



SCLC Audit and Finance Committee Meeting
Wednesday, September 27, 2023
3:30pm

Meeting Locations:

Alhambra Library 101 S. First St., Alhambra, CA 91801
Calabasas Library, 200 Civic Center Way, Calabasas, CA 91302
Santa Clarita Public Library 24500 Main St., Santa Clarita, CA 91321
Santa Monica Main Library 601 Santa Monica, Blvd., Santa Monica, CA 90401
Torrance Public Library 3301 Torrance Blvd., Torrance, CA 90503
Ventura County Library 5600 Everglades St., Suite A, Ventura, CA 93003

Join Zoom Meeting:

<https://us02web.zoom.us/j/87868446579?pwd=OExtWk52eWs4RzUxWG56Nmd5QkRBUT09>

Meeting ID: 878 6844 6579
Passcode: 775601

AGENDA

All items may be considered for action.

1. Opening Hilda LohGuan
 - a. Chairperson's welcome
Chairperson introduces new attendees and Committee members.
 - b. Roll call

2. Public Forum Hilda LohGuan
Opportunity for any guest or member of the public to address the committee on any item of SCLC Audit and Finance Committee business. Three minutes per speaker on any Audit and Finance Committee-related business topic.

3. Consent Calendar Hilda LohGuan
All items on the consent calendar may be approved by a single motion. Any committee member may request an item be removed from the consent calendar and placed on the agenda for discussion.
 - a. Minutes of the August 2, 2023 Audit and Finance Committee meeting. 1

- | | | |
|-----|---|------------------|
| 4. | Adoption of Agenda | Hilda LohGuan |
| 5. | Budget Status Report FY2023/24
(DISCUSSION) | Andy Beck |
| 6. | SCLC Investments Report
(DISCUSSION) | Andy Beck |
| 7. | Banking Status Update
(DISCUSSION) | Christine Powers |
| 8. | Revenue Generation
(DISCUSSION) | Hilda LohGuan |
| 9. | Other
<i>"...that is, matters initiated in the present meeting." Robert's Rules of Order, Revised, III, p.21. Limited by Brown Act to discussion only.</i> | Hilda LohGuan |
| 10. | Adjournment | Hilda LohGuan |



ACTION ITEMS

Meeting: _____ Audit and Finance Committee _____

Date: _____ September 27, 2023 _____

Library: _____

Name: _____

Signature: _____

Date: _____

Agenda Item: _____

_____ Aye

_____ Nay

_____ Abstain

Agenda Item: _____

_____ Aye

_____ Nay

_____ Abstain

Agenda Item: _____

_____ Aye

_____ Nay

_____ Abstain

Agenda Item: _____

_____ Aye

_____ Nay

_____ Abstain

Agenda Item: _____

_____ Aye

_____ Nay

_____ Abstain

Agenda Item: _____

_____ Aye

_____ Nay

_____ Abstain



SCLC Audit and Finance Committee Meeting
Wednesday, August 2, 2023
3:00pm

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Minutes draft

Attendance

LohGuan, Hilda – Alhambra
Lockwood, Barbara - Calabasas
Schram, Nancy – Ventura

Other

Beck, Andy – SCLC
Cuyugan, Erica – Long Beach
Graver, Lori – SCLC
Powers, Christine – SCLC
Walker, Wayne - SCLC

1. Opening Hilda LohGuan
Meeting called to order at 3:02pm.
2. Public Forum Hilda LohGuan
None.
3. Consent Calendar Hilda LohGuan
All items on the consent calendar may be approved by a single motion. Any committee member may request an item be removed from the consent calendar and placed on the agenda for discussion.
 - a. Minutes of the April 5, 2023 Audit and Finance Committee meeting.
MSP (Lockwood/Schram) to pass the Consent Calendar as presented, without changes.
3 yes, 0 no, 0 abstain

4. Adoption of Agenda Hilda LohGuan
Chair adopted Agenda, without objection.
5. Budget Status Report FY2022/23 Andy Beck
The Budget Status Report for Fiscal Year 2022/23 was attached for review and reflects reconciled bank statements through June 30, 2023. The majority of expenses were received and any expected expenses for the month of June have been estimated. A deficit of \$123,255 is anticipated to be realized, compared to a deficit of \$183,084 as budgeted. CLSA rollover funds from fiscal years 2020/21 through 2022/23, totaling \$861,942, were rolled to fiscal year 2023/24. Rolled over CLSA funds are anticipated to be spent with the exception of \$428,686 for e-Resources. Funds can be allocated as recommended by the Administrative Council.

6. SCLC Investments Report Andy Beck
The investment overview reflects the balance of the LAIF and CEPPT accounts as of June 30, 2023.

	LAIF	CEPPT	Total
Balance as of July 1, 2022	\$1,805,857	\$87,177	\$1,893,034
Change in interest receivable	(12,131)	-	(12,131)
Interest revenue	43,860	-	43,860
Fair market adjustment	(4,683)	2,083	(2,600)
Administrative expenses	-	(200)	(200)
Balance as of June 30, 2023	\$ 1,832,903	\$ 89,060	\$ 1,921,963

Account for the certificates of deposit will be open once we transfer SCLC funds to the new bank account.

7. Banking Status Update Andy Beck
With the recommendation of the Audit & Finance Committee, the Administrative Council approved to switch SCLC's banking institution from Pacific Western Bank to a "larger bank." Initially, SCLC staff decided to switch to Bank of America; however, staff discovered that Bank of America does not accommodate governmental organizations and funds over FDIC coverage (\$250,000) would not be collateralized. As a result, SCLC staff has selected an alternative "larger bank" JP Morgan Chase, which does support governmental organizations and will be able to provide coverage over the FDIC limit to SCLC's account. The application process was started in July 2023.

8. Review of 2024 Health Premiums Andy Beck
 CalPERS Health Plans will incur a premium increase in calendar year 2024. For SCLC's active employees, the average premium increase totals 12.77%, with a \$50/pay period financial burden added to an SCLC employee. To negate this financial burden in proportion to the increase in health premiums, the health premium allowance would need to increase \$48.75 per pay period to \$462.44 per pay period, or \$1,001.95 per month. Alternatively, the financial burden can be split equally between the employee and SCLC resulting in an increase of \$24.38 per pay period to \$438.07 or \$949.15 per month. MSP (Schram/Lockwood) to recommend to the Administrative Council an increase in the health premium allowance of 5.89% (\$3,169 increase in cost) effective January 1, 2024, to address increasing health care premiums.
 3 yes, 0 no, 0 abstain
9. Revenue Generation Hilda LohGuan
 Through discussions and recommendations that were generated by this Committee, two revenue generating initiatives are being implemented for fiscal year 2023/24: an increase in membership dues and investment income that will be generated via Certificate of Deposit accounts. Currently, staff is focusing on ways to decrease any existing expenditures.
10. Other Hilda LohGuan
"...that is, matters initiated in the present meeting." Robert's Rules of Order, Revised, III, p.21. Limited by Brown Act to discussion only.
 None.
11. Adjournment Hilda LohGuan
 MSP (Lockwood/Schram) to adjourn meeting. Meeting adjourned at 3:31pm.



REPORT TO THE ADMINISTRATIVE COUNCIL
SOUTHERN CALIFORNIA LIBRARY COOPERATIVE

DATE: September 27, 2023

FROM: Andy Beck, Controller

SUBJECT: **Budget Status Report FY 2023/24 (Discussion)**

BACKGROUND: Budget Status Report for Fiscal Year 2023/24 is attached for review and reflects reconciled bank statements through July 31, 2023.

There are no unexpected expenses through the month of July 2023.

Prior years' rollover funds are expected to be spent with the exception of \$428,686 for e-Resources.

FISCAL IMPACT: None

RECOMMENDATION: Information

EXHIBITS: Budget to Actual Report

	Proposed Budget FY 23/24	FY22/23 Actual	FY2324 Actual	Amount Unrealized	Percent Unrealized	Percent Realized	Note
Revenues:							
CLSA baseline revenue (communications and delivery)	\$ 599,447	\$ 142,870	\$ 9,859	\$ 589,588	98%	2%	Rollover = 39,843; CLSA = 559,604
CLSA system administration	139,900	140,833	11,658	128,242	92%	8%	Expected to be received in December 2023
Fiscal and administration revenues	223,784	211,702	16,851	206,933	92%	8%	CLSA = 202,209; Shared expense = 21,575
Grant project revenues	1,226,432	2,377,231	93,498	1,132,934	92%	8%	
Grant indirect revenues	131,523	161,330	4,036	127,487	97%	3%	
Grant staffing revenues	142,045	84,781	8,177	133,868	94%	6%	
Membership dues	237,064	210,681	237,066	(2)	0%	100%	Lump sum billing
Califa membership dues	13,590	13,590	13,590	-	0%	100%	Lump sum billing
Investment income	100,000	40,115	-	100,000	100%	0%	Reported quarterly
Other	1,000	2,485	15	985	99%	2%	
Total revenues	2,814,785	3,385,618	394,750	2,420,035	86%	14%	
Expenditures:							
CLSA baseline expenditures:							
Office supplies	13,000	4,172	261	12,739	98%	2%	
Duplication and photocopies	1,500	1,735	120	1,380	92%	8%	Pending
E-Resources	369,647	1,212	1,273	368,374	100%	0%	
Contract services for delivery	172,500	68,206	5,172	167,328	97%	3%	Reliant
Contract services	19,000	15,869	1,440	17,560	92%	8%	Audit; GASB 75
Telecommunications	21,800	16,681	1,594	20,206	93%	7%	Internet; website; IT; Phone; VOIP; Zoom
Resource sharing	-	34,995	-	-	-	-	PY - Scanners; CY - No allocation
Capital outlay	2,000	-	-	2,000	100%	0%	
Total CLSA baseline expenditures	599,447	142,870	9,860	589,587	98%	2%	
CLSA administration expenditures:							
Personnel							
Salary and wages	603,693	517,555	46,025	557,668	92%	8%	
Retirement benefits	62,700	46,628	4,775	57,925	92%	8%	
Unfunded pension liability	151,107	152,775	146,217	4,890	3%	97%	Discount with one time payment
Health insurance - current employees	56,000	46,491	4,268	51,732	92%	8%	
Health insurance - retired employees	46,300	47,102	3,809	42,491	92%	8%	
Dental and vision	5,400	5,063	446	4,954	92%	8%	Ameritas
Life insurance	2,300	1,214	183	2,117	92%	8%	Lincoln; Dearborn
Other personnel expenses	15,500	14,394	4,850	10,650	69%	31%	Payroll tax; Workers comp
Total personnel expenditures	943,000	831,222	210,573	732,427	78%	22%	
Other							
Payroll processing	7,000	7,766	725	6,275	90%	10%	Paychex; Paychex HR; Time/Attendance
Accounting software	4,000	3,969	4,118	(118)	-3%	103%	Lump sum payment
Office space rent	25,800	25,716	2,143	23,657	92%	8%	
Insurance	2,400	2,280	197	2,203	92%	8%	General liability
Travel/conference/meeting	10,000	9,028	-	10,000	100%	0%	No monthly expense
Membership dues	14,600	13,848	13,590	1,010	7%	93%	Payment to Califa
Legal	12,000	11,220	-	12,000	100%	0%	
Professional other	-	79,423	-	-	-	-	PY Accountant; Consultant
Other	3,000	3,590	300	2,700	90%	10%	
Total other expenditures	78,800	156,840	21,073	57,727	73%	27%	
Total CLSA administration expenditures	1,021,800	988,062	231,646	847,881	83%	23%	
Grant project expenditure	1,226,432	2,377,231	93,499	1,132,933	92%	8%	
Total expenditure	2,847,679	3,508,163	335,005	2,570,401	90%	12%	
Deficit of revenues over expenditures	\$ (32,894)	\$ (122,545)	\$ 59,745	\$ (150,366)	457%	-182%	

SCLC ACCOUNT BALANCES

Pacific Western Bank	\$ 1,358,199
Local Agency Investment Fund	1,832,903
CA Employer's Pension Prefunding Trust	89,060
Total	\$ 3,280,162

CLSA FUNDS

	FISCAL YEAR 2023-24				
	Beginning	Addition	Deletions	Ending	
E-Resources	\$ -	\$ 379,630	\$ -	\$ 379,630	
Delivery	-	150,487	-	150,487	
Contracted services	-	15,764	-	15,764	
Office supplies	-	11,723	-	11,723	
Capital outlay	-	2,000	-	2,000	
Total	\$ -	\$ 559,604	\$ -	\$ 559,604	
	FISCAL YEAR 2022-23				
	Beginning	Addition	Deletions	Ending	
E-Resources	\$ 445,338	\$ -	\$ -	\$ 445,338	Pressreader \$16,653; Remaining \$428,686
Delivery	21,854	-	(5,172)	16,682	
Contracted services	3,236	-	(1,440)	1,796	
Telecommunications	30,000	-	-	30,000	
Office supplies	3,393	-	(381)	3,012	
Total	\$ 503,821	\$ -	\$ (6,993)	\$ 496,828	
	FISCAL YEAR 2021-22				
	Beginning	Addition	Deletions	Ending	
E-Resources	\$ 288,419	\$ -	\$ -	\$ 288,419	Pressreader
Telecommunications	3,519	-	(1,594)	1,926	
Total	\$ 291,938	\$ -	\$ (1,594)	\$ 290,345	
	FISCAL YEAR 2020-21				
	Beginning	Addition	Deletions	Ending	
E-Resources	\$ 64,636	\$ -	\$ (1,273)	\$ 63,363	Pressreader
Total	\$ 64,636	\$ -	\$ (1,273)	\$ 63,363	



REPORT TO THE AUDIT & FINANCE COMMITTEE
SOUTHERN CALIFORNIA LIBRARY COOPERATIVE

DATE: September 27, 2023
 FROM: Andy Beck, Controller
 SUBJECT: **Investments Report (Discussion)**

INVESTMENTS: The investment overview reflects the balance of the LAIF and CEPPT accounts as of June 30, 2023.

	<u>LAIF</u>	<u>CEPPT</u>	<u>Total</u>
Balance as of July 1, 2022	\$ 1,805,857	\$ 87,177	\$ 1,893,034
Change in interest receivable	(12,131)	-	(12,131)
Interest revenue	43,860	-	43,860
Fair market adjustment	(4,683)	2,083	(2,600)
Administrative expenses	<u>-</u>	<u>(200)</u>	<u>(200)</u>
Balance as of June 30, 2023	<u>\$ 1,832,903</u>	<u>\$ 89,060</u>	<u>\$ 1,921,963</u>

Currently, staff are working with JP Morgan Chase to transfer funds to a certificate of deposit as approved by the Administrative Council.

FISCAL IMPACT: None

RECOMMENDATION: Informational



REPORT TO THE AUDIT AND FINANCE COMMITTEE
SOUTHERN CALIFORNIA LIBRARY COOPERATIVE

DATE: September 27, 2023
FROM: Christine Powers, Executive Director
SUBJECT: **Banking Status Update (Discussion)**

BACKGROUND: With the recommendation of the Audit & Finance Committee, the Administrative Council approved to switch SCLC's banking institution from Pacific Western Bank to a "larger bank." Initially, SCLC staff decided to switch to Bank of America; however, staff discovered that Bank of America does not accommodate governmental organizations and funds over FDIC coverage (\$250,000) would not be collateralized.

As a result, SCLC staff selected an alternative "larger bank" JP Morgan Chase, which does support governmental organizations and will be able to provide coverage over the FDIC limit to SCLC's account. The application process was started in July 2023, and completed before the end of August. Executive Director Christine Powers, Project Manager Nerissa Snodgrass, Chair Jesse Walker-Lanz, and Vice-Chair Hilda LohGuan are authorized signers on the account. Chase has provided a check scanner at no additional cost, which allows staff to deposit checks from the office, rather than physically going to the bank.

Staff are in the process of switching the other four cooperatives they manage to JP Morgan Chase as part of the plan to streamline operations, and to ensure that cooperatives are set up appropriately.

FISCAL IMPACT: None

RECOMMENDATION: Informational

EXHIBITS: None



REPORT TO THE AUDIT AND FINANCE COMMITTEE
SOUTHERN CALIFORNIA LIBRARY COOPERATIVE

DATE: September 27, 2023

FROM: Hilda LohGuan, Chair

SUBJECT: **Revenue Generation (Discussion)**

BACKGROUND: During the May 25, 2022, meeting, the Administrative Council directed the Audit & Finance Committee to:

1. Explore alternative funding mechanisms for SCLC and report back to the Administrative Council; and
2. Work with, support, and assist SCLC staff as they seek out and apply for funding opportunities.

DISCUSSION: Through discussions and recommendations that were generated by this Committee, two revenue generating initiatives have been implemented for fiscal year 2023-24: an increase in membership dues and investment income that will be generated via Certificate of Deposit accounts. Currently, staff are focused on ways to decrease any existing expenditures.

The Audit and Finance Committee is welcome to continue discussing and planning an approach to explore additional alternate funding sources, and report back to the Administrative Committee as needed. This will remain a standing item on the agenda, as requested by the Committee, until directed otherwise.

FISCAL IMPACT: None

RECOMMENDATION: Informational

EXHIBITS: None



SCLC Audit and Finance Committee Meeting Dates
Approved May 24, 2023

2023/24

~~Wednesday, July 5, 2023~~ – *rescheduled*

Wednesday, August 2, 2023

3:00-4:00pm

Via Zoom

Wednesday, September 27, 2023

3:30-4:30pm

Via Zoom

Wednesday, February 7, 2024

3:30-4:30pm

Via Zoom

Wednesday, April 3, 2024

3:30-4:30pm

Via Zoom

Meetings will be held via Zoom.
Locations will be determined if needed.