



SCLC Audit and Finance Committee
Thursday, April 22, 2021
10 a.m.

Join Zoom Meeting
<https://us02web.zoom.us/j/83499633133?pwd=cFowZzFQc2dsNS9WTWIWbURYWmtDQT09>

Meeting ID: 834 9963 3133
Passcode: 167712

AGENDA

All items may be considered for action

1. Opening Heather Cousin
 - a. Chairperson's welcome
Chairperson introduces any guests or new members.
 - b. Roll call

2. Public Forum
Opportunity for any guest or member of the public to address the committee on any item of SCLC Audit and Finance Committee business.

3. Consent Calendar
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 February 4, 2021 Audit and Finance Committee meeting.

4. Adoption of Agenda Heather Cousin

5. Investment Report Carol Dinuzzo

6. Reserve Fund Carol Dinuzzo

7. FY19/20 Audited Financial Statement Draft Carol Dinuzzo

Southern California Library Cooperative

254 North Lake Avenue #874 • Pasadena, California 91101
(626) 283-5949 • Fax (626) 283-5949

Website: <http://www.socallibraries.org> • E-mail: sclcadmin@socallibraries.org

8. Budget Format

Carol Dinuzzo

9. Other

10. Adjournment

Heather Cousin



ACTION ITEMS

Meeting: _____ Audit and Finance Committee _____

Date: _____ April 22, 2021 _____

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

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

Agenda Item: _____

_____ Aye

_____ Nay

_____ Abstain

Agenda Item: _____

_____ Aye

_____ Nay

_____ Abstain



SCLC Audit and Finance Committee
Thursday, February 4, 2021
10am

Minutes draft

Attendees

Anderson, Susan – Redondo Beach
Graf, Ann – Azusa
Lockwood, Barbara – Calabasas
Ryan, Joyce – Santa Fe Springs
Wong, Patty – Santa Monica

Other

Bednarski, Diane – SCLC
Dinuzzo, Carol – SCLC
Graver, Lori - SCLC

Absent

Cousin, Heather – Thousand Oaks

1. Opening Joyce Ryan
Meeting called to order at 10:02am.
2. Public Forum
No guests or members of the public present.
3. Consent Calendar
 - a. Minutes of the October 8, 2020 Audit and Finance Committee meeting.
MSP (Graf/Lockwood) to approve the minutes from the October 8, 2020
Audit and Finance Committee meeting.
4. Adoption of Agenda Joyce Ryan
MSP (Anderson/Graf) to adopt agenda, as presented.

Southern California Library Cooperative

254 North Lake Avenue #874 • Pasadena, California 91101
(626) 283-5949 • Fax (626) 283-5949

Website: <http://www.socallibraries.org> • E-mail: sclcadmin@socallibraries.org

5. Investment Report Carol Dinuzzo
Reviewed LAIF account, noting that the line “Ending Balance as of September 30, 2020 “ should be corrected to read “Ending Balance as of December 31, 2021.”
6. Revenue Update Carol Dinuzzo
Reviewed revenue, with correction to Santiago entry for CLSA Approved System Contribution, should read \$18,933 Instead of \$40,000.
7. Financial Audit Update Carol Dinuzzo
Final audit to occur next week. SCLC is drafting new Policies and Procedures for stale dated checks and the bank reconciliation process, following the recommendations of the auditors.
8. Proposed CLSA Allocation for 2021/22 Diane Bednarski
Bednarski reviewed CLSA funding in the Governor’s proposed budget and campaign efforts to restore funding to FY19/20 levels. Grant revenue in the current year combined with supplemental allocations from the four systems managed by SCLC offset reduced CLSA allocations for FY2020/21, but those sources of revenue may decline in FY2021/22. Anticipated reductions in revenue include the Serra Creando FY21/22 grant being managed by CALL, and uncertainty regarding ongoing plans for the Early Learning for Families (ELF) project. Bednarski emphasized the need for SCLC to diversify revenue streams and look at ways to cut costs, including current efforts to migrate to fully digital office. Controller Dinuzzo noted that SCLC reserves are currently at \$1.9M in LAIF, and \$75K in general operating (this figure represents half of the total amount in the general operating account). Committee member suggested creating programming, implementing fundraisers and working with vendors to create products as potential new revenue streams. Bednarski to provide update at the April meeting.
9. Other
None.
10. Adjournment Joyce Ryan
Meeting adjourned at 10:35am.



DATE: April 22, 2021
TO: SCLC Audit & Finance Committee
FROM: Carol Dinuzzo, Controller, SCLC
SUBJECT: Investments Report

INVESTMENTS: The investment overview reflects the balance of the LAIF account as of March 2021.

The Local Agency Investment Fund (LAIF) reflects a capital gain of \$14,063 since the beginning of the fiscal year:

Beginning Balance as of July 1, 2020: \$1,907,996

Ending Balance as of March 31, 2021: \$1,922,059

PMIA Average Monthly Effective Yields (March 2021) : 0.357%

*Interest is paid quarterly on the 15th of the month following quarter-end

FISCAL IMPACT: None at this time.

RECOMMENDATION: Informational

Southern California Library Cooperative

254 North Lake Avenue #874 • Pasadena, California 91101

(626) 283-5949 • Fax (626) 283-5949

Website: <http://www.socallibraries.org> • E-mail: sclcadmin@socallibraries.org



DATE: April 22, 2021
TO: SCLC Audit & Finance Committee
FROM: Carol Dinuzzo, Controller, SCLC
SUBJECT: Reserve Designation Recommendation

BACKGROUND: Per the updated Reserve Fund Policy adopted by the Administrative Council on August 6, 2020:

SCLC staff shall present to the Audit & Finance Committee information on the operating costs for the previous calendar year (a 12-month period). Staff will also present the Audit & Finance Committee with the information on the current amount in the Reserve Fund.

The Audit & Finance Committee will make a recommendation to the Administrative Council at the council's annual meeting. The recommendation will be one of the following:

- a. To increase the Reserve Fund in order to maintain an adequate level of funding;
- b. To decrease the Reserve Fund because it is over-funded;
- c. To make no changes to the Reserve Fund because the current level is adequate to meet the operating expenses if needed;
- d. Determine funding to be deposited in the Reserve Fund for potential pension liability and deficit.

Calendar Year 2020 operating costs: \$986,981

Current amount in Reserve Fund: \$2,024,059

Other considerations include the current pension liability of \$1,695,854, with an anticipated payment of \$135,000 for FY21/22.

FISCAL IMPACT: None at this time.

RECOMMENDATION: TBD

Southern California Library Cooperative

254 North Lake Avenue #874 • Pasadena, California 91101

(626) 283-5949 • Fax (626) 283-5949

Website: <http://www.socallibraries.org> • E-mail: sclcadmin@socallibraries.org



DATE: April 22, 2021
TO: SCLC Audit & Finance Committee
FROM: Carol Dinuzzo, Controller, SCLC
SUBJECT: Financial Audit

BACKGROUND: Interim testing was conducted in November for all five systems managed by SCLC. Final testing was completed in February. The draft Financial Statements for SCLC have been included for your review.

As discussed in February, initial findings/recommendations included:

- Stale dated checks
- Bank reconciliation process

Per the auditors' direction, we have also updated our Standard Operating Procedures regarding unearned revenue. I will be working directly with the auditors to ensure our updated procedures address any issues with our internal controls and are compliant with generally accepted accounting principles.

FISCAL IMPACT: None at this time.

RECOMMENDATION: To recommend acceptance of the Financial Audit at the upcoming Administrative Council meeting.

Southern California Library Cooperative

254 North Lake Avenue #874 • Pasadena, California 91101
(626) 283-5949 • Fax (626) 283-5949

Website: <http://www.socallibraries.org> • E-mail: sclcadmin@socallibraries.org



Southern California Library Cooperative
Annual Financial Report
For the Fiscal Year Ended June 30, 2020

DRAFT

DRAFT

Southern California Library Cooperative
Annual Financial Report
For the Fiscal Year Ended June 30, 2020

DRAFT

**Southern California Library Cooperative
Annual Financial Report
For the Fiscal Year Ended June 30, 2020**

Table of Contents

	<u>Page No.</u>
Table of Contents	i
Financial Section	
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-6
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	7
Statement of Activities	8
Fund Financial Statements:	
Balance Sheet of Governmental Type Fund	9
Reconciliation of the Balance Sheet of Governmental Type Fund to the Statement of Net Position	10
Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Type Fund	11
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Type Fund to the Statement of activities	12
Statement of Fiduciary Net Position	13
Statement of Fiduciary Activities	14
Notes to the Basic Financial Statements	15-37
Required Supplementary Information Section	
Budgetary Comparison Schedule - General Fund	38
Notes to Required Supplementary Information	38
Schedules of the Cooperative's Proportionate Share of the Net Pension Liability	39-40
Schedules of Pension Plan Contributions	41
Schedule of Changes in the Cooperative's Total OPEB Liability and Related Ratios	42
Report on Compliance and Internal Controls	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	43-44

Financial Section

DRAFT

DRAFT

Independent Auditor's Report

Administrative Council
Southern California Library Cooperative
Pasadena, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Southern California Library Cooperative (Cooperative) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Cooperative's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Southern California Library Cooperative as of June 30, 2020, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Independent Auditor's Report, continued

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6, and the required supplementary information on pages 38 through 42, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 30, 2021, on our consideration of the Cooperative's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit. That report can be found on pages 43 and 44.

Fedak & Brown LLP
Cypress, California
March 30, 2021

Southern California Library Cooperative
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020

As management of the Southern California Library Cooperative (Cooperative), we offer readers of the Cooperative's financial statements this narrative overview and analysis of the financial activities and performance for the fiscal year ended June 30, 2020. Please read it in conjunction with additional information that we have furnished in the accompanying basic financial statements, which follow this section.

Financial Highlights

- In fiscal year 2020, the Cooperative's net position decreased 93.46%, or \$544,368 from ongoing operations.
- In fiscal year 2020, the Cooperative's total revenues increased 9.52%, or \$390,477 to \$4,491,777 from \$4,101,300.
- In fiscal year 2020, the Cooperative's total expenses increased 19.30%, or \$814,742 to \$5,036,145 from \$4,221,403.

Using This Financial Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities and performance of the Cooperative using accounting methods similar to those used by private sector companies. The Statement of Net Position includes all of the Cooperative's investments in resources (assets), deferred outflows of resources, the obligations to creditors (liabilities), and deferred inflows of resources. It also provides the basis for computing a rate of return, evaluating the capital structure of the Cooperative, and assessing the liquidity and financial flexibility of the Cooperative. All of the current year's revenue and expenses are accounted for in the Statement of Activities. This statement measures the success of the Cooperative's operations over the past year and can be used to determine the Cooperative's profitability and credit worthiness.

Government-wide Financial Statements

Statement of Net Position and Statement of Activities

One of the most important questions asked about the Cooperative's finances is, "Is the Cooperative better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the Cooperative in a way that help answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the Cooperative's *net position* and changes in it. Think of the Cooperative's net position - the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources - as one way to measure the Cooperative's financial health, or *financial position*. Over time, *increases or decreases* in the Cooperative's net position are one indicator of whether its *financial health* is improving or deteriorating.

Southern California Library Cooperative
Management's Discussion and Analysis, continued
For the Fiscal Year Ended June 30, 2020

Governmental Fund Financial Statements

Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental funds in the governmental fund financial statements are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* in the governmental fund financial statements with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 15 through 37.

Government-wide Financial Analysis

Statement of Net Position

Condensed Statements of Net Position			
	2020	2019	Change
Assets:			
Current assets	\$ 4,583,553	-	(322,768)
Total assets	4,583,553	-	(322,768)
Deferred outflows of resources	443,696	-	130,836
Liabilities:			
Current liabilities	2,214,374	-	49,527
Non-current liabilities	2,637,807	-	313,579
Total liabilities	4,852,181	-	363,106
Deferred inflows of resources	136,948	-	(10,670)
Net position:			
Unrestricted	38,120	-	(544,368)
Total net position	\$ 38,120	-	(544,368)

Southern California Library Cooperative
Management's Discussion and Analysis, continued
For the Fiscal Year Ended June 30, 2020

Government-wide Financial Analysis, continued

Statement of Net Position, continued

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Cooperative, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$38,120, as of June 30, 2020.

At June 30, 2020, the Cooperative's capital assets were fully depreciated; consequently, there were no net investment in capital assets (net of accumulated depreciation). Unrestricted net position of the Cooperative was \$38,120 which may be utilized in futures years.

Statement of Activities

Condensed Statements of Activities			
Governmental Activities:	2020	2019	Change
Expenses:			
Cooperative operations	\$ 5,036,145	4,221,403	814,742
Total expenses	<u>5,036,145</u>	<u>4,221,403</u>	<u>814,742</u>
Program revenues	4,232,560	3,816,027	416,533
General revenues	259,217	285,273	(26,056)
Total revenues	<u>4,491,777</u>	<u>4,101,300</u>	<u>390,477</u>
Changes in net position	(544,368)	(120,103)	(424,265)
Net position, beginning of year	582,488	702,591	(120,103)
Net position, end of year	<u>\$ 38,120</u>	<u>582,488</u>	<u>(544,368)</u>

The statement of activities shows how the government's net position changes during a fiscal year. In the case of the Cooperative, net position decreased \$544,368 from ongoing operations.

In fiscal year 2020, the Cooperative's total revenues increased 9.52%, or \$390,477 to \$4,491,777 from \$4,101,300 due primarily to an increase of \$1,216,333 in Federal grant revenues, which was offset by decreases of \$539,248 in state grant revenues and \$182,378 in California State Library Act appropriations.

In fiscal year 2020, the Cooperative's total expenses increased 19.30%, or \$814,742 to \$5,036,145 from \$4,221,403 due primarily to increases of \$1,124,789 in Federal grant expense and \$226,186 in employee benefits; which were offset by decreases of \$269,186 in state grant expenses, \$180,746 in communication and delivery, and \$60,563 in salaries and wages.

Governmental Fund Financial Analysis

The focus of the Cooperative's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Cooperative's financing requirements. In particular, the *unassigned fund balance* may serve as a useful measure of the government's net resources for spending at the end of the fiscal year.

As of June 30, 2020, the Cooperative's General Fund reported a fund balance of \$2,401,614. An amount of \$2,364,859 constitutes the Cooperative's *unassigned fund balance*, which is available for future expenditures.

Southern California Library Cooperative
Management's Discussion and Analysis, continued
For the Fiscal Year Ended June 30, 2020

General Fund Budgetary Highlights

In 2020, the actual expenditures were greater than the anticipated budget by \$3,902,641. The variance is due to the Cooperative's exclusion of Federal and State grant expenditures as part of its annual budget.

In 2020, actual revenues were greater than the anticipated budget by \$3,327,312. The variance is due primarily to actual Federal and State grant revenue more than budget of \$2,915,034, program reimbursements more than budget of \$733,713, and charge for services more than budget of \$247,943; which were offset by actual California State Library Act appropriation less than budget of \$569,378. The General Fund budget to actual comparison schedule can be found on page 38.

Capital Asset Administration

At the end of fiscal year 2020, the Cooperative's capital assets were fully depreciated; consequently, there were no investment in capital assets (net of accumulated depreciation). See note 3 for further information.

Changes in capital assets for 2020, was as follows:

	<u>Balance 2019</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance 2020</u>
Depreciable assets:				
Equipment, furniture, and fixture	\$ 109,763	-----	-----	109,763
Total depreciable assets	109,763	-	-	109,763
Accumulated depreciation	<u>(109,763)</u>	-	-	<u>(109,763)</u>
Total depreciable assets, net	-	-	-	-
Total capital assets, net	<u>\$ -</u>	-	-	<u>-</u>

Conditions Affecting Current Financial Position

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. However, the related financial impact on the Cooperative and the duration cannot be estimated at this time.

Management is unaware of any other conditions which could have a significant impact on the Cooperative's current financial position, net position, or operating results in terms of past, present, and future.

Requests for Information

The Cooperative's basic financial statements are designed to present users with a general overview of the Cooperative's finances and to demonstrate the Cooperative's accountability. If you have any questions about the report or need additional information, please contact the Cooperative at the Southern California Library Cooperative, 254 North Lake Avenue, No. 874, Pasadena, California 91101.

Basic Financial Statements

DRAFT

Southern California Library Cooperative
Statement of Net Position
June 30, 2020

	2020
Assets:	
Cash and cash equivalents (note 2)	\$ 3,922,188
Accrued interest receivable	9,749
Accounts receivable	41,963
Due from Fiduciary fund	86,120
Grants receivable	519,213
Prepaid expenses and deposits	4,320
Total assets	4,583,553
Deferred outflows of resources:	
Deferred OPEB outflows (note 5)	131,707
Deferred pension outflows (note 6)	311,989
Total deferred outflows of resources	443,696
Liabilities:	
Accounts payable and accrued expenses	95,718
Due to other agencies	2,639
Accrued payroll and related expenses	4,523
Compensated absences (note 4)	32,435
Deposits from members	294,204
Unearned revenues	1,784,855
Other post-employment benefit payable (note 5)	941,953
Net pension liability (note 6)	1,695,854
Total liabilities	4,852,181
Deferred inflows of resources:	
Deferred OPEB inflows (note 5)	19,508
Deferred pension inflows (note 6)	117,440
Total deferred inflows of resources	136,948
Net position:	
Unrestricted	38,120
Total net position	\$ 38,120

See accompanying notes to the basic financial statements

**Southern California Library Cooperative
Statement of Activities
For the Fiscal Year Ended June 30, 2020**

Governmental Activities:	<u>2020</u>
Expenses:	
Cooperative operations:	
Salaries and wages	\$ 593,430
Employee benefits	427,740
Materials and services	104,960
Communication and delivery	194,993
Grant expense - Federal	2,595,641
Grant expense - State	<u>1,119,381</u>
Total expenses	<u>5,036,145</u>
Program revenues:	
Charge for services	247,943
California State Library Act appropriations	335,870
Operating grant - Federal	2,813,145
Operating grant - State	101,889
Program reimbursement	<u>733,713</u>
Total program revenues	<u>4,232,560</u>
Net program expense	<u>(803,585)</u>
General revenues:	
Member and associate dues	214,430
Interest earnings	38,512
Other revenues (expenses), net	<u>6,275</u>
Total general revenues	<u>259,217</u>
Changes in net position	(544,368)
Net position, beginning of year	<u>582,488</u>
Net position, end of year	<u><u>\$ 38,120</u></u>

See accompanying notes to the basic financial statements

**Southern California Library Cooperative
Balance Sheet of Governmental Type Fund
June 30, 2020**

	General Fund	Reclassifications & Eliminations	Statement of Net Position
Assets:			
Cash and cash equivalents	\$ 3,922,188	-	3,922,188
Accrued interest receivable	9,749	-	9,749
Accounts receivable	41,963	-	41,963
Due to Fiduciary fund	86,120	-	86,120
Grants receivable	519,213	-	519,213
Prepaid expenses and deposits	4,320	-	4,320
Total assets	4,583,553	-	4,583,553
Deferred outflows of resources:			
Deferred OPEB outflows	-	131,707	131,707
Deferred pension outflows	-	311,989	311,989
Total deferred outflows of resources	-	443,696	443,696
Liabilities:			
Accounts payable and accrued expenses	95,718	-	95,718
Due to other agencies	2,639	-	2,639
Accrued payroll and related expenses	4,523	-	4,523
Compensated absences	-	32,435	32,435
Deposits from members	294,204	-	294,204
Unearned revenue	1,784,855	-	1,784,855
Net other post-employment benefit liability	-	941,953	941,953
Net pension liability	-	1,695,854	1,695,854
Total liabilities	2,181,939	2,670,242	4,852,181
Deferred inflows of resources:			
Deferred OPEB inflows	-	19,508	19,508
Deferred pension inflows	-	117,440	117,440
Total deferred inflows of resources	-	136,948	136,948
Fund balance: (note 7)			
Nonspendable	4,320	(4,320)	-
Assigned	32,435	(32,435)	-
Unassigned	2,364,859	(2,364,859)	-
Total fund balance	2,401,614	(2,401,614)	-
Total liabilities and fund balance	\$ 4,583,553		
Net position:			
Unrestricted		\$ 38,120	38,120
Total net position		\$ 38,120	38,120

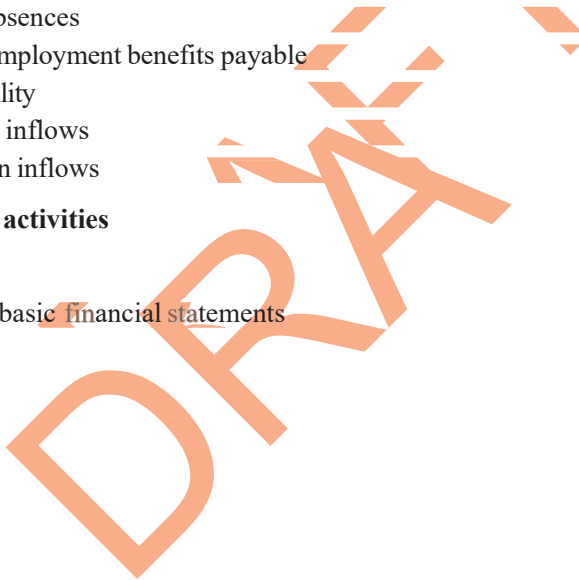
See accompanying notes to the basic financial statements

**Southern California Library Cooperative
 Reconciliation of the Balance Sheet of Governmental
 Type Fund to the Statement of Net Position
 June 30, 2020**

Reconciliation:

Fund balance of governmental fund	\$ 2,401,614
Amounts reported for governmental activities in the statement of net position is different because:	
Non-current assets and deferred outflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental fund balance sheet.	
Deferred OPEB outflows	131,707
Deferred pension outflows	311,989
Long-term liabilities and deferred inflows of resources applicable to the Cooperative are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities both current and long-term are reported in the statement of net position.	
Compensated absences	(32,435)
Net other post-employment benefits payable	(941,953)
Net pension liability	(1,695,854)
Deferred OPEB inflows	(19,508)
Deferred pension inflows	<u>(117,440)</u>
Net position of governmental activities	<u>\$ 38,120</u>

See accompanying notes to the basic financial statements



**Southern California Library Cooperative
Statement of Revenues, Expenditures, and Changes in
Fund Balance of Governmental Type Fund
For the Fiscal Year Ended June 30, 2020**

	General Fund	Reclassifications & Eliminations	Statement of Activities
Expenditures/Expenses:			
Cooperative operations:			
Salaries and wages	\$ 606,235	(12,805)	593,430
Employee benefits	255,667	172,073	427,740
Materials and services	104,960	-	104,960
Communication and delivery	194,993	-	194,993
Grant expense - Federal	2,595,641	-	2,595,641
Grant expense - State	1,119,381	-	1,119,381
Total expenditures/expenses	4,876,877	159,268	5,036,145
Program revenues:			
Charge for services	247,943	-	247,943
California State Library Act appropriations	335,870	-	335,870
Operating grant - Federal	2,813,145	-	2,813,145
Operating grant - State	101,889	-	101,889
Program reimbursement	733,713	-	733,713
Total program revenues	4,232,560	-	4,232,560
Net program expense			(803,585)
General revenues:			
Member and associate dues	214,430	-	214,430
Interest earnings	38,512	-	38,512
Other income, net	6,275	-	6,275
Total general revenues	259,217	-	259,217
Total revenues	4,491,777	-	
Excess of expenditures over revenues	(385,100)		
Changes in net position	-	(544,368)	(544,368)
Fund balance/Net position, beginning of year	2,786,714	-	582,488
Fund balance/Net position, end of year	\$ 2,401,614	-	38,120

See accompanying notes to the basic financial statements

**Southern California Library Cooperative
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in
 Fund Balance of Governmental Type Fund to the Statement of Activities
 For the Fiscal Year Ended June 30, 2020**

Reconciliation:

Net change in fund balance of governmental fund \$ (385,100)

Amounts reported for governmental activities in the statement of activities
 are different because:

Some expenses reported in the statement of activities do not require the use of
 current financial resources and, therefore, are not reported as expenses in
 governmental funds as follows:

Net change in compensated absences	12,805
Net change in employee benefit	<u>(172,073)</u>

Changes in net position of governmental activities \$ (544,368)

See accompanying notes to the basic financial statements

DRAFT

Southern California Library Cooperative
Statement of Fiduciary Net Position
June 30, 2020

	<u>2020</u>
Assets:	
Cash and cash equivalents (note 2)	\$ 215,690
Accounts receivable	<u>82</u>
Total assets	<u>215,772</u>
Liabilities:	
Due to General fund	89,617
Deposits from members	<u>126,155</u>
Total liabilities	<u>215,772</u>
Net position:	
Held in trust for member library benefits	<u>-</u>
Total net position	<u><u>\$ -</u></u>

See accompanying notes to the basic financial statements

DRAFT

**Southern California Library Cooperative
Statement of Fiduciary Activities
For the Year Ended June 30, 2020**

	2020
Additions:	
Member library reimbursements	\$ <u>12,765</u>
Total additions	<u>12,765</u>
Deductions:	
Program expenses	<u>12,765</u>
Total deductions	<u>12,765</u>
Changes in net position	-
Net position, beginning of year	-
Net position, end of year	\$ <u><u>-</u></u>

See accompanying notes to the basic financial statements

DRAFT

Southern California Library Cooperative
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The Southern California Library Cooperative (Cooperative) is an association of 38 independent city and special district public libraries located in Los Angeles and Ventura counties, which have agreed to cooperate in providing library service to the residents of all participating jurisdictions. The Cooperative provides member libraries a resource-sharing network and a means for enhancing the level and diversity of resources available to library users, while reducing duplication of effort.

B. Basis of Accounting and Measurement Focus

The *basic financial statements* of the Cooperative are comprised of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Government-wide Financial Statements

These statements are presented on an *economic resource measurement* focus and the accrual basis of accounting. Accordingly, all of the Cooperative's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which the liability is incurred. The Statement of Activities demonstrates the degree to which direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The types of transactions reported as program revenues for the Cooperative are to be reported in three categories, if applicable: 1) charge for services, 2) operating grants and contributions, and 3) capital grants and contributions. Charge for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Grants and contributions include revenues restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Governmental Fund Financial Statements

These statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balance for all major governmental funds. Incorporated into these statements is a schedule to reconcile and explain the difference in fund balance as presented in these statements to the net position presented in the Government-wide Financial Statements. The Cooperative has presented its General Fund as its major fund in these statements to meet the qualifications of GASB Statement No. 34.

Governmental funds are accounted for on a spending or *current financial resources* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balance presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60-days after year-end) are recognized when earned. The primary sources susceptible to accrual for the Cooperative are interest earnings, rental revenue, and operating and capital grant revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, exceptions to this rule include principal and interest on debt, which are recognized when due.

Southern California Library Cooperative
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2020

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

B. Basis of Accounting and Measurement Focus, continued

Governmental Fund Financial Statements, continued

The Cooperative reports the following major governmental fund:

General Fund - a government's primary operating fund. It accounts for all financial resources of the Cooperative, except those required to be accounted for in another fund when necessary.

Fiduciary Fund Financial Statements

These statements include a Statement of Fiduciary Net Position and a Statement of Fiduciary Activities. Fiduciary fund reporting focuses on net position and changes in net position. Fiduciary funds report assets held in a trustee or agency capacity for others and, therefore, cannot be used to support the Cooperative's own programs. Financial statements of fiduciary fund are reported using the *economic resources* measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities of defined benefit pension plans and certain post-employment health care plans.

The Cooperative reports the following major fiduciary fund:

Agency Fund - reports resources held by the Cooperative in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

C. Financial Reporting

The Cooperative's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Cooperative has adopted the following GASB pronouncement in the current year:

In May 2020, the GASB issued Statement No. 95 - *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance

1. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosures of contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements, and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

Southern California Library Cooperative
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2020

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

. Assets, eferred Outflows, Liabilities, eferred Inflows, and Net Position/Fund Balance, continued

2. Uncertainty

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. However, the related financial impact on the Cooperative and the duration cannot be estimated at this time.

3. Cash and Cash Equivalents

Substantially all of the Cooperative's cash is invested in interest bearing accounts. The Cooperative considers all highly liquid investments with a maturity of three months to be cash equivalents.

4. Investments and Investment Policy

The Cooperative has adopted an investment policy to deposit funds in financial institutions. Investments are to be made in the following areas:

- Checking and savings accounts at financial institutions
- California Local Agency Investment Fund (LAIF)

Changes in fair value that occur during a fiscal year are recognized as unrealized gains or losses and reported for that fiscal year. Investment income comprises interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

5. Prepaid Expenses

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

6. Capital Assets

Capital assets are recorded in the government-wide financial statements. Included in capital assets are equipment, and furniture and fixtures. The Cooperative policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at estimated fair market value at the date of donation. Capital outlay is recorded as expenditures of the General Fund and as assets in the government-wide financial statements to the extent the Cooperative's capitalization threshold is met. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

- Equipment, and furniture and fixtures - 3 to 5 years

7. eferred Outflows of Resources

Deferred outflows of resources represent the consumption of resources that is applicable to future periods.

8. Compensated Absences

The Cooperative's policy is to permit employees to accumulate earned but unused vacation pay. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured; for example, as a result of employee resignation and retirement.

Southern California Library Cooperative
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2020

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance, continued

9. Deferred Inflows of Resources

Deferred inflows of resources represent the acquisition of resources that is applicable to future periods.

10. Pensions

For the purpose of measuring net pension liability and deferred outflows/inflows of resources related to pension and pension expense, information about the fiduciary net position of the Cooperative's California Public Employees' Retirement System (CalPERS) plans (Plans) and addition to/deduction from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

11. Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as follows:

- **Net investment in capital assets** - consists of capital assets, net of accumulated depreciation, and reduced by any outstanding debt against the acquisition, construction, or improvement of those assets.
- **Restricted** - consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted** - consists of the net amount of assets that are not included in the determination of restricted or net investment in capital assets components of net position.

12. Fund Balance

The governmental fund financial statements report fund balance as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the Cooperative is bound to honor constraints on how specific amounts can be spent.

- **Nonspendable** - amounts that cannot be spent because they are either (a) not spendable in form, or (b) legally or contractually required to be maintained intact.
- **Restricted** - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions enabling legislation.
- **Committed** - amounts that can only be used for specific purposes determined by formal action of the Cooperative's highest level of decision-making authority (the Administrative Council) and that remains binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

Southern California Library Cooperative
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2020

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance, continued

12. Fund Balance, continued

- **Assigned fund balance** - amounts that are constrained by the Cooperative's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose. This is also the classification for residual funds in the Cooperative's special revenue funds.
- **Unassigned fund balance** - the residual classification for the Cooperative's general fund that includes amounts not contained in other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

Fund Balance Policy

The Administrative Council establishes, modifies, or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of a budget and subsequent budget amendments that occur throughout the year.

When both restricted and unrestricted resources are available for use, it is the Cooperative's policy to use restricted resources first, followed by the unrestricted, committed, assigned, and unassigned resources as they are needed.

The Cooperative believes that sound financial management principles require that sufficient funds be retained by the Cooperative to provide a stable financial base at all times. To retain this stable financial base, the Cooperative needs to maintain an unrestricted fund balance in its fund sufficient for cash flows of the Cooperative and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned, and unassigned fund balance are considered unrestricted.

The purpose of the Cooperative's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

Southern California Library Cooperative
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2020

(2) Cash and Cash Equivalents

Cash and cash equivalents as of June 30, consist of the following:

	2020
General fund	
Petty cash	\$ 266
Deposits held in financial institutions	2,013,926
Deposits held with the California Local Agency Investment Fund (LAIF)	1,907,996
Total General fund	3,922,188
Fiduciary fund	
Deposits held in financial institutions	215,690
Total Fiduciary fund	215,690
Total cash and cash equivalent	\$ 4,137,878

As of June 30, the Cooperative's authorized deposits had the following maturities:

	2020
Deposits held with the California Local Agency/ Investment Fund (LAIF)	191 days

Authorized Deposits and Investments

The Cooperative has adopted an investment policy directing the Fiscal Officer to deposit funds in financial institutions. Investments are to be made in the in the following areas:

- Checking and savings accounts at financial institutions
- California Local Agency Investment Fund (LAIF)

Cash with California Local Agency Investment Fund

The Cooperative is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Cooperative's investment in LAIF is reported in the accompanying financial statements at amounts based upon the Cooperative's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The Cooperative's deposit and withdrawal restrictions and limitations are as follows:

- Same day transaction processing occurs for orders received before 10:00 a.m.
- Next day transaction processing occurs for orders received after 10:00 a.m.
- Maximum limit of 15 transactions (combination of deposits and withdrawals) per month.
- Minimum transaction amount requirement of \$5,000, in increments of \$1,000.
- Withdrawals of \$10 million or more require 24 hours advance notice.
- Prior to funds transfer, an authorized person must call LAIF to do a verbal transaction.

Southern California Library Cooperative
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2020

(2) Cash and Cash Equivalents, continued

Custodial Credit Risk

The custodial credit risk for *deposits* is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

The California Government Code and the Cooperative's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by public agencies. As of June 30, 2020, bank balances are federally insured up to \$250,000. The remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the Cooperative's name.

Interest Rate Risk

Interest rate risk is the risk that the change in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity an investment, the greater the sensitivity of its fair value to the change in market interest rates. One of the ways that the Cooperative manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide requirements for cash flow and liquidity needed for operations.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of June 30, 2020, the Cooperative's investment in LAIF is unrated.

Southern California Library Cooperative
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2020

(3) Capital Assets

The change in capital assets for 2020 was as follows:

	<u>Balance 2019</u>	<u>Additions</u>	<u>deletions/ Transfers</u>	<u>Balance 2020</u>
Depreciable assets:				
Equipment, furniture, and fixtures	\$ 109,763	-----	-----	109,763
Total depreciable assets	109,763	-	-	109,763
Accumulated depreciation	<u>(109,763)</u>	-----	-----	<u>(109,763)</u>
Total depreciable assets, net	-	-	-	-
Total capital assets, net	<u>\$ -</u>	-----	-----	<u>-</u>

(4) Compensated Absences

The change in compensated absences for 2020 was as follows:

	<u>Balance 2019</u>	<u>Additions</u>	<u>deletions</u>	<u>Balance 2020</u>
	\$ 45,240	39,592	(52,397)	32,435

(5) Other Post-Employment Benefits Payable

Plan Description

The Cooperative's defined benefit OPEB plan (Plan) provides OPEB for all permanent full-time employees. The Plan is a single-employer defined benefit OPEB plan administered by the Cooperative. The Cooperative's Administrative Council has the authority to establish and amend the benefit terms and financing requirements of the Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

The Plan solely provides medical benefits to only retirees through CalPERS. The benefit terms provide for payment of 100% of health insurance premiums for retirees up to a cap of \$7,200 per year starting at a minimum age of 50 and for the retirees' lifetime.

Employees Covered by Benefit Terms

At June 30, the following employees were covered by the benefit terms:

	<u>2020</u>
Inactive employees or beneficiaries currently receiving benefit payments	6
Active employees	<u>6</u>
Total plan membership	<u>12</u>

Southern California Library Cooperative
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2020

(5) Other Post-Employment Benefits Payable, continued

Total OPEB Liability

The Cooperative's total OPEB liability of \$941,953 was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2019, actuarial valuation for the measurement date June 30, 2020 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.75% per year
Salary increases	2.75% per year
Discount rate	2.20% per year
Retirees' share of benefit-related cost	Not Applicable

The discount rate was based on the Bond Buyer 20 Bond Index.

Mortality rates were based on the 2014 CalPERS Active Mortality for Miscellaneous Employees and the 2014 CalPERS Retiree Mortality for Miscellaneous Employees. Inasmuch as these tables are based on appropriate populations, and that these tables are used for pension purposes, these tables are to be the most appropriate for the valuation.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study as follows:

- Retirement table - 2009 CalPERS 2.0%@55 Rates for Miscellaneous Employees; 2009 CalPERS 2.0%@60 Rates for Miscellaneous Employees
- Turnover Tables - 2009 CalPERS Turnover for Miscellaneous Employees;

Inasmuch as the above tables are based on appropriate populations, and that these tables are used for pension purposes, these tables are to be the most appropriate for the valuation.

Southern California Library Cooperative
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2020

(5) Other Post-Employment Benefits Payable, continued

Changes in the Total OPEB Liability

During the year ended June 30, changes in total OPEB liability were as follows:

	2020
Balance at June 30, 2019	\$ 771,917
Changes for the year:	
Service cost	35,574
Interest	17,045
Employer contributions	(28,397)
Differences between expected and actual experience	(1,465)
Changes in assumptions or other inputs	147,279
Net change	170,036
Balance at June 30, 2020	\$ 941,953

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Cooperative, as well as what the Cooperative's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	Discount Rate			
	1% Lower			
Total OPEB liability	\$ 1,079,744	941,953	834,343	

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Cooperative, as well as what the Cooperative's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Trend 1% Lower	Valuation Trend	Trend 1% Higher
Total OPEB liability	\$ 822,208	941,953	1,096,225

Southern California Library Cooperative
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2020

(5) Other Post-Employment Benefits Payable, continued

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the Cooperative recognized an OPEB expense of \$68,902. As June 30, 2020, the Cooperative reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	(19,508)
Changes of assumptions or other inputs	131,707	-
Total	\$ 131,707	(19,508)

As of June 30, 2020, amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Fiscal Year Ending June 30,	Deferred Net Outflows (Inflows) of Resources
2021	\$ 16,283
2022	16,283
2023	19,435
2024	19,435
2025	19,415
Thereafter	21,348

(6) Defined Benefit Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Pension Plan (Plan or PERF C) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of a miscellaneous risk pool and a safety risk pool, which are comprised of individual employer miscellaneous and safety plans, respectively. Benefit provisions under the Plan are established by State statute and the Cooperative's resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website or may be obtained from their executive office at 400 P Street, Sacramento, California 95814.

Southern California Library Cooperative
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2020

(6) Defined Benefit Pension Plan, continued

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. The new legislation closed the Cooperative's CalPERS 2.0% at 55 Risk Pool Retirement Plan to new employee entrants effective December 31, 2012. All employees hired after January 1, 2013, are eligible for the Cooperative's CalPERS 2.0% at 62 Retirement Plan under PEPRA.

The Cooperative participates in the Plan's miscellaneous risk pool. The provisions and benefits for the Plan's miscellaneous risk pool in effect at June 30, 2020, are summarized as follows:

	<u>Class c</u>	<u>PEPRA</u>
	Prior to <u>Jan 1, 2011</u>	After <u>Jan 1, 2013</u>
Hire date		
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	
Benefit payments	monthly for life	
Retirement age	50 - 55	57 - 62
Monthly benefits, as a percentage of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	6.906%	6.750%
Required employer contribution rates	9.680%	6.985%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by an actuary and be effective on July 1, following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30, by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2020, the contribution recognized as part of pension expense for the Plan was as follows:

	<u>2020</u>
Contributions - employer	\$ <u>127,566</u>

Southern California Library Cooperative
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2020

(6) Defined Benefit Pension Plan, continued

Net Pension Liability

As of June 30, the Cooperative's proportionate share of the net pension liability was as follows:

	2020
Proportionate share of net pension liability	\$ 1,695,854

The Cooperative's net pension liability for the Plan is measured as the proportionate share of the net pension liability for the miscellaneous risk pool. As of June 30, 2020, the net pension liability of the Plan is measured as of June 30, 2019 (the measurement date). The total pension liability for the Plan's miscellaneous risk pool used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 (the valuation date), rolled forward to June 30, 2019, using standard update procedures. The Cooperative's proportion of the net pension liability was based on a projection of the Cooperative's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Cooperative's changes in proportionate share of the net pension liability for the Plan pool as of the measurement date ~~June 30, 2019~~, was as follows:

Measurement date	2020
Proportion - June 30, 2018	0.01611%
Proportion - June 30, 2019	0.01655%
Change in proportion	0.00044%

Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2020, the Cooperative recognized pension expense of \$285,699. As June 30, 2020, the Cooperative reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 151,131	-
Difference between actual and expected experience	108,658	-
Change in assumptions	52,200	-
Net difference between projected and actual earnings on plan investments	-	(29,648)
Change in proportion and the difference between employer's contributions and employer's proportionate share of contributions	-	(87,792)
Total	\$ 311,989	(117,440)

Southern California Library Cooperative
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2020

(6) Defined Benefit Pension Plan, continued

Deferred Outflows/Inflows of Resources Related to Pensions, continued

As of June 30, 2020, the Cooperative reported \$151,131 as deferred outflows of resources related to contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability for the year ended June 30, 2021.

As of June 30, 2020, other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

Fiscal Year	Deferred Net
Ending	Outflows(Inflows)
June 30,	of Resources
2021	\$ 66,296
2022	(36,035)
2023	7,165
2024	5,992

Actuarial Assumptions

The total pension liabilities in the June 30, 2018, actuarial valuation were determined using the following actuarial assumptions and methods:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions	
Discount rate	7.15%
Inflation	2.50%
Salary increase	Varies by entry age and service
Mortality Table*	Derived using CalPERS membership data
Period upon which actuarial Experience survey assumptions were based	1997 - 2015
Post-retirement benefit increase	Contract COLA up to 2.50% until PPPA floor on purchasing power applies; 2.50% thereafter

* The mortality table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent of scale MP 2016. For more details on this table, please refer to the December 2017, experience study report (based on CalPERS demographic data from 1997 to 2015) available online on the CalPERS website.

Southern California Library Cooperative
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2020

(6) Defined Benefit Pension Plan, continued

On December 21, 2016, the Board lowered the discount rate for the PERF C for funding purposes from 7.50% to 7.00% percent using a three-year phase-in beginning with the June 30, 2016 actuarial valuations.

On December 19, 2017, the Board of Administration adopted new actuarial assumptions based on the recommendations in the December 2017 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases, and inflation assumption. These new assumptions are incorporated into the June 30, 2017 actuarial valuations.

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2020 and 2019, for the PERF C was 7.15%. This discount rate is not adjusted for administrative expenses.

The PERF C fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return for those pension plans' investments were applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for all funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ years) using a building-block approach. Using the expected nominal return for both short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

Southern California Library Cooperative
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2020

(6) Defined Benefit Pension Plan, continued

The table below reflects long-term expected real rates of return by asset class. The rates of return were calculated using the capital market assumptions applied to determine the discount rate.

Assumed

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Cooperative's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the Cooperative's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate.

As of June 30, 2020, the Cooperative's net pension liability at the current discount rate, using a discount rate that is one-percentage point lower, and using a discount rate that is one-percentage point higher, were as follows:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Cooperative's net pension liability	\$ 2,567,394	1,695,854	976,459

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued CalPERS financial reports.

Southern California Library Cooperative
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2020

(7) Fund Balance

Fund balance is presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned (See Note 1.D.12 for a description of these categories). A detailed schedule of fund balance and their funding composition at June 30, are as follows:

Description	2020
Nonspendable:	
Prepaid expenses and deposits	\$ 4,320
Assigned:	
Compensated absences	32,435
Unassigned:	
Operations	<u>2,364,859</u>
Total fund balance	<u>\$ 2,401,614</u>

(8) Risk Management

The Cooperative is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. The Cooperative has purchased commercial insurance coverage to limit the risk of loss for the above named sources. Also, the Cooperative has obtained workers' compensation coverage to the statutory limits of the State of California.

(9) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to the report date, that has effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 84

In January 2017, the GASB issued Statement No. 84 - *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

Southern California Library Cooperative
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2020

(9) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 84, continued

The requirements of this Statement were effective for reporting periods beginning after December 15, 2018; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 87

In June 2017, the GASB issued Statement No. 87 - *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2019; however, in light of the COVID-19 pandemic, the effective date has been postponed by 18 months. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 89

In June 2018, the GASB issued Statement No. 89 - *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of Paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2019; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

Southern California Library Cooperative
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2020

(9) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 90

In August 2018, the GASB issued Statement No. 90 - *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2018; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

Governmental Accounting Standards Board Statement No. 91

In May 2019, the GASB issued Statement No. 91 - *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

Southern California Library Cooperative
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2020

(9) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 91, continued

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2020; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 92

In January 2020, the GASB issued Statement No. 92 - *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

The requirements of this Statement were as follows: (1) The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance; (2) The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2020; (3) The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2020; and (4) The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged and is permitted by topic.

Southern California Library Cooperative
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2020

(9) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 93

In March 2020, the GASB issued Statement No. 93 - *Replacement of Interbank Offered Rates*. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by: (1) Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment; (2) Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; (3) Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable; (4) Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap; (5) Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap; (6) Clarifying the definition of reference rate, as it is used in Statement 53, as amended; and (7) Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The requirements of this Statement were effective as follows: (1) The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021; and (2) All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020; however, in light of the COVID-19 pandemic, the effective date have been postponed by one year. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 94

In March 2020, the GASB issued Statement No. 94 - *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

Southern California Library Cooperative
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2020

(9) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 96

In May 2020, the GASB issued Statement No. 96 - *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 97

In June 2020, the GASB issued Statement No. 97 - *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 41 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement. The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance.

Southern California Library Cooperative
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2020

(10) Commitments and Contingencies

Grant Awards

Grant funds received by the Cooperative are subject to audit by grantor agencies. Such audit could lead to requests for reimbursements to grantor agencies for expenditures disallowed under terms of the grant. Management of the Cooperative believes that such disallowances, if any, would not be significant.

Litigation

In the ordinary course of operations, the Cooperative is subject to claims and litigation from outside parties. After consultation with legal counsel, the Cooperative believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

(11) Subsequent Events

Events occurring after June 30, 2020, have been evaluated for possible adjustment to the financial statements or note disclosures as of March 30, 2021, which is the date the financial statements were available to be issued. The Cooperative is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

DRAFT

< Page Intentionally Left Blank >

DRAFT

Required Supplementary Information

DRAFT

DRAFT

**Southern California Library Cooperative
Budgetary Comparison Schedule - General Fund
For the Fiscal Year Ended June 30, 2020**

	Adopted Original Budget	Board Approved Changes	Revised Budget	Actual Budgetary Basis	Variance Positive (Negative)
Expenditures/Expenses:					
Cooperative operations:					
Salaries and wages	\$ 591,198	-	591,198	606,235	(15,037)
Employee benefits	184,108	-	184,108	255,667	(71,559)
Materials and services	126,930	-	126,930	104,960	21,970
Communication and delivery	72,000	-	72,000	194,993	(122,993)
Grant expense - Federal	-	-	-	2,595,641	(2,595,641)
Grant expense - State	-	-	-	1,119,381	(1,119,381)
Total expenditures/expenses	<u>974,236</u>	<u>-</u>	<u>974,236</u>	<u>4,876,877</u>	<u>(3,902,641)</u>
Program revenues:					
Charges for services	-	-	-	247,943	247,943
California State Library Act appropriation	905,248	-	905,248	335,870	(569,378)
Operating grant - Federal	-	-	-	2,813,145	2,813,145
Operating grant - State	-	-	-	101,889	101,889
Program reimbursement	-	-	-	733,713	733,713
Total program revenues	<u>905,248</u>	<u>-</u>	<u>905,248</u>	<u>4,232,560</u>	<u>3,327,312</u>
General revenues:					
Member and associate dues	201,470	-	201,470	214,430	12,960
Interest earnings	-	-	-	38,512	38,512
Other revenues(expenses), net	-	-	-	6,275	6,275
Total general revenues	<u>201,470</u>	<u>-</u>	<u>201,470</u>	<u>259,217</u>	<u>57,747</u>
Total revenues	<u>1,106,718</u>	<u>-</u>	<u>1,106,718</u>	<u>4,491,777</u>	<u>3,385,059</u>
Net change in fund balance	<u>132,482</u>	<u>-</u>	<u>132,482</u>	<u>(385,100)</u>	<u>(517,582)</u>
Fund balance, beginning of year	<u>2,786,714</u>		<u>2,786,714</u>	<u>2,786,714</u>	
Fund balance, end of year	<u>\$ 2,919,196</u>		<u>2,919,196</u>	<u>2,401,614</u>	

Notes to Required Supplementary Information

(1) Budgets and Budgetary Data

The Cooperative follows specific procedures in establishing the budgetary data reflected in the financial statements. Each year the Cooperative prepares and submits an operating budget to the Administrative Council for the General Fund no later than June of each year. The basis used to prepare the budget does not differ substantially from the modified accrual basis of accounting. The adopted budget becomes operative on July 1. The Administrative Council must approve all supplemental appropriations to the budget and transfers between major accounts.

The Cooperative presents a comparison of the annual budget to actual results for the General Fund at the functional expenditure-type major object level for financial reporting purposes.

Southern California Library Cooperative
Schedules of the Cooperative's Proportionate Share of the Net Pension Liability
For the Fiscal Year Ended June 30, 2020
Last Ten Years*

Defined Benefit Pension Plan

Description	Measurement dates					
	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Cooperative's proportion of the net pension liability/(asset)	0.01655%	0.01611%	0.01584%	0.01559%	0.01966%	0.01502%
Cooperative's proportionate share of the net pension liability/(asset)	\$ 1,695,854	1,552,311	1,570,767	1,394,435	1,000,007	934,536
Cooperative's covered-employee payroll	\$ 617,093	385,527	369,105	361,657	420,168	388,012
Cooperative's proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	274.81%	402.65%	425.56%	373.13%	238.00%	240.85%
Plan's fiduciary net position as a percentage of total pension liability	75.26%	75.26%	73.31%	74.06%	78.40%	81.15%

Notes to the Schedules of the Cooperative's Proportionate Share of the Net Pension Liability

Changes in Benefit Terms

Public agencies can make changes to their plan provisions, and such changes occur on an ongoing basis. A summary of the plan provisions that were used for a specific plan can be found in the plan's annual valuation report.

Changes of Assumptions and Methods

In December 2017, the CalPERS Board adopted new mortality assumptions for plans participating in the PERF. The new mortality table was developed from the December 2017 experience study and

includes 15 years of projected ongoing mortality improvement using 90% of scale MP 2016 published by the Society of Actuaries. The inflation assumption is reduced from 2.75% to 2.50%.

The assumptions for individual salary increases and overall payroll growth are reduced from 3.00% to 2.75%. These changes will be implemented in two steps commencing in the June 30, 2017 funding valuation. However, for financial reporting purposes, these assumption changes are fully reflected in the results for fiscal year 2018.

Southern California Library Cooperative
Schedules of the Cooperative's Proportionate Share of the Net Pension Liability
For the Fiscal Year Ended June 30, 2020
Last Ten Years*

efined Benefit Pension Plan, continued

Notes to the Schedules of the Cooperative's Proportionate Share of the Net Pension Liability, continued

Changes of Assumptions and Methods, continued

In fiscal year 2017, the financial reporting discount rate for the PERF C was lowered from 7.65% to 7.15%. In December 2016, the CalPERS Board approved lowering the funding discount rate used in the PERF C from 7.50% to 7.00%, which is to be phased in over a three-year period (7.50% to 7.375%, 7.375% to 7.25%, and 7.25% to 7.00%) beginning with the June 30, 2016, valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

In fiscal year 2015, the financial reporting discount rate was increased from 7.50% to 7.65% resulting from eliminating the 15 basis-point reduction for administrative expenses. The funding discount rate remained at 7.50% during this period, and remained adjusted for administrative expenses.

* The District has presented information for those years for which information is available until a full 10-year trend is compiled.

DRAFT

**Southern California Library Cooperative
Schedules of Pension Plan Contributions
For the Fiscal Year Ended June 30, 2020
Last Ten Years***

Defined Benefit Pension Plan

Description	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Actuarially determined contribution	\$ 151,131	127,566	98,856	90,401	68,087	24,775
Contributions in relation to the actuarially determined contribution	<u>(151,131)</u>	<u>(127,566)</u>	<u>(98,856)</u>	<u>(79,604)</u>	<u>(63,835)</u>	<u>(24,775)</u>
Contribution deficiency (excess)	\$ -	-	-	10,797	4,252	-
Cooperative's covered payroll	<u>\$ 617,093</u>	<u>385,527</u>	<u>361,657</u>	<u>420,168</u>	<u>388,012</u>	<u>388,012</u>
Contribution's as a percentage of covered-employee payroll	<u>24.49%</u>	<u>33.09%</u>	<u>27.33%</u>	<u>18.95%</u>	<u>16.45%</u>	<u>6.39%</u>

Notes to the Schedule of Pension Plan Contributions

* The Cooperative has presented information for those years for which information is available until a full 10- year trend is compiled.

Southern California Library Cooperative
Schedules of Changes in the Cooperative's Total OPEB Liability and Related Ratios
For the Fiscal Year Ended June 30, 2020
Last Ten Years*

Other Post-Employment Benefits Payable

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability				
Service cost	\$ 35,574	21,125	20,010	20,010
Interest	17,045	28,419	25,845	25,847
Employer contributions	(28,397)	(31,067)	(27,752)	(27,752)
Difference between expected and actual experience	(1,465)	(25,867)	-	-
Changes of assumptions or other inputs	147,279	26,463	(25,991)	-
Net change in total OPEB liability	170,036	19,073	(7,888)	18,105
Total OPEB liability - beginning	771,917	752,844	760,732	742,627
Total OPEB liability - ending	\$ 91,953	771,917	752,844	760,732
Covered-employee payroll	\$ 617,093	592,171	403,772	361,657
Total OPEB liability as a percentage of covered-employee payroll	152.64%	130.35%	186.45%	210.35%

Note to Schedule:

The Cooperative maintains no assets that are accumulated in a trust to pay related OPEB.

Changes in Benefit Terms – There were no changes to benefit terms.

Changes of Assumptions – In the June 30, 2017 actuarial valuation the discount rate used was 3.8% compared to the discount rate of

3.5% used in the June 30, 2019 actuarial valuation and the 2.20% used as of the measurement date June 30, 2020.

* The Cooperative has presented information for those years for which information is available until a full 10-year trend is compiled.

Report on Internal Controls and Compliance

DRAFT

DRAFT

**Independent Auditor's 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***

Administrative Council
Southern California Library Cooperative
Pasadena, California

We have audited, in accordance with the 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 Southern California Library Cooperative (Cooperative) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Cooperative's basic financial statements, and have issued our report thereon dated March 30, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Cooperative's internal control over financial reporting (internal control) to determine the 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 Cooperative's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cooperative'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 entity'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 in the first paragraph of this section 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cooperative'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 determination of financial statement amounts. 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*.

**Independent Auditor's 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*, continued**

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fedak & Brown LLP
Cypress, California
March 30, 2021

DRAFT

Southern California Library Cooperative

Management Report

June 30, 2020



Fedak & Brown LLP
Certified Public Accountants

Southern California Library Cooperative

Management Report

Table of Contents

<u>Item</u>	<u>Page No.</u>
General Introduction	1
Current Year Observations, Comments and Recommendations	1-2
Prior Year Observations, Comments, and Recommendations	2-3
Appendix:	
Audit/Finance Committee Letter	1-3
Schedule of Audit Adjusting Journal Entries	4-11



Charles Z. Fedak, CPA, MBA
Christopher J. Brown, CPA, CGMA
Andy Beck, CPA

Fedak & Brown LLP

Certified Public Accountants

Cypress Office:
6081 Orange Avenue
Cypress, California 90630
(657) 214-2307
FAX (714) 527-9154

Riverside Office:
1945 Chicago Avenue, Suite C-1
Riverside, California 92507
(951) 783-9149

Board of Directors
Southern California Library Cooperative
Pasadena, California

Dear Members of the Council:

In planning and performing our audit of the financial statements of the governmental activities and each major fund of the Southern California Library Cooperative (Cooperative) as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Cooperative'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 Cooperative's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cooperative's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

Current Year Observations, Comments, and Recommendations

Significant Deficiency

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. We consider the following deficiency in internal control to be a significant deficiency:

Accounting Records

At the end of a fiscal year, the records of an organization should be reviewed by an employee, with the skills, knowledge, and experience, and journal entries should be posted as necessary. During our audit, we noted unreconciled balances of the Cooperative's records.

We recommend that an employee with the skills, knowledge, and experience, review the Cooperative's record and post year-end closing journal entries. Thereafter, management should review the Cooperative's records to verify its accuracy.

Current Year Observations, Comments, and Recommendations, continued

Significant Deficiency, continued

Accounting Records, continued

Management's Response

The System agrees with the comment and will implement procedures and internal controls to ensure the accuracy of the System's account balances.

Other Comment

Disclosure of Audit Adjustment and Reclassification

As your external auditor, we assume that the books and records of the Cooperative are properly adjusted before the audit begins. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the Cooperative's financial statements in conformity with accounting principles generally accepted in the United States of America or for comparison purposes with the prior year. For the Administrative Council to gain a full and complete understanding and appreciation of the scope and extent of the audit process we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Administrative Council with a better understanding of the scope of the audit.

Management's Response

We have reviewed and approved all of the audit adjustments and reclassifications provided by the auditor. The Cooperative has entered these adjustments into the accounting system to close-out the Cooperative's year-end trial balance.

Prior Year Observations, Comments, and Recommendations

Accounting Records

At the end of a fiscal year, the records of an organization should be reviewed by an employee, with the skills, knowledge, and experience, and appropriate journal entries should be posted as necessary. During our audit, we noted unreconciled balances of the Cooperative's records. Upon further review, we noted erroneous entries to the Cooperative's accounting records for which we proposed a journal entry.

We recommend that an employee with the skills, knowledge, and experience, review the Cooperative's record and post year-end closing journal entries. Thereafter, management should review the System's records to verify its accuracy.

Management Response

The System's Controller is in the process of implementing accounting procedures to properly record and report its financial transactions.

Comment Status

The System is in the process of implementing proper procedures and internal controls to ensure the accuracy of the System's account balances.

Prior Year Observations, Comments, and Recommendations, continued

Disclosure of Audit Adjustments and Reclassifications

As your external auditor, we assume that the books and records of the Cooperative are properly adjusted before the audit begins. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the Cooperative's financial statements in conformity with accounting principles generally accepted in the United States of America or for comparison purposes with the prior year. For the Administrative Council to gain a full and complete understanding and appreciation of the scope and extent of the audit process, we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Administrative Council with a better understanding of the scope of the audit.

Management's Response

We have reviewed and approved all of the audit adjustments and reclassifications provided by the auditor. The Cooperative has entered these adjustments into the accounting system to close-out the Cooperative's year-end trial balance.

* * * * *

This communication is intended solely for the information and use of management, the audit committee, the Administrative Council and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

We appreciate the courtesy and cooperation extended to us during our examination. We would be pleased to discuss the contents of this letter with you at your convenience. Please do not hesitate to contact us.

Fedak & Brown LLP

Fedak & Brown LLP
Cypress, California
March 30, 2021

APPENDIX

Southern California Library Cooperative

Audit/Finance Committee Letter

June 30, 2020



Charles Z. Fedak, CPA, MBA
Christopher J. Brown, CPA, CGMA
Andy Beck, CPA

Fedak & Brown LLP

Certified Public Accountants

Cypress Office:
6081 Orange Avenue
Cypress, California 90630
(657) 214-2307
FAX (714) 527-9154

Riverside Office:
1945 Chicago Avenue, Suite C-1
Riverside, California 92507
(951) 783-9149

Administrative Council
Southern California Library Cooperative
Pasadena, California

We have audited the financial statements of the governmental activities and each major fund of the Southern California Library Cooperative (Cooperative) for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated April 1, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Cooperative are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by the Cooperative during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Cooperative's financial statements were:

Management's estimate of capital assets depreciation which is based on historical estimates of each capitalized item's useful life expectancy or cost recovery period. We evaluated the key factors and assumptions used to develop the capital asset depreciation calculation in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the other post-employment benefits payable which is based on an actuarial valuation conducted by an independent third-party actuary. We evaluated the basis, methods, and assumptions used by the actuary to calculate the other post-employment benefits payable for the Cooperative to determine that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability which is based on an actuarial valuation conducted by an independent third-party actuary. We evaluated the basis, methods, and assumptions used by the actuary to calculate the net pension liability for the Cooperative to determine that it is reasonable in relation to the financial statements taken as a whole.

Significant Audit Matters, continued

Qualitative Aspects of Accounting Practices, continued

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of the Cooperative's capital assets, in Note 3 to the financial statements, which is based on the estimated life expectancy of the capitalized asset.

The disclosure of the Cooperative's other post-employment benefits payable, in Note 5 to the financial statements, which is based on actuarial assumptions which could differ from actual costs.

The disclosure of the Cooperative's net pension liability, in Note 6 to the basic financial statements, which is based on actuarial assumptions which could differ from actual costs.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Please refer to the Audit Adjusting and Reclassify Journal Entry Report for misstatements detected as a result of audit procedures and corrected by management.

Disagreements with Management

For the purpose of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 30, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principal to the Cooperative's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Cooperative's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Budgetary Comparison Schedule – General Fund, Notes to Required Supplementary Information, Schedules of the Cooperative’s Proportionate Share of the Net Pension Liability, Schedules of Pension Plan Contributions, and Schedules of Changes in the Cooperative’s Total OPEB Liability and Related Ratios, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Conclusion

We appreciate the cooperation extended us by Diane Bednarski, Executive Director, and the rest of the Cooperative staff in the performance of our audit testwork. We will be pleased to respond to any questions you have. We appreciate the opportunity to continue to be of service to the Cooperative.

This report is intended solely for the information and use of the Administrative Council and management of the Cooperative and is not intended to be, and should not be, used by anyone other than the specified parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

Fedak & Brown LLP

Fedak & Brown LLP
Cypress, California
March 30, 2021

**Southern California Library Cooperative
 Schedule of Audit Adjusting Journal Entries
 June 30, 2020**

Account	Description	Debit	Credit
Fund: FiD Deposit			
Adjusting Journal Entries JE # 1			
To reconcile prior year ending net position to current year beginning net position.			
C-14400	Glendora	150.00	
C-14800	Los Angeles Public	95.00	
C-15500	Pasadena	800.00	
C-32000	Unrestricted Net Assets	142,416.71	
C-2405	Deposit		142,416.71
C-30000	Opening Balance Equity		1,045.00
Total		<u>143,461.71</u>	<u>143,461.71</u>
Adjusting Journal Entries JE # 9			
To adjust trial balance for deposit accounts.			
C-11000	Accounts Receivable	89,617.12	
C-14500	Inglewood	20,220.84	
C-2405	Deposit	89,617.12	
C-65100	Other Types of Expenses	12,765.00	
C-13000	Pacific Western Bank		18,420.84
C-15500	Pasadena		12,765.00
C-16500	Torrance		1,800.00
C-2405	Deposit		76,852.12
C-41000	Deposit Account Payments		12,765.00
C-FB2101	Due to SCLC		89,617.12
Total		<u>212,220.08</u>	<u>212,220.08</u>
Fund: Main SCLC			
Adjusting Journal Entries JE # 1			
To reconcile prior year ending net position to current year beginning net position.			
FB1101	Due From County Deposits	53,281.53	
3100	Unrestricted		53,281.53
Total		<u>53,281.53</u>	<u>53,281.53</u>
Adjusting Journal Entries JE # 2			
To adjust LAIF balance and LAIF interest receivable.			
1057	CA-Local Agency Investment Fund	40,675.08	
1074	Interest Receivable		2,162.95
4290-100	Investment income		38,512.13
Total		<u>40,675.08</u>	<u>40,675.08</u>

**Southern California Library Cooperative
 Schedule of Audit Adjusting Journal Entries
 June 30, 2020**

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 3			
To adjust CLSA unearned revenues.			
2100.01	Unearned Revenue - CLSA Funds	281,754.00	
2100.01	Unearned Revenue - CLSA Funds	194,993.11	
4001.18	CLSA 17/18		140,877.00
4001.18	CLSA 17/18		194,993.11
7100.01	CLSA System Administration		140,877.00
Total		<u>476,747.11</u>	<u>476,747.11</u>
Adjusting Journal Entries JE # 4			
To adjust LSTA unearned revenues.			
2000.2	AP Adjustment	60,680.67	
2100.02	Unearned Revenue - LSTA Grant	34,245.00	
2100.02	Unearned Revenue - LSTA Grant	211,383.75	
2100.02	Unearned Revenue - LSTA Grant	210,447.25	
2100.02	Unearned Revenue - LSTA Grant	2,504,797.26	
2100.03	Unearned Revenue - PLSEP Grant	8,900.00	
2100.03	Unearned Revenue - PLSEP Grant	97,900.00	
2100.03	Unearned Revenue - PLSEP Grant	3,300.00	
5050.06	Services	5,000.00	
2100.02	Unearned Revenue - LSTA Grant		3,300.00
4060	Other Income		5,000.00
4200.02	LSTA Revenue		8,900.00
4200.02	LSTA Revenue		89,000.00
4200.02	LSTA Revenue		210,447.25
4200.02	LSTA Revenue		2,504,797.26
5000.02	Indirect Cost		8,900.00
5050	LSTA Expenses		34,245.00
5050.02	Consultant Fees		15,000.00
5050.04	Supplies/Materials		6,680.67
5050.06	Services		39,000.00
5050.07	Indirect Cost		211,383.75
Total		<u>3,136,653.93</u>	<u>3,136,653.93</u>

**Southern California Library Cooperative
 Schedule of Audit Adjusting Journal Entries
 June 30, 2020**

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 5			
To revert account balance to prior year.			
1074	Interest Receivable	2,787.10	
1100.01	Dues Receivable	92,861.25	
1100.02	Grants Receivable	289,139.80	
1100.04	Broadband Receivable	1,497.06	
2100.02	Unearned Revenue - LSTA Grant	80,996.00	
2100.03	Unearned Revenue - PLSEP Grant	6,110.00	
1100	Accounts Receivable		9,013.53
1100.00	Accounts Receivable - SCLC		277,660.19
2002	Accrued Interest		186,717.49
Total		<u>473,391.21</u>	<u>473,391.21</u>
Adjusting Journal Entries JE # 6			
To adjust accounts receivable.			
1100.01	Dues Receivable	5,505.00	
1100.04	Broadband Receivable	4,007.94	
1100.05	Indirect & System Receivable	5,110.00	
1600	Reimbursable Expenses	10,561.63	
2100.02	Unearned Revenue - LSTA Grant	362,321.00	
4011	Indirect & System - Serra	5,701.00	
4012	Indirect & System - 49-99	15,000.00	
4013	Indirect & System - Inland	500.00	
4014	Indirect & System - Santiago	1,000.00	
1100	Accounts Receivable		10,561.63
1100	Accounts Receivable		4,007.94
1100.02	Grants Receivable		362,321.00
1100.02	Grants Receivable		5,110.00
1100.05	Indirect & System Receivable		22,201.00
4401	Membership SCLC		5,145.00
4402	Membership Califa		360.00
Total		<u>409,706.57</u>	<u>409,706.57</u>
Adjusting Journal Entries JE # 7			
To adjust compensated absences.			
2120	Accrued Employee Vacations	12,805.30	
5000-100	Salaries		12,805.30
Total		<u>12,805.30</u>	<u>12,805.30</u>

**Southern California Library Cooperative
 Schedule of Audit Adjusting Journal Entries
 June 30, 2020**

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 8			
To adjust accrued payroll.			
5000-100	Salaries	4,523.00	
6200.01	Payroll Taxes (ER)	284.02	
6200.02	CalPERS - 457 Deferred (ER)	9,783.42	
2200	Payroll Payable		284.02
2200	Payroll Payable		4,523.00
2200.01	Payroll Liabilities (EE)		9,783.42
Total		<u>14,590.44</u>	<u>14,590.44</u>
Adjusting Journal Entries JE # 10			
To adjust net OPEB liability.			
1710	Deferred OPEB Outflows	126,976.00	
2310	Deferred OPEB Inflows	2,555.00	
6107	PERS - GASB 68	40,505.00	
2121	OPEB - Payable		170,036.00
Total		<u>170,036.00</u>	<u>170,036.00</u>
Adjusting Journal Entries JE # 13			
To adjust state grant unearned revenues.			
2100.03	Unearned Revenue - PLSEP Grant	101,889.25	
5340.01	Library Award	30,000.00	
4250	Grant - Statewide CLSA		101,889.25
FB1101	Due From County Deposits		30,000.00
Total		<u>131,889.25</u>	<u>131,889.25</u>
Adjusting Journal Entries JE # 14			
To record administrative fees receivable from other Systems.			
1100.05	Indirect & System Receivable	15,552.00	
7001	Indirect & System - Serra	5,110.00	
1100.05	Indirect & System Receivable		5,110.00
4011	Indirect & System - Serra		9,478.50
4012	Indirect & System - 49-99		547.00
4013	Indirect & System - Inland		800.00
4014	Indirect & System - Santiago		4,726.50
Total		<u>20,662.00</u>	<u>20,662.00</u>

**Southern California Library Cooperative
 Schedule of Audit Adjusting Journal Entries
 June 30, 2020**

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 15			
To adjust prepaid expense for changes in insurance premiums and Amex prepaid credit			
1120	Prepaid Expense	23.50	
5050.04	Supplies/Materials	1,653.50	
1130	Prepaid Grant Expenses		1,653.50
6105	Workers Compensation		19.00
6513	General Liability Insurance		4.50
Total		<u>1,677.00</u>	<u>1,677.00</u>
Adjusting Journal Entries JE # 16			
To adjust net pension liability.			
1700	Deferred Pension Outflows	3,860.00	
2300	Net Pension Liab-Deferred	8,115.00	
6107	PERS - GASB 68	131,567.74	
2095	Net Pension Liability		143,542.74
Total		<u>143,542.74</u>	<u>143,542.74</u>
Fund: Main	Adjusting Journal Entries	<u>5,085,658.16</u>	<u>5,085,658.16</u>
Fund: Other LA County			
Adjusting Journal Entries JE # 11			
To adjust cash for transfer of funds posted as a credit to cash instead of transfer in.			
B-1000.02	County of LA Operating...9100	360,000.00	
B-2405	Deposit		360,000.00
Total		<u>360,000.00</u>	<u>360,000.00</u>
Adjusting Journal Entries JE # 12			
To correct account balances.			
B-1600	Reimbursable Expenses	1,170.00	
B-2101	Due To SCLC	30,000.00	
B-2400	Accrued Expense	157,711.72	
B-2405	Deposit	153,917.86	
B-65050	Telephone, Telecommunications	157,711.72	
B-1100	Accounts Receivable		157,711.72
B-4600	Other Types of Income		1,170.00
B-4600	Other Types of Income		153,917.86
B-65080	CENIC-Broadband		157,711.72
B-65090	Libraries Illuminated		30,000.00
Total		<u>500,511.30</u>	<u>500,511.30</u>

**Southern California Library Cooperative
 Schedule of Audit Adjusting Journal Entries
 June 30, 2020**

Account	Description	Debit	Credit
Reclassifying Journal Entries			
Fund: Main SCLC			
Reclassifying Journal Entries JE # 200			
To reclassify indirect wages for CLSA funds.			
4200.02	LSTA Revenue	66,766.00	
5000-100	Salaries		66,766.00
Total		<u>66,766.00</u>	<u>66,766.00</u>
Reclassifying Journal Entries JE # 202			
To reclassify deposit made to Deposit fund instead of SCLC fund.			
FB1105	Due From Deposit Fund	89,617.12	
1300	Undeposited Funds		89,617.12
Total		<u>89,617.12</u>	<u>89,617.12</u>
Reclassifying Journal Entries JE # 203			
To reclassify administrative fees above indirect cost from library systems and LA County			
4060	Other Income	31,533.00	
7001	Indirect & System - Serra	2,343.42	
4010	Reimbursed Expense		2,343.42
4011	Indirect & System - Serra		31,533.00
Total		<u>33,876.42</u>	<u>33,876.42</u>
2100.01	Unearned Revenue - CLSA Funds	142,509.00	
2100.01	Unearned Revenue - CLSA Funds	142,509.00	
2100.01	Unearned Revenue - CLSA Funds	175,281.62	
2100.01	Unearned Revenue - CLSA Funds	375,739.19	
4014	Indirect & System - Santiago	954.88	
1100.05	Indirect & System Receivable		6,804.00
1400	Indirect & System Receivable		169,432.50
4001.18	CLSA 17/18		142,509.00
4001.18	CLSA 17/18		375,739.19
7100.01	CLSA System Administration		142,509.00
Total		<u>836,993.69</u>	<u>836,993.69</u>



DATE: April 22, 2021
TO: SCLC Audit & Finance Committee
FROM: Carol Dinuzzo, Controller, SCLC
SUBJECT: New Budget Format

BACKGROUND: During the March 25th Administrative Council meeting it was mentioned that we would work with the Audit and Finance Committee to rework the layout of the Annual Budget and report for the upcoming fiscal year. Our hope is to make sure that the budget reports are clear and comprehensive.

Please come prepared to discuss the attached draft of the new budget format.

FISCAL IMPACT: None at this time.

RECOMMENDATION: Informational

Southern California Library Cooperative

254 North Lake Avenue #874 • Pasadena, California 91101

(626) 283-5949 • Fax (626) 283-5949

Website: <http://www.socallibraries.org> • E-mail: sclcadmin@socallibraries.org

SCLC Annual Budget

Audit Item 08a

REVENUES/EXPENSES	Proposed	Prior Year Actuals	Actuals	Balance	%	Notes
EXPENDITURES						
Personnel Services						
Salaries & Wages	\$ 589,377		\$ 308,399	\$ 280,978	52%	
Retirement Benefits	\$ 63,906		\$ -	\$ 63,906	0%	CalPERS
Health Insurance - Current Employees	\$ 48,000		\$ 24,000	\$ 24,000	50%	Health Stipend
Health Insurance - Retirees	\$ 67,200		\$ 21,319	\$ 45,881	32%	Health Stipend
Dental/Vision	\$ 6,547		\$ 1,091	\$ 5,456	17%	Ameritas
Life Insurance	\$ 452		\$ 75	\$ 377	17%	Dearborn
Unfunded Accrued Liability	\$ 117,819		\$ 117,819	\$ -	100%	CalPERS
Other Personnel Expenses	\$ 3,101		\$ 517	\$ 2,584	17%	Worker's Comp
Personnel Service Subtotal	\$ 896,402	\$ -	\$ 473,220	\$ 423,182		
Operating Expenses						
Office space Lease	\$ 20,160		\$ 8,400	\$ 11,760	42%	Lease
Professional & Contract Services	\$ 90,000		\$ 2,421	\$ 87,579	3%	Legal, Paychex, Consulting, etc.
Telecommunications	\$ 30,000		\$ 2,517	\$ 27,483	8%	Progent, Microsoft, Internet, RingCentral, A4 (CLSA*)
Delivery	\$ 72,000		\$ 19,150	\$ 52,850	27%	Reliant (CLSA)
Audit Fees	\$ 12,020		\$ 3,684	\$ 8,336	31%	Fedak & Brown (CLSA)
Software Licenses	\$ 300		\$ -	\$ 300	0%	Dashlane, Intuit (paid biennially)
Office Supplies & Printing	\$ 4,500		\$ -	\$ 4,500	0%	Checks, office supplies, printing, business cards
E-Resources	\$ 1,100		\$ -	\$ 1,100	0%	Gale (CLSA)
Resource Sharing	\$ -		\$ -	\$ -	0%	Placeholder (CLSA)
Memberships	\$ 14,500		\$ 13,320	\$ 1,180	92%	Califa, CLA, etc.
Travel & Conferences	\$ 4,000		\$ 320	\$ 3,680	0%	Travel for meetings, conference, and audit
Postage	\$ 800		\$ -	\$ 800	0%	
Other	\$ 350		\$ -	\$ 350	0%	Bank Analysis Fees
Operating Expenses Subtotal	\$ 249,730	\$ -	\$ 49,812	\$ 199,918		
Grant Expenses						

SCLC Annual Budget

CLCI	\$ 1,233,190		\$ 1,138,364	\$ 94,826	92%
ELF	\$ 462,705		\$ 10,481	\$ 452,224	2%
Shared Vision	\$ 108,500		\$ -	\$ 108,500	0%
PLSEP	\$ 92,507		\$ 10,200	\$ 82,307	11%
Digital Divide	\$ 1,455,477		\$ -	\$ 1,455,477	0% CARES Act funding
Grant Expenses Subtotal	\$ 3,352,379	\$ -	\$ 1,159,045	\$ 2,193,334	

TOTAL EXPENDITURES \$ 4,498,511 \$ - \$ 1,682,077 \$ 2,816,434

REVENUE

				Unrealized	
CLSA Communications & Delivery	\$ 293,861		\$ 293,861	\$ -	100%
CLSA System Administration	\$ 177,882		\$ 177,882	\$ -	100%
System Supplements to CLSA	\$ 109,954		\$ -	\$ 109,954	0%
Grant Project Revenue	\$ 3,352,379		\$ 1,472,974	\$ 1,879,405	44%
Grant Indirect	\$ 283,254		\$ -	\$ 283,254	0%
Grant Staffing	\$ 79,653		\$ -	\$ 79,653	0%
SCLC Member Dues	\$ 206,587		\$ 168,592	\$ 37,995	82%
Investment Income	\$ 11,029		\$ 11,029	\$ -	100%

TOTAL REVENUE \$ 4,503,570 \$ - \$ 2,124,338 \$ 2,390,261

Surplus (Deficit) \$ 5,059 \$ - \$ 442,261

SCLC ACCOUNT BALANCES

Pacific Western Bank - July 1, 2020	\$ 2,016,837		\$ 1,823,778	As of Decmeber 31, 2020
LAIF - June 30, 2020	\$ 1,907,996		\$ 1,919,025	As of Decmeber 31, 2020

SCLC MEMBER DEPOSIT ACCOUNTS

SCLC Deposit Accounts - July 1, 2020	\$ 215,795.00		\$ 182,988.00	As of December 31, 2020
--------------------------------------	---------------	--	---------------	-------------------------

SCLC Annual Budget

***Telecommunications defined by the CLSA Plan of Service as: Internet, web/tech support, phone/fax/VOIP/telecomm equipment maintenance, and web software**

SCLC BUDGET: FY20/21
March 25, 2021

Audit Item 08b

<i>Revenues and Expenses</i>	<i>FY20/21 Budget</i>	<i>Actuals as of December 31, 2020</i>	<i>Balance</i>	<i>Percentage Received / Expended</i>	<i>Notes</i>
Revenues					
			<i>Unrealized</i>		
CLSA System Administration	\$ 177,882	\$ 177,882	\$ -	100%	SCLC, Serra, 49-99, ILS, SLS
CLSA Baseline	\$ 293,861	\$ 293,861	\$ -	100%	CLSA funds for FY20/21
Individual System Admin Allocations	\$ 109,954	\$ -	\$ 109,954	0%	Approved by each system
Grants	\$ 3,331,902	\$ 1,472,974	\$ 1,858,928	44%	CARES increase of \$1,435,000
Grant Indirect	\$ 283,254	\$ -	\$ 283,254	0%	CARES increase of \$145,547
Grant Support Staff	\$ 79,653	\$ -	\$ 79,653	0%	CARES increase of \$20,477
Member Dues	\$ 206,587	\$ 168,592	\$ 37,995	82%	Three libraries outstanding
Investment Income					
Total Revenues	\$ 4,483,093	\$ 2,113,309	\$ 2,369,784	47%	
Projected Expenses					
Salaries & Benefits					
Salaries	\$ 589,377	\$ 308,399	\$ 280,978	52%	Cost for all current staff
PERS Health Benefits	\$ 48,000	\$ 24,000	\$ 24,000	50%	Health Benefits for all current .staff
PERS Retiree Health Benefits	\$ 67,200	\$ 21,319	\$ 45,881	32%	Health Benefits for retired staff
PERS Unfunded Liabilities	\$ 117,819	\$ 113,901	\$ 3,918	97%	Payment made July 1, 2020
Total Salaries & Benefits	\$ 822,396	\$ 467,619	\$ 354,777	57%	
Operations					
-Rent	\$ 20,160	\$ 8,400	\$ 11,760	42%	Lease expires 08/2021
-Utilities/Operating	\$ 4,920	\$ 3,074	\$ 1,846	62%	Elec, phone
-Delivery	\$ 72,000.00	\$ 19,150	\$ 52,850	27%	Delivery to libraries
Memberships	\$ 14,500	\$ 13,679	\$ 821	94%	Califa; CLA; SHRM
Total Operations	\$ 111,580	\$ 44,303	\$ 67,277	40%	
Professional/Contract Services					
System Support / IT	\$ 12,000	\$ 2,517	\$ 9,483	21%	IT Support & Maintenance
Audit Fees	\$ 12,020	\$ 3,684	\$ 8,336	31%	Audit for FY19/20
Legal Fees	\$ 1,000	\$ 1,220	\$ (220)	122%	Legal counsel
Consulting	\$ 85,000	\$ 2,000	\$ 83,000	2%	
Payroll Services	\$ 4,000	\$ 1,201	\$ 2,799	30%	Payroll/1099 processing
Professional Services	\$ 350	\$ -	\$ 350	0%	Bank Analysis Fees
Total Professional/Contract Services	\$ 114,370	\$ 10,622	\$ 103,748	9%	
Total Expenses	\$ 1,048,346	\$ 522,544	\$ 525,802	50%	
Surplus (Deficit)	\$ 3,434,747	\$ 1,590,765			
Surplus (Deficit) excluding Grant Passthrough	\$ 102,845				
SCLC ACCOUNT BALANCES					
Pacific Western Bank as of July 1, 2020	\$ 2,016,837		\$ 1,823,778		As of December 31, 2020
LAIF as of June 30, 2020	\$ 1,907,996		\$ 1,919,025		As of December 31, 2020
SCLC MEMBER DEPOSIT ACCOUNTS					
	Beginning Balance	Amt Change	Balance		
SCLC Deposit Accounts	\$ 215,795	\$ -	\$ 182,988		
PROJECTS					
	Appropriated	Expenditures	Balance		
	\$ -	\$ -	\$ -		
	\$ -	\$ -	\$ -		
	\$ -	\$ -	\$ -		

(d) Operations

1. Office supplies	\$
2. Duplication/Photocopy	\$
3. Training (C&D program related)	\$
4. E-Resources (Enki, Zinio,OverDrive, etc.)	\$113,993
5. Contract Services for Delivery (UPS, US Postal Service, Contracted Van) – Contracted Delivery and Audit Services	\$84,020
6. System van/vehicle (fuel/insurance/maintenance)	\$
7. Telecommunications (Internet/web/tech support/phone/fax/VOIP/telecomm equipment maintenance/ web software) . Web hosting and internet service provider fees	\$30,000
Specify what funds were used for:	\$
8. Resource Sharing (Zipbooks, Link+, document depository) – DigiLab and shared e-resources	\$65,848
* Breakdown of cost i.e. software/subscription/delivery	
9. Other (with prior approval) and Planning, Coordination, & Evaluation (PC&E) not used in System Administration	\$
Total of (d)	\$293,861

(e)Capital Outlay		
1. Equipment (specify)	\$	
2. Equipment revolving fund	\$	
Total of (e)	\$	

(f)Anticipated Current (2019/2020) Year-end Balance in the Equipment Revolving Fund	
	\$

Total of (a-e)	\$367,325
-----------------------	------------------



SCLC Audit and Finance Committee Meeting Dates

2020/21
10am

Thursday, August 6, 2020

Thursday, October 8, 2020

Thursday, February 4, 2021

Thursday, April 22, 2021

Meetings will be held by conference call.
Locations will be determined if needed.

Southern California Library Cooperative
254 North Lake Avenue #874 • Pasadena, California 91101
(626) 283-5949 • Fax (626) 283-5949
Website: <http://www.socallibraries.org> • E-mail: sclcadmin@socallibraries.org