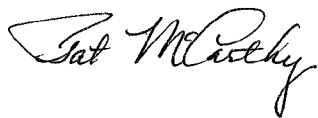
## Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements. The Schedule of Liabilities is presented for purposes of additional analysis, as required by the prescribed BARS manual. This schedule is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other

records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2024 on our consideration of the District's internal control over financial reporting and on the tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

December 12, 2024

## **FINANCIAL SECTION**

### **Timberland Regional Library January 1, 2023 through December 31, 2023**

#### **FINANCIAL STATEMENTS**

Fund Resources and Uses Arising from Cash Transactions – 2023  
Notes to Financial Statements – 2023

#### **SUPPLEMENTARY AND OTHER INFORMATION**

Schedule of Liabilities – 2023

**Timberland Regional Library**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2023**

		<b>Total for All Funds (Memo Only)</b>	<b>000 GENERAL</b>	<b>301 BUILDING</b>
<b>Beginning Cash and Investments</b>				
308	Beginning Cash and Investments	19,768,961	14,084,349	5,684,612
388 / 588	Net Adjustments	-	-	-
<b>Revenues</b>				
310	Taxes	23,846,819	23,846,819	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	1,379,431	1,379,431	-
340	Charges for Goods and Services	10,566	10,566	-
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	1,448,797	1,357,459	91,338
Total Revenues:		26,685,613	26,594,275	91,338
<b>Expenditures</b>				
510	General Government	-	-	-
520	Public Safety	-	-	-
530	Utilities	-	-	-
540	Transportation	-	-	-
550	Natural/Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	27,549,565	26,310,249	1,239,316
Total Expenditures:		27,549,565	26,310,249	1,239,316
Excess (Deficiency) Revenues over Expenditures:		(863,952)	284,026	(1,147,978)
<b>Other Increases in Fund Resources</b>				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	278,650	-	278,650
385	Special or Extraordinary Items	-	-	-
381, 382, 389, 395, 398	Other Resources	652,232	652,232	-
Total Other Increases in Fund Resources:		930,882	652,232	278,650
<b>Other Decreases in Fund Resources</b>				
594-595	Capital Expenditures	652,518	369,960	282,558
591-593, 599	Debt Service	-	-	-
597	Transfers-Out	278,650	278,650	-
585	Special or Extraordinary Items	-	-	-
581, 582, 589	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		931,168	648,610	282,558
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(864,238)</b>	<b>287,648</b>	<b>(1,151,886)</b>
<b>Ending Cash and Investments</b>				
50821	Nonspendable	-	-	-
50831	Restricted	2,337,096	2,337,096	-
50841	Committed	-	-	-
50851	Assigned	5,746,390	1,213,664	4,532,726
50891	Unassigned	10,821,231	10,821,231	-
<b>Total Ending Cash and Investments</b>		<b>18,904,717</b>	<b>14,371,991</b>	<b>4,532,726</b>

*The accompanying notes are an integral part of this statement.*

**TIMBERLAND REGIONAL LIBRARY**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Timberland Regional Library is a special purpose government that provides library services to the general public and is supported primarily through property taxes. The District was incorporated on December 9, 1968 and operates under Chapter 27.12 RCW, the laws of the state of Washington applicable to a library district.

Timberland Regional Library reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are presented using classifications that are similar to the ending balance classification in GAAP.

a. **Fund Accounting**

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used:

## GOVERNMENTAL FUND TYPES

### General Fund

This fund is the primary operating fund of the District. It accounts for all financial resources except those required or elected to be accounted for in another fund.

### Capital Projects Fund

These funds account for financial resources that are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

#### b. Basis of Accounting and Measurement Focus

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received, and expenditures are recognized when paid.

#### c. Cash and Investments

See Note 3, Deposits and Investments.

#### d. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets and inventory are recorded as capital expenditures when purchased.

#### e. Compensated Absences

Vacation leave may be accumulated up to 240 hours for full-time employees (FTE). Less than full-time employees may accumulate vacation leave to a maximum of their FTE portion of 240 hours. Accumulated vacation leave is payable, after six months of employment, upon separation or retirement. Sick leave may be accumulated indefinitely. Upon separation or retirement, employees do not receive payment for unused sick leave. Payments are recognized as expenditures when paid.

f. Restricted Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted when it is subject to restrictions on the use imposed by external parties. When expenditures that meet restrictions are incurred, the district intends to use the most restricted resources first. The restricted portion of ending cash and investments for Timberland Regional Library is comprised of donations received by Timberland Regional Library from patrons who have restricted the use of the donations for particular programming, materials, or libraries.

Restrictions of Ending Cash and Investments consists of \$2,337,095.55.

**NOTE 2 – BUDGET COMPLIANCE**

Timberland Regional Library adopts annual appropriated budgets for five funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follows:  
Table Below:

Fund	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund	\$ 28,350,033	\$ 27,057,712	\$ 1,292,321
Technology Fund	\$ -	\$ 24,090	\$ (24,090)
Unemployment Fund	\$ 40,000	\$ 41,435	\$ (1,435)
Gift Fund	\$ 78,000	\$ 85,628	\$ (7,628)
Building Fund	\$ 2,840,167	\$ 1,522,314	\$ 1,317,853

Budgeted amounts are authorized to be transferred between object classes within departments; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the Timberland Regional Library Board of Trustees.

### **NOTE 3 - DEPOSITS AND INVESTMENTS**

Investments are reported at fair value. Deposits and investments by type on December 31, 2023, are as follows:

Table Below:

Type of Deposit or Investment	Total
Investment in Thurston County Investment Pool	\$18,974,403

#### Investments in Thurston County Investment Pool

Timberland Regional Library is an involuntary participant in the Thurston County Investment Pool, an external investment pool operated by the Thurston County Treasurer. The pool is not rated or registered with the SEC. Rather, oversight is provided by the County Finance Committee in accordance with RCW 36.48.070. The County's investment policy is established by the County Finance Committee consisting of the County Treasurer, the County Auditor and the Chairman of the Board of County Commissioners. The object of the policy is to invest public funds in a manner which will provide maximum security with the highest investment return while meeting daily cash flow demands and conforming to all state and local statutes governing the investment of public funds.

The Thurston County Investment Pool does not have a credit rating and had a weighted average maturity of 1.209 years as of December 31, 2023.

In accordance with State law, the district's governing body has entered into a formal agreement with the district's *ex officio* treasurer, Thurston County, to have all its funds not required for immediate expenditure to be invested in the Thurston County Investment Pool (TCIP).

### **NOTE 4 - PENSION PLAN**

Substantially all of Timberland Regional Library's full-time and qualifying part-time employees participate in the following retirement systems administered by the Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans Public Employees' Retirement System (PERS).

The State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report that



includes financial statements and required supplementary information for each plan. The DRS Comprehensive Annual Financial Report may be obtained by writing to:

Department of Retirement Systems  
Communications Unit  
PO Box 48380  
Olympia, WA 98504-8380

Also, the DRS Comprehensive Annual Financial Report may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

On June 30, 2023 (the measurement date of the plans) Timberland Regional Library's proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

Table Below:

Plan	Employer Contributions	Allocation %	Liability (Asset)
<b>PERS 1</b>	\$ 494,468	0.072563%	\$ 2,020,420
<b>PERS 2/3</b>	\$ 798,880	0.090862%	\$ (3,369,873)

#### **NOTE 5 - RISK MANAGEMENT**

Timberland Regional Library maintains insurance against most normal hazards except for unemployment insurance where it has elected to become self-insured. Timberland Regional Library pays the Washington State Employment Security Department only for actual claims filed through the department. The expenditures for unemployment claims for the year ended December 31, 2023, was \$41,435. Over the previous five years, total annual claims were as follows:

Table Below:

2018	\$ 7,997
2019	\$ -
2020	\$ 44,417
2021	\$ 50,362
2022	\$ 47,448

Timberland Regional Library is a member of Cities Insurance Association of Washington (CIAW). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program or organization for the joint purchasing of insurance,

and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The program was formed on September 1, 1988, when 34 cities in the state of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of November 30, 2023, membership includes 196 members in the program.

The program provides the following forms of joint self-insurance and reinsurance coverage for its members: Property, including Automobile Comprehensive and Collision, Equipment Breakdown, Crime Protection and Liability, including General, Automobile, Wrongful Acts, and Cyber, which are included to fit the member's various needs.

The program acquires reinsurance through their administrator, Clear Risk Solutions. Liability coverage is purchased to a group aggregate limit of \$50,000,000 with a self-insured retention (SIR) of \$750,000. Members are responsible for a \$1,000 to \$50,000 deductible for each claim (can vary by member), while the program is responsible for the \$750,000 SIR. Since the program is a cooperative program, there is joint liability among the participating members toward the sharing of the \$750,000 SIR, in addition to the deductible. The program also purchases a Stop Loss Policy as another layer of protection to its membership, with an attachment point of \$8,347,047, which is fully funded in its annual budget.

Property insurance is subject to a per occurrence SIR of \$750,000. Members are responsible for a \$1,000 deductible for each claim (some member deductibles vary). The program bears the \$750,000 SIR, in addition to the deductible.

Crime insurance is subject to a per occurrence SIR of \$25,000. Members are responsible for a \$1,000 deductible for each claim (some member deductibles vary). The program bears the \$25,000 SIR, in addition to the deductible.

Equipment Breakdown insurance is subject to a per occurrence deductible of \$2,500 (cities and special districts) and \$500 (fire districts), which may vary per member, with the exception of Pumps & Motors, which is \$10,000. Members are responsible for the deductible amount of each claim. There is no program SIR on this coverage, with the exception of Pumps & Motors, which is \$15,000 and is covered by CIAW.

Cyber liability insurance is subject to a per-occurrence SIR of \$50,000. Members are responsible for a \$10,000 deductible for each claim, while the program is responsible for the remaining \$40,000 SIR.

Members contract to remain in the program for a minimum of one year and must give notice before December 1 to terminate participation the following December 1. The Interlocal Agreement is renewed automatically each year. In the event of termination, a member is still responsible for contributions to the program for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Agreement.

The program has no employees. Claims are filed by members/brokers with Clear Risk Solutions, who has been contracted to perform program administration, underwriting, claims adjustment, and loss prevention for the program. Fees paid to the third-party administrator under this arrangement for the year ending December 1, 2023, were \$3,172,936.78.

A board of ten members is selected by the membership from three geographic areas of the state on a staggered-term basis and the Board is responsible for conducting the business affairs of the program.

#### **NOTE 6 – PROPERTY TAX**

The five county treasurers act as the agents to collect property tax levied for all taxing authorities. Thurston County collections are distributed at the end of each month. Grays Harbor, Lewis County, Mason County, and Pacific County property tax collections are distributed the month following collection.

Property tax revenues are recognized when cash is received by the Timberland Regional Library. Delinquent taxes are considered fully collectible because a lien affixes to the property tax after tax is levied.

The Timberland Regional Library's regular levy for the year 2023 was \$0.236007 per \$1,000 on an assessed valuation of \$102,284,797,979 for a total regular levy of \$24,140,000.57.

#### **NOTE 7 – LEASES**

Timberland Regional Library leased land and buildings from The Port of Olympia, Prime Locations, Capital Mall, Craig and Cynthia Berne and for \$14,336.34 per month total under lease agreements that range from 18 months to 5 years. The remaining leases began in November of 2019 and will end in April of 2025, and will be renegotiated for lease terms once the period ends.

Timberland Regional Library leases 42 copiers from De Lage Landen Financial Services, Inc for \$3,494.13 per month under 60-month lease agreements that can be renewed for consecutive 60-day periods, bought out at fair market value or returned.

Timberland Regional Library leases a postage machine from Pitney Bowles Global Financial Services for \$319.06 per month under 60-month lease agreements.

The total amount paid for leases in 2023 was \$218,154.36. As of December 31, 2023, the future lease payments are as follows:

Table below:

Year Ended December 31	Total
2023	\$ 218,154.36
2024	\$ 178,752.70
2025	\$ 25,915.02
2026	\$ 6,008.58
2027	\$ 3,065.16
2028	\$ 816.12

#### **NOTE 8 – SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)**

During the year ended 2023, Timberland Regional Library adopted guidance for the presentation and disclosure of Subscription Based Information Technology Arrangements (SBITA), as required by the BARS manual. This requirement resulted in the addition of a subscription liability reported on the Schedule of Liabilities.

Timberland Regional Library makes subscription payments of:

- \$9332.40 per year for Iland/11:11 secure cloud backup service. The SBITA contract is for 37 months.
- \$16,520.28 per year for the ABCMouse database. The SBITA contract is for 36 months.
- \$198,367.01 per year for the BiblioCore software suite. The SBITA contract is for 36 months.
- \$199.85 per month for Comcast internet service for the Hawks Prairie branch. The SBITA contract is for 36 months.
- \$16,555.00 per year for Darktrace email filtering. The SBITA contract is for 48 months.
- \$32,232.00 per year for EBSCO Discovery Service EDS periodicals and full text articles. The SBITA contract is for 36 months.
- \$2,200.00 per month for Ednetics Connect internet and WAN service. The SBITA contract was for 48 months and has been renewed for 3 subsequent 12-month periods.
- \$14,215.11 per year for Cisco umbrella filtering services. The SBITA contract is for 36 months.
- \$56,888.00 per year for Ednetics managed internal broadband service. The SBITA contract is for 24 months, and a subsequent 36-month annual contract will begin July 1, 2024.

- \$10,022.31 per year for Ednetics Protect EAH managed monitoring service. The SBITA contract is for 60 months.
- \$2,690.00 per month for Ednetics managed voice service contract. The SBITA contract is for 60 months.
- \$114,000 for Service Year 1 and \$119,700 for Service Year 2 for Lyngsoe's intelligent material management system. The SBITA contract is for 24 months.
- \$17,243.00 per year for the Mango Languages library edition software. The SBITA contract is for 36 months.
- \$12,902.48 per year for the NeoGov Learn software. The SBITA contract is for 30 months.
- \$13,633.67 per year for the Newspaper Archive database. The SBITA contract is for 36 months.
- \$268.00 per year for RFID wand annual maintenance. The SBITA contract is for 24 months.
- \$58,555.60 per year for the Sirsi Dynix Symphony software as a service. The SBITA contract is for 60 months.

The total amount paid for SBITAs in 2023 was \$531,379.61. As of December 31, 2023, the future SBITA payments are as follows:

Table below:

Year Ended December 31	Total
2023	\$ 531,379.61
2024	\$ 752,964.05
2025	\$ 779,594.20
2026	\$ 417,244.37
2027	\$ 172,244.58

**Timberland Regional Library  
Schedule of Liabilities  
For the Year Ended December 31, 2023**

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>General Obligation Debt/Liabilities</b>						
263.56	Mountain View Lease Agreement	4/30/2024	26,240	-	19,680	6,560
263.56	Hawks Prairie Lease Agreement	9/30/2024	83,349	-	47,628	35,721
263.56	Service Center Building Land Lease Agreement	10/31/2024	149,189	-	81,376	67,813
263.56	Color Copiers (23)	12/24/2024	42,690	-	22,273	20,417
263.56	West Olympia Lease Agreement	4/30/2025	55,872	-	23,712	32,160
263.56	Color Copiers (14)	8/6/2025	35,024	-	13,558	21,466
263.56	Postage Meter	10/5/2025	10,529	-	3,829	6,700
263.56	Color Copier (1)	5/28/2026	4,028	-	1,208	2,820
263.56	Color Copier (1)	12/29/2026	4,733	-	1,208	3,525
263.56	Color Copier (2)	7/28/2027	12,896	-	2,866	10,030
263.56	Color Copier (1)	6/19/2028	-	8,161	816	7,345
263.56	11:11 Secure Cloud Backup Bundle	12/21/2025	27,220	-	9,332	17,888
263.56	ABCMouse Database	11/14/2026	-	49,561	2,753	46,808
263.56	BiblioCore	1/22/2026	-	595,101	198,367	396,734
263.56	Comcast Business - HA	6/30/2025	5,996	-	2,398	3,598
263.56	Darktrace	2/14/2027	-	66,220	15,175	51,045
263.56	EBSCO Discovery Service EDS	11/30/2025	64,464	-	32,232	32,232
263.56	Ednetics Connect - Internet & WAN	6/30/2024	39,600	-	26,400	13,200
263.56	Cisco Umbrella Filtering Contract	2/22/2026	-	42,645	13,030	29,615
263.56	Ednetics Managed Network Service (Prior to 2024)	6/30/2024	85,332	-	56,888	28,444
263.56	Ednetics Managed Network Service (After 2024)	6/30/2027	-	976,770	-	976,770
263.56	Ednetics Protect Managed Service Contract	6/30/2026	35,078	-	10,022	25,056
263.56	Ednetics Voice Managed Service Contract	4/8/2027	137,190	-	32,280	104,910
263.56	Lyngsoe IMMS	12/31/2025	-	282,200	48,430	233,770
263.56	Mango Languages Library Edition	9/17/2026	-	51,729	5,748	45,981
263.56	NeoGov Learn Module	6/29/2025	31,181	-	12,902	18,279
263.56	Newspaper Archive Database	10/31/2026	-	40,901	2,272	38,629

**Timberland Regional Library  
Schedule of Liabilities  
For the Year Ended December 31, 2023**

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
263.56	RFID Wand Annual Maintenance	6/15/2025	-	5,128	4,592	536
263.56	Sirsi Dynix Software	5/18/2024	117,111	-	58,556	58,555
<b>Total General Obligation Debt/Liabilities:</b>			<b>967,722</b>	<b>2,118,416</b>	<b>749,531</b>	<b>2,336,607</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
264.30	Pension Liability		2,035,567	(15,147)	-	2,020,420
259.12	Compensated Absences		947,760	1,006,661	1,005,724	948,697
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>2,983,327</b>	<b>991,514</b>	<b>1,005,724</b>	<b>2,969,117</b>
<b>Total Liabilities:</b>			<b>3,951,049</b>	<b>3,109,930</b>	<b>1,755,255</b>	<b>5,305,724</b>

## ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, [www.sao.wa.gov](http://www.sao.wa.gov). Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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