

Financial Transparency and Planning Policy

Purpose

To ensure that the Board of Trustees receives timely, complete, and forward-looking financial information sufficient to fulfill its fiduciary oversight responsibilities, monitor organizational health, and make informed decisions regarding budget policy, facilities, staffing, strategic direction, and long-term fiscal sustainability.

Scope

This policy applies to all financial reporting, organizational staffing disclosures, and fiscal planning documents prepared by Timberland Regional Library (TRL) staff for the Board of Trustees. It establishes minimum standards for the content, format, frequency, and timeliness of these materials. Nothing in this policy limits the Board's authority to request additional information at any time.

Policy

Beginning in June 2026, staff will provide the Board of Trustees with the following categories of information on a recurring basis. All materials described below will be delivered to Trustees no later than the date the agenda for each month's regular business meeting is published, to allow adequate time for review prior to the meeting.

Organizational Staffing Report

Staff will provide a quarterly organizational staffing report to the Board of Trustees, beginning in June 2026. The report will not include individual employee names.

For each position, the report will include the following information:

- County/Division
- Department
- Position Title
- Full Time Equivalent (FTE)
- Salary
- Benefits
- Total Cost
- Vacant or Filled

The report will be organized by County/Division, then by Department. Each County/Division and Department grouping will include a summary of the number of employees and FTEs for each position within that grouping.

An itemized spreadsheet containing the same data shall accompany the report to be available for Board use and analysis.

Monthly Financial Report

Staff will provide a monthly financial report to the Board of Trustees, beginning in June 2026. The report will cover both the current month's activity and year-to-date totals.

For each fund (General, Technology, Unemployment, Gift, and Building), the report will include:

- Beginning Fund Balance
- Total revenues
- Total expenditures
- Net excess or deficits
- Ending Fund Balance

For the General Fund, revenues will be broken by source, including at a minimum, property tax, timber tax (state and county), contract city dues, fines and fees, interest on investments, gifts and donations, and any other source exceeding 1% of total annual revenue. Expenditures will be broken by category, including at a minimum, base wages and salaries, overtime, employee benefits (with PERS contributions shown separately), books and collection materials, supplies, fuel, equipment, professional services, communications, operating rentals, insurance, utilities, repairs and maintenance, and capital expenditures.

For each revenue and expenditure line item, the report will include:

- Month actual
- Year-to-Date (YTD) actual
- Year-to-Date (YTD) budgeted amount (pro-rata share of annual adopted budget for months elapsed)
- Annual adopted budget
- Dollar variance (YTD actual vs YTD budgeted)
- Percentage variance
- Prior year same period actual

The report will include the following personnel cost metrics:

- Total personnel costs (wages, overtime, and benefits combined) as a percentage of total General Fund expenditures
- Total personnel costs as a percentage of total General Fund revenues
- Average total compensation cost per FTE, with comparison to the same period of the prior year

The report will include a Reserve Health Indicator (RHI) consisting of the following:

- General Fund beginning fund balance as a percentage of budgeted revenues, with an explicit comparison to the thirty percent (30%) minimum threshold required by the Fund Balance Management Policy (Motion 19-47/19-53)
- Projected year-end General Fund balance based on year-to-date trends, expressed as a percentage of budgeted revenues
- General Fund revenue by source as a percentage of total General Fund revenue

If the RHI shows the General Fund balance is below the thirty percent (30%) policy threshold, or if year-to-date trends project that it will fall below thirty percent (30%) by year-end, that fact shall be stated explicitly and prominently.

The expenditure categories used in the monthly report will match the line-item structure of the annual adopted budget. Categories shall not be consolidated or renamed without prior Board approval.

An accompanying spreadsheet containing all underlying data will be provided with the report.

Multi-Year Financial Projections

Staff will provide forward-looking projections of income and expenditure using the same major categories as the monthly financial report. These projections shall be updated and provided to trustees monthly, beginning in June 2026.

Projections will cover four (4) time horizons:

- The remainder of the current year
- One year ahead
- Two years ahead
- Four years ahead.

Each projection will include:

- A clear statement of the key assumptions used, including but not limited to, assumed property tax levy growth rate, assumed assessed valuation growth, step and longevity increase assumptions for personnel, benefit cost inflation rate, and any anticipated changes in staffing levels
- Projected fund balance at the end of each projection year, expressed as a percentage of projected revenues, with explicit notation of any year in which the balance is projected to fall below the thirty percent (30%) policy threshold
- A comparison to the prior month's projection, identifying any material changes in assumptions or outcomes and the reasons for those changes

These projections will be provided in both Portable Document Format (PDF) and spreadsheet formats. The spreadsheet version will include formulas and clearly identified assumption cells to allow Trustees to evaluate sensitivity to different scenarios.

Collective Bargaining Agreement (CBA) Fiscal Impact Statement

Before the Board votes to ratify any Collective Bargaining Agreement or Memorandum of Understanding (MOU) with financial implications, staff will provide a written fiscal impact statement. This requirement applies to new agreements, successor agreements, and any mid-term modifications with cost implications.

The fiscal impact statement will include:

- The total estimated cost of the agreement over its full term, including base wage increases, step progressions, longevity adjustments, and changes to benefits, leave, or other compensation
- A year-by-year cost breakdown for each year of the agreement
- A comparison of projected total compensation costs under the proposed agreement against projected revenues for the same period, using the assumptions from the most recent multi-year projection
- The projected impact on the fund balance at the end of each year of the agreement, with explicit notation if the agreement is projected to cause the balance to fall below the thirty percent (30%) policy threshold at any point during its term
- A brief summary of how the proposed agreement compares to the prior agreement in total cost and annual cost growth rate

Material Deviation Notification

If, at any time during the fiscal year, staff becomes aware of any development reasonably expected to cause actual revenues or expenditures to deviate from the adopted budget by more than five percent (5%) in any major category, or by any amount that would cause the fund balance to fall below the thirty percent (30%) policy threshold, staff shall notify the Board at or before the next regular business meeting. Such notification will include a description of the deviation, its estimated magnitude, its cause, and any recommended corrective actions. This obligation applies regardless of whether a formal budget adjustment resolution is being proposed.

Public Availability

All reports and materials required by this policy shall be included in the published Board packet for the applicable meeting and posted on the TRL website in a publicly accessible location. Financial reports on spreadsheet format shall be made available upon request.

Citations

RCW 84.55 Limitations Upon Regular Property Taxes (for property tax levy limitations)

RCW 27.12 Public Libraries

RCW 41.56 Public Employees' Collective Bargaining

Government Financial Officers Association (GFOA) Best Practices: Fund Balance Guidelines for the General Fund

TRL Fund Balance Management Policy (Motion 19-47/19-53)

Effective 5/27/2026

Review Date 11/10/2026

Policy Number: 061

By the enactment of this policy the Board of Trustees of Timberland Regional Library is concurrently rescinding any prior policy or procedure within TRL that is either in conflict with or expansive of the matters addressed in this policy.