



Southern California Library Cooperative

Administrative Council Meeting

Wednesday, March 22, 2023

2:15-4:15pm

Hybrid Meeting

Signal Hill Public Library

1770 E. Hill St., Signal Hill, CA 90755

Alternate locations:

Arcadia Public Library 20 W. Duarte Rd., Arcadia, CA 91006

Azusa City Library 729 N. Dalton Ave., Azusa, CA 91702

Beverly Hills 471 S Roxbury Dr., Beverly Hills, CA 90212

Calabasas 200 Civic Center Way Calabasas, CA 91302

Camarillo Public Library 4101 Las Posas Rd., Camarillo, CA 93010

City of Commerce 2269 S Atlantic Blvd., Commerce, CA 90040

Covina Public Library 234 N 2nd Ave., Covina, CA 91723

Crowell Public Library 1890 Huntington Dr., San Marino, CA 91108

Downey City Library 11121 Brookshire Ave., Downey, CA 90241

Irwindale Public Library 5050 N Irwindale Ave., Irwindale, CA 91706

Palos Verdes Library District 701 Silver Spur Rd., Rolling Hills Estates, CA 90274

Pomona Public Library 625 S. Garey Ave., Pomona, CA 91766

Redondo Beach Public Library 303 N Pacific Coast Hwy., Redondo Beach, CA

90277 Santa Fe Springs City Library 11700 Telegraph Rd., Santa Fe Springs, CA

90670 Thousand Oaks Library 1401 E Janss Rd., Thousand Oaks, CA 91362

Ventura County Library 5600 Everglades Street, Suite A, Ventura, CA 93003

Join Zoom Meeting

<https://us02web.zoom.us/j/83546501294?pwd=OXNUNTZKUFVhUHhMWjhpMUgrUHFBUT0>

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Meeting ID: 843 6834 7594

Passcode: 449328

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

AGENDA

All items may be considered for action.

1. Opening Gary Shaffer
 - a. Chairperson's Welcome
 - b. Roll Call

2. Public Comment
Opportunity for any guest or member of the public to address the Council on any item of SCLC business.

3. Consent Calendar Gary Shaffer
(ACTION)
All items on the consent calendar may be approved by a single motion. Any Council member may request an item be removed from the consent calendar and placed on the agenda for discussion.
 - a. Minutes of the November 30, 2022 Administrative Council meeting

4. Adoption of Agenda Gary Shaffer

5. Brown Act Teleconferencing Requirements:
End of COVID-19 Emergency Order
(DISCUSSION) Christine Powers

6. Financial Audit FY2021/22
(DISCUSSION) Andy Beck

7. Budget Status Report
(DISCUSSION) Andy Beck

8. Grants Update
(DISCUSSION) Wayne Walker

9. Health Premium Update
(ACTION) Andy Beck

10. Pre-planning Budget FY2023/24
(DISCUSSION) Christine Powers/Andy Beck

11. PressReader Update and Next Steps
(DISCUSSION) Gary Shaffer

12. California Library Services Act
Planning FY2023/24
(DISCUSSION) Christine Powers

- | | |
|--|------------------------------|
| 13. Nominating Committee
(ACTION) | Gary Shaffer |
| 14. Conflict of Interest Code: Biennial
Review/Form 700
(DISCUSSION) | Christine Powers/Lori Graver |
| 15. Authority for Financial Institutions
(ACTION) | Nerissa Snodgrass |
| 16. SCLC Banking Status
(DISCUSSION) | Andy Beck |
| 17. Committee Reports | |
| a. Audit and Finance Committee | Jesse Walker-Lanz |
| b. Technology Committee | Nikki Winslow |
| c. Planning Ad Hoc Committee | |
| d. Member Library Engagement Ad Hoc Committee | |
| 18. California State Library Report | Shauna Sojoyner |
| 19. May Meeting Location | Gary Shaffer |
| 20. Executive Director's Report | Christine Powers |
| 21. Administrative Council Chair Report | Gary Shaffer |
| 22. Other | Gary Shaffer |
| <i>"...that is, matters initiated in the present meeting." Robert's Rules of Order, Revised, III, p.21. Limited by Brown Act to discussion only.</i> | |
| 23. Adjournment | Gary Shaffer |



ACTION ITEMS

Meeting: _____ SCLC Administrative Council Meeting _____

Date: _____ March 22, 2023 _____

Library: _____

Name: _____

Signature: _____

Date: _____

Agenda Item: _____

_____ Aye _____ Motion

_____ Nay _____ Second

_____ Abstain

Agenda Item: _____

_____ Aye _____ Motion

_____ Nay _____ Second

_____ Abstain

Agenda Item: _____

_____ Aye _____ Motion

_____ Nay _____ Second

_____ Abstain

Agenda Item: _____

_____ Aye _____ Motion

_____ Nay _____ Second

_____ Abstain

Agenda Item: _____

_____ Aye _____ Motion

_____ Nay _____ Second

_____ Abstain

Agenda Item: _____

_____ Aye _____ Motion

_____ Nay _____ Second

_____ Abstain

Name: _____

Date: _____

Page 2

Agenda Item: _____

_____ Aye _____ Motion

_____ Nay _____ Second

_____ Abstain

Agenda Item: _____

_____ Aye _____ Motion

_____ Nay _____ Second

_____ Abstain

Agenda Item: _____

_____ Aye _____ Motion

_____ Nay _____ Second

_____ Abstain

Agenda Item: _____

_____ Aye _____ Motion

_____ Nay _____ Second

_____ Abstain

Agenda Item: _____

_____ Aye _____ Motion

_____ Nay _____ Second

_____ Abstain

Agenda Item: _____

_____ Aye _____ Motion

_____ Nay _____ Second

_____ Abstain

Agenda Item: _____

_____ Aye _____ Motion

_____ Nay _____ Second

_____ Abstain

Agenda Item: _____

_____ Aye _____ Motion

_____ Nay _____ Second

_____ Abstain



AC Agenda Item 03a

Southern California Library Cooperative
Administrative Council Meeting
Wednesday, November 30, 2022
2:15-4:15pm
Hybrid Meeting
Whittier Central Library
7344 Washington Ave. Whittier, CA 90602

Minutes draft

Attendance

Addington, Jennifer – Palos Verdes
Behle, Kelli – Simi Valley
Billings, Cathy – South Pasadena
Bradley, Darlene – Arcadia
Broman, Susan – LAPL
Buth, Karen – Beverly Hills
Conwell, Christine – Moorpark
Cousin, Heather – Torrance
Cuyugan, Erica – Santa Monica
Garcia, Diana – Monterey Park
Goldman, Elizabeth – Burbank
Graf, Ann – Azusa
Herbert, Mark – El Segundo
Lockwood, Barbara – Calabasas
LohGuan, Hilda – Alhambra
Maghsoudi, Paymaneh – Whitter
McDonald, Tim – Pasadena
Nasr, Mandy – Camarillo
Patterson, Jennifer – Thousand
Oaks
Raia, Deborah – Santa Fe Springs
Regan, Leila – Sierra Madre
Schram, Nancy – Ventura
Shaffer, Gary – Glendale
Shupe, Robert – Palmdale
Stone, Janet – Glendora

Torres, Anita – Pomona
Vera, Linda – San Marino
Vinke, Dana – Redondo Beach
Vonnegut, Shannon – Santa Clarita
Walker-Lanz, Jesse – LACo
Winslow, Nikki - Altadena

Other

Cole, Natalie – CSL
Durr, Chris – CSL
Graver, Lori – SCLC
Shapiro, Caryn - SCLC
Sojoyner, Shana – CSL
Snodgrass, Nerissa, SCLC
Walker, Wayne - SCLC

Absent

Arroyo, Kerri – Inglewood
Balli, Shayna – Irwindale
Bautista, Sonia – Commerce
DeLeon, Cathy – Long Beach
Dickow, Ben – Downey
Evans, Lisa – Covina
Hughes, Charles – Signal Hill
Neal, Alan – Oxnard
Vance, Carey - Monrovia

1. Opening Gary Shaffer
Meeting called to order at 2:16pm.

2. Public Comment
Opportunity for any guest or member of the public to address the Council on any item of SCLC business.
None.

3. Consent Calendar Gary Shaffer
(ACTION)
All items on the consent calendar may be approved by a single motion. Any Council member may request an item be removed from the consent calendar and placed on the agenda for discussion.
 - a. Minutes of the August 24, 2022 Administrative Council meeting MSP (Maghsoudi/Garcia) to pass the Consent Calendar with corrections of jurisdictions for Cousin and Garcia to *draft* Minutes.
24 yes, 0 no, 0 abstain

4. Adoption of Agenda Gary Shaffer
Chair adopted the Agenda, without objection.

5. SCLC Controller Update Gary Shaffer/Wayne Walker
(DISCUSSION)
Carol Dinuzzo, SCLC Controller, accepted a position outside of SCLC in August leaving the position vacant. The Administrative Council at their August meeting authorized the Administrative Council Chair to enter into an agreement with a temporary agency or an accounting firm to fulfill controller duties on a temporary basis. In early September an agreement was entered into with contractor Caryn Shapiro, CPA, to assist with the Controller duties for a period of up to 3 months at \$72 per hour (non-benefitted) up to 40 hours per week. In addition, the Administrative Council at their August meeting authorized the Administrative Council Chair to enter into an agreement for accounting consulting purposes with one of SCLC's sister cooperatives on an as-needed basis. An agreement was entered into with the Pacific Library Partnership at \$150 per hour through December 2022. Recruitment for the permanent Controller was launched on October 7th, with application deadline of November 7th. Multiple applications were received and the process to review and evaluate the pool of candidates has begun. Shapiro contractor agreement value not to exceed \$37,440. PLP contract agreement value not to exceed \$12,000.

6. Budget Status Report FY2022/23 Caryn Shapiro
 (DISCUSSION)
 All approved CLSA allocations and current grant awarded amounts have been approved. Membership Dues have been collected at 90%. Rollover CLSA Funds are being expended. Grant Funds have been received. At this stage in the fiscal year, most expenditures have been personnel related along with a few operational costs. Potential shortfall in revenue for the current fiscal year. No additional payment to be made into the Pension Liability fund. The Audit and Finance Committee will re-assess at their meeting on February 2, 2023.
7. Audit Report FY2020/21 Caryn Shapiro
 (ACTION)
 The Audit and Finance Committee recommends to the Administrative Council to approve the Annual Audited Financial Statements, June 30, 2021.
 MSP (Billings/Maghsoudi) to approve the Annual Audited Finance Statements for FY2020/21.
 26 yes, 0 no, 0 abstain
8. Strategic Plan Update Elizabeth Goldman
 (DISCUSSION)
 FY2022/23 activities identified in the Plan are:
 Segment 1: Executive Director
 - Hire an Executive Director (ED)
 Segment 2: Transparency •
 - Develop SCLC 101 guide to the organization
 - Explain budget and revenue sources as part of SCLC 101
 Segment 3: Planning •
 - Review the SCLC mission and vision
 - Conduct an annual membership survey
 - Hold an annual planning session
 Segment 4: Member library engagement
 - Review and expand staff-driven interest groups
 - Provide report on interest groups to Administrative Council
 An ad hoc committee for the ED is wrapping up its work. The new ED will develop SCLC 101, responding to Segments 1 and 2. Two new ad hoc committees are proposed to respond to Segments 3 and 4. For Segment 3, Planning, the ad hoc committee should consist of AC members. For Segment 4, the ad hoc committee could partly or primarily be made up of SCLC member library staff who participate in interest groups, with an AC member serving as chair and/or liaison to the AC. Both committees would have a term of service of December 2022-June 2023.
 Planning ad hoc committee: Susan Broman, Elizabeth Goldman and Jesse Walker-Lanz

Member library engagement ad hoc committee: Cathy Billings, Heather Cousin and Nikki Winslow

9. PressReader and Los Angeles Times Gary Shaffer
(DISCUSSION)

In September of 2021, SCLC enter into an agreement with Baker & Taylor (B&T) in the amount of \$632,332 for a 2-year-period to procure PressReader on behalf of the Cooperative. July 1, 2022 the LA Times was abruptly removed from the platform without notice. SCLC later learned that this was at the direction of the LA Times. PressReader and Baker & Taylor were not made aware of this removal until it occurred.

At the August 24th Administrative Council meeting the following actions were approved in order for SCLC to approach the LA Times directly in an effort to convince them to re-enter the PressReader platform:

- 1) Conduct a survey of all member libraries to collect current annual spending on physical subscriptions to the LA Times.
- 2) Authorize the Chair to draft a letter advising LA Times management of the negative impact to our member libraries' residents, the amount of revenue we provide them, and asking them to please enter into negotiations with PressReader.
- 3) Conduct any follow up negotiations with the LA Times.

The survey was distributed to and completed by all SCLC members libraries. A letter was drafted by the Council Chair and shared with member libraries for feedback and to provide each of their signatures for the final copy of the letter. Shaffer made appeal for outstanding signatures to be submitted by Directors.

Baker & Taylor has updated SCLC staff that talks are still ongoing between PressReader and the LA Times concerning this issue, but no details were made available.

10. Closed Session – Public Employee Appointment, Executive Director Gary Shaffer
(ACTION)

Closed session began at 3:03pm.

11. Reconvene from Closed Session Gary Shaffer
(ACTION)

MSP (Torres/Walker-Lanz) to reconvene at 3:25pm, with no decisions made during Closed Session.

27 yes, 0 no, 0 abstain

MSP (Maghsoudi/Cousin) to extend executive Director contract to candidate.

26 yes, 0 no, 1 abstain

12. eBooks for All (DISCUSSION)

Chris Durr

The California State Library, in partnership with the Black Gold Cooperative Library System, has launched eBooks for All California. Created to equalize access across California, this statewide collection can be accessed by anyone with a California public library card and an internet connection. The size of eBook collections in California public libraries vary and are dependent on local funding. A library with a robust collection budget can provide hundreds of thousands of e-books to its community members; a library with very limited funding may offer few or no e-books. Participating public libraries offer their cardholders access to the free, shared statewide collection of eBooks and eAudiobooks, many of which are simultaneous use. Libraries can make their Overdrive, CloudLibrary, and Axis 360 collections available alongside the statewide collection, all in one seamless, searchable app.

Users will no longer have to toggle between different providers to see the breadth of a library's offerings, instead they can access all through the [Palace Project's eReader app](#). Libraries can simplify the way their users find their eBooks at the same time as expanding their collection with the statewide catalog of over 70,000 titles.

The State Library is offering grant funding to develop eBook collections for participating libraries (<https://www.library.ca.gov/grants/ebooks-for-all/>).
<https://www.library.ca.gov/services/to-libraries/ebooks-for-all/casupport@thepalaceproject.org>

13. Committee Reports

- a. Audit and Finance Committee Jesse Walker-Lanz
Committee last met on September 28, 2022, recommends deferring on additional investment funding to be re-assessed at February 2023 meeting, and opened discussion on alternative funding mechanisms.
- b. Technology Committee Nikki Winslow
Committee last met on October 28, 2022, and conducted an overview of PressReader and the LA Times, reviewed the eResources directory created in 2021, noting additional resources to be added, such as an ancestry database and ADA compliant resources, and group consensus is that disabling services is the best way to encourage patrons to return late laptops. New officers were elected.

14. Other Gary Shaffer
“...that is, matters initiated in the present meeting.” *Robert’s Rules of Order, Revised, III, p.21. Limited by Brown Act to discussion only.*
SCLC received a federal summons filed by an individual named Arogant Hollywood. Dozens of additional defendants, mostly public agencies, are named on the court filing. The case is expected to be dismissed.
15. State Library Report Natalie Cole
The Directors’ Forum will be online in the spring 2023. California Library Literacy Services continue and upcoming sessions will include training for AmeriCorps and ESL services. Find the calendar listings here: <https://libraryliteracy.org> . The deadline is approaching to apply for Career Online High School. Programming is available for the California State Library Parks Passes program. CLS is accepting Statements of Interest for Round Two of Building Forward Infrastructure Program.
16. Chair Report Gary Shaffer
SCLC is closing the Deposit Accounts, monies held for jurisdictions in a dedicated bank account. Contact Walker for balances and to request dispersal of funds.
17. Adjournment Gary Shaffer
MSP (LohGuan/Conwell) to adjourn meeting at 4:00pm.



REPORT TO THE ADMINISTRATIVE COUNCIL
SOUTHERN CALIFORNIA LIBRARY COOPERATIVE

DATE: March 22, 2023
TO: Administrative Council
FROM: Christine Powers, Executive Director

SUBJECT: Brown Act Teleconferencing Requirements: End of COVID-19 Emergency Order – (DISCUSSION)

SUMMARY: On February 28, 2023, Governor Gavin Newsom officially ended the COVID-19 State of Emergency. In the absence of a statewide state of emergency, members of legislative bodies will no longer be able to rely upon Assembly Bill (AB) 361 to waive the traditional Brown Act teleconferencing requirements. However, the Governor also signed AB 2449 into law, which provides another set of rules for utilizing teleconferencing under certain conditions. AB 2449 allows members of legislative bodies to remotely participate in very specific circumstances without posting the address of their remote location and without being required to allow the public to participate from that location. Due to the complexity of AB 2449's requirements, the traditional Brown Act teleconferencing rules may remain an easier option in most situations.

BACKGROUND: The Brown Act has long allowed teleconferencing by members of legislative bodies ("Members") subject to the following requirements (the "Traditional Teleconferencing Rules):

1. Every teleconference location address must be published in the agenda, including room number if applicable;
2. The agenda must be posted at every teleconference location, including a hotel room or residence door;
3. The public must be allowed access to every teleconference location;
4. The agenda must allow the public to address the legislative body at every teleconference location;

5. At least a quorum of the legislative body must participate from a location within the agency's jurisdiction; and
6. All votes must be by roll call.

During the COVID-19 State of Emergency, the Governor signed AB 361 into law, which allowed for the waiver of the Traditional Teleconferencing Rules when specific circumstances occur, the primary of which is a Governor declared State of Emergency. Some jurisdictions continued to rely upon AB 361 in order to conduct remote meetings throughout the State of Emergency. Provisions of AB 361 may be used until January 1, 2024, only under a state of emergency.

However, the termination of the COVID-19 State of Emergency on February 28, 2023, means that the primary requirement for AB361 no longer exists, unless a new state of emergency arises. A new alternative to both the Traditional Teleconferencing Rules and AB361 has been enacted via AB 2449, which became effective on January 1, 2023, and will sunset on January 1, 2026.

AB 2449 has established a complex set of rules and requirements allowing Members with just cause or an emergency circumstance to participate via teleconference without having to comply with AB361 or the Traditional Teleconferencing requirements.

Pursuant to AB 2449, the following criteria must be satisfied:

1. At least a quorum of the Members of the legislative body must participate from a singular physical location which must be (a) clearly identified on the agenda, (b) open and accessible to the public, and (c) within the boundaries of the agency's territorial jurisdiction;
2. The agency must provide at least one of the following methods to allow the public to hear, observe, and participate remotely: (a) two-way audio-visual platform, or (b) two-way telephonic service and live webcasting of the meeting;
3. The agenda must identify and include an opportunity for the public to participate in the meeting via a call-in option, an internet-based option, and in-person at the in-person location of the meeting; and
4. Public comment cannot be required in advance and must be allowed in real time.

In addition to the above, the Member must qualify under one of the following:

5. The Member must notify the legislative body at the earliest opportunity, including at the start of a regular meeting, of the need to participate remotely for "just cause", including a general description of the circumstances relating to their need to appear remotely at the given meeting; or
6. The Member requests the legislative body to allow them to participate in the meeting remotely due to "emergency circumstances" and the legislative body takes action to approve the request. The legislative body must request a general description (generally not exceeding 20 words) of the circumstances relating to the need to appear remotely at the given meeting.

"Just cause" is limited to one of the following: (1) a childcare or caregiving need of a child, parent, grandparent, grandchild, sibling, spouse, or domestic partner that requires

remote participation; (2) a contagious illness that prevents the Member from attending in person; (3) a need related to a physical or mental disability as defined by law; or (4) travel while on official business of the legislative body or another public agency.

“Emergency circumstance” is defined as a physical or family medical emergency that prevents a Member from attending in person.

In addition to the above requirements, just cause may not be utilized by an individual Member more than twice per calendar year. AB 2449 may not be used by any individual official longer than 3 consecutive months, more than 20% of the regular meetings in a calendar year, or more than 2 meetings if the local body meets fewer than 10 times a year.

A Member utilizing AB 2449 must participate in the meeting using both audio and video and must identify any individual over the age of 18 present in the room with the Member and generally describe the person’s relationship to the Member.

The legislative body may not take any action during any disruption to the broadcast of the meeting or any disruption to the public’s ability to publicly comment via call-in or internet-based service provider.

Finally, the legislative body must implement procedures for receiving and quickly resolving requests for accommodation for disabilities under the applicable statutes.

FISCAL IMPACT: N/A

RECOMMENDATION: Informational only

EXHIBITS:

- a. Proclamation Terminating the COVID-19 State of Emergency
- b. Assembly Bill 2449

**EXECUTIVE DEPARTMENT
STATE OF CALIFORNIA**

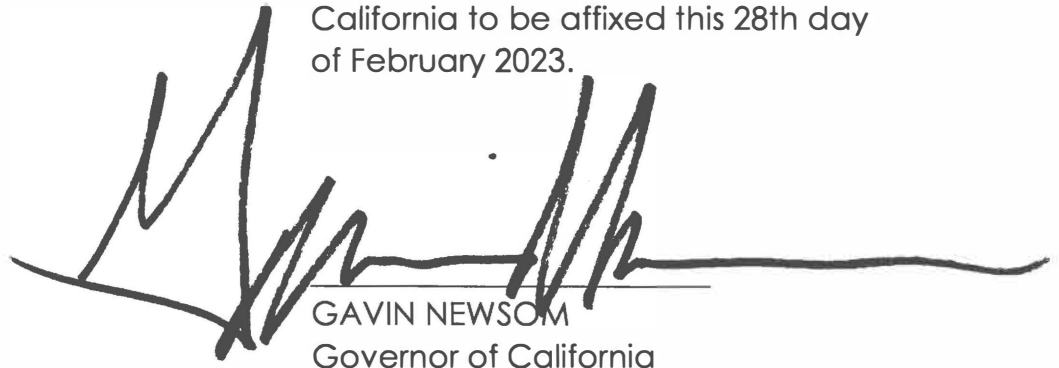
**A PROCLAMATION
BY THE GOVERNOR OF THE STATE OF CALIFORNIA
TERMINATING STATE OF EMERGENCY**

I, **GAVIN NEWSOM**, Governor of the State of California, having found pursuant to Government Code section 8629 that the conditions of extreme peril to the safety of persons and property declared in the State of Emergency proclamation listed below no longer exist, therefore proclaim that the State of Emergency proclaimed on the following date and in the following jurisdiction no longer exists, effective at 11:59 p.m. on February 28, 2023. Accordingly, any Executive Orders related to the terminated State of Emergency will also no longer be in effect as of 11:59 p.m. on February 28, 2023.

PROCLAMATION		
Emergency	Date Proclaimed	Jurisdiction
COVID-19	March 4, 2020	Statewide

I FURTHER DIRECT that as soon as hereafter possible, this Proclamation be filed in the Office of the Secretary of State and that widespread publicity and notice be given of this Proclamation.

IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 28th day of February 2023.



GAVIN NEWSOM
Governor of California

ATTEST:

SHIRLEY WEBER, PH.D.
Secretary of State



Assembly Bill No. 2449

CHAPTER 285

An act to amend, repeal, and add Sections 54953 and 54954.2 of the Government Code, relating to local government.

[Approved by Governor September 13, 2022. Filed with
Secretary of State September 13, 2022.]

legislative counsel's digest

AB 2449, Blanca Rubio. Open meetings: local agencies: teleconferences. Existing law, the Ralph M. Brown Act, requires, with specified exceptions, that all meetings of a legislative body of a local agency, as those terms are defined, be open and public and that all persons be permitted to attend and participate. The act generally requires posting an agenda at least 72 hours before a regular meeting that contains a brief general description of each item of business to be transacted or discussed at the meeting, and prohibits any action or discussion from being undertaken on any item not appearing on the posted agenda. The act authorizes a legislative body to take action on items of business not appearing on the posted agenda under specified conditions. The act contains specified provisions regarding providing for the ability of the public to observe and provide comment. The act allows for meetings to occur via teleconferencing subject to certain requirements, particularly that the legislative body notice each teleconference location of each member that will be participating in the public meeting, that each teleconference location be accessible to the public, that members of the public be allowed to address the legislative body at each teleconference location, that the legislative body post an agenda at each teleconference location, and that at least a quorum of the legislative body participate from locations within the boundaries of the local agency's jurisdiction. The act provides an exemption to the jurisdictional requirement for health authorities, as defined.

Existing law, until January 1, 2024, authorizes a local agency to use teleconferencing without complying with those specified teleconferencing requirements in specified circumstances when a declared state of emergency is in effect, or in other situations related to public health.

This bill would revise and recast those teleconferencing provisions and, until January 1, 2026, would authorize a local agency to use teleconferencing without complying with the teleconferencing requirements that each teleconference location be identified in the notice and agenda and that each teleconference location be accessible to the public if at least a quorum of the members of the legislative body participates in person from a singular physical location clearly identified on the agenda that is open to the public and situated within the local agency's jurisdiction. Under this exception,

the bill would authorize a member to participate remotely under specified circumstances, including participating remotely for just cause or due to emergency circumstances. The emergency circumstances basis for remote participation would be contingent on a request to, and action by, the legislative body, as prescribed. The bill, until January 1, 2026, would authorize a legislative body to consider and take action on a request from a member to participate in a meeting remotely due to emergency circumstances if the request does not allow sufficient time to place the proposed action on the posted agenda for the meeting for which the request is made. The bill would define terms for purposes of these teleconferencing provisions.

This bill would impose prescribed requirements for this exception relating to notice, agendas, the means and manner of access, and procedures for disruptions. The bill would require the legislative body to implement a procedure for receiving and swiftly resolving requests for reasonable accommodation for individuals with disabilities, consistent with federal law.

Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.

This bill would make legislative findings to that effect.

The California Constitution requires local agencies, for the purpose of ensuring public access to the meetings of public bodies and the writings of public officials and agencies, to comply with a statutory enactment that amends or enacts laws relating to public records or open meetings and contains findings demonstrating that the enactment furthers the constitutional requirements relating to this purpose.

This bill would make legislative findings to that effect.

The people of the State of California do enact as follows:

SECTION 1. Section 54953 of the Government Code, as amended by Section 3 of Chapter 165 of the Statutes of 2021, is amended to read:

54953. (a) All meetings of the legislative body of a local agency shall be open and public, and all persons shall be permitted to attend any meeting of the legislative body of a local agency, except as otherwise provided in this chapter.

(b) (1) Notwithstanding any other provision of law, the legislative body of a local agency may use teleconferencing for the benefit of the public and the legislative body of a local agency in connection with any meeting or proceeding authorized by law. The teleconferenced meeting or proceeding shall comply with all otherwise applicable requirements of this chapter and all otherwise applicable provisions of law relating to a specific type of meeting or proceeding.

(2) Teleconferencing, as authorized by this section, may be used for all purposes in connection with any meeting within the subject matter jurisdiction of the legislative body. If the legislative body of a local agency elects to use teleconferencing, the legislative body of a local agency shall comply with all of the following:

(A) All votes taken during a teleconferenced meeting shall be by rollcall.

(B) The teleconferenced meetings shall be conducted in a manner that protects the statutory and constitutional rights of the parties or the public appearing before the legislative body of a local agency.

(C) The legislative body shall give notice of the meeting and post agendas as otherwise required by this chapter.

(D) The legislative body shall allow members of the public to access the meeting and the agenda shall provide an opportunity for members of the public to address the legislative body directly pursuant to Section 54954.3.

(3) If the legislative body of a local agency elects to use teleconferencing, it shall post agendas at all teleconference locations. Each teleconference location shall be identified in the notice and agenda of the meeting or proceeding, and each teleconference location shall be accessible to the public. During the teleconference, at least a quorum of the members of the legislative body shall participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction, except as provided in subdivisions (d) and (e).

(c) (1) No legislative body shall take action by secret ballot, whether preliminary or final.

(2) The legislative body of a local agency shall publicly report any action taken and the vote or abstention on that action of each member present for the action.

(3) Prior to taking final action, the legislative body shall orally report a summary of a recommendation for a final action on the salaries, salary schedules, or compensation paid in the form of fringe benefits of a local agency executive, as defined in subdivision (d) of Section 3511.1, during the open meeting in which the final action is to be taken. This paragraph shall not affect the public's right under the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1) to inspect or copy records created or received in the process of developing the recommendation.

(d) (1) Notwithstanding the provisions relating to a quorum in paragraph (3) of subdivision (b), if a health authority conducts a teleconference meeting, members who are outside the jurisdiction of the authority may be counted toward the establishment of a quorum when participating in the teleconference if at least 50 percent of the number of members that would establish a quorum are present within the boundaries of the territory over which the authority exercises jurisdiction, and the health authority provides a teleconference number, and associated access codes, if any, that allows any person to call in to participate in the meeting and the number and access codes are identified in the notice and agenda of the meeting.

(2) Nothing in this subdivision shall be construed as discouraging health authority members from regularly meeting at a common physical site within the jurisdiction of the authority or from using teleconference locations within or near the jurisdiction of the authority. A teleconference meeting for which a quorum is established pursuant to this subdivision shall be subject to all other requirements of this section.

(3) For purposes of this subdivision, a health authority means any entity created pursuant to Sections 14018.7, 14087.31, 14087.35, 14087.36, 14087.38, and 14087.9605 of the Welfare and Institutions Code, any joint powers authority created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 for the purpose of contracting pursuant to Section 14087.3 of the Welfare and Institutions Code, and any advisory committee to a county-sponsored health plan licensed pursuant to Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code if the advisory committee has 12 or more members.

(e) (1) The legislative body of a local agency may use teleconferencing without complying with the requirements of paragraph (3) of subdivision (b) if the legislative body complies with the requirements of paragraph (2) of this subdivision in any of the following circumstances:

(A) The legislative body holds a meeting during a proclaimed state of emergency, and state or local officials have imposed or recommended measures to promote social distancing.

(B) The legislative body holds a meeting during a proclaimed state of emergency for the purpose of determining, by majority vote, whether as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

(C) The legislative body holds a meeting during a proclaimed state of emergency and has determined, by majority vote, pursuant to subparagraph (B), that, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

(2) A legislative body that holds a meeting pursuant to this subdivision shall do all of the following:

(A) In each instance in which notice of the time of the teleconferenced meeting is otherwise given or the agenda for the meeting is otherwise posted, the legislative body shall also give notice of the means by which members of the public may access the meeting and offer public comment. The agenda shall identify and include an opportunity for all persons to attend via a call-in option or an internet-based service option.

(B) In the event of a disruption that prevents the legislative body from broadcasting the meeting to members of the public using the call-in option or internet-based service option, or in the event of a disruption within the local agency's control that prevents members of the public from offering public comments using the call-in option or internet-based service option, the legislative body shall take no further action on items appearing on the meeting agenda until public access to the meeting via the call-in option or internet-based service option is restored. Actions taken on agenda items

during a disruption that prevents the legislative body from broadcasting the meeting may be challenged pursuant to Section 54960.1.

(C) The legislative body shall not require public comments to be submitted in advance of the meeting and must provide an opportunity for the public to address the legislative body and offer comment in real time.

(D) Notwithstanding Section 54953.3, an individual desiring to provide public comment through the use of an internet website, or other online platform, not under the control of the local legislative body, that requires registration to log in to a teleconference may be required to register as required by the third-party internet website or online platform to participate.

(E) (i) A legislative body that provides a timed public comment period for each agenda item shall not close the public comment period for the agenda item, or the opportunity to register, pursuant to subparagraph (F), to provide public comment until that timed public comment period has elapsed.

(ii) A legislative body that does not provide a timed public comment period, but takes public comment separately on each agenda item, shall allow a reasonable amount of time per agenda item to allow public members the opportunity to provide public comment, including time for members of the public to register pursuant to subparagraph (F), or otherwise be recognized for the purpose of providing public comment.

(iii) A legislative body that provides a timed general public comment period that does not correspond to a specific agenda item shall not close the public comment period or the opportunity to register, pursuant to subparagraph (F), until the timed general public comment period has elapsed.

(3) If a state of emergency remains active, or state or local officials have imposed or recommended measures to promote social distancing, in order to continue to teleconference without compliance with paragraph (3) of subdivision (b), the legislative body shall, not later than 30 days after teleconferencing for the first time pursuant to subparagraph (A), (B), or (C) of paragraph (1), and every 30 days thereafter, make the following findings by majority vote:

(A) The legislative body has reconsidered the circumstances of the state of emergency.

(B) Any of the following circumstances exist:

(i) The state of emergency continues to directly impact the ability of the members to meet safely in person.

(ii) State or local officials continue to impose or recommend measures to promote social distancing.

(4) This subdivision shall not be construed to require the legislative body to provide a physical location from which the public may attend or comment.

(f) (1) The legislative body of a local agency may use teleconferencing without complying with paragraph (3) of subdivision (b) if, during the teleconference meeting, at least a quorum of the members of the legislative body participates in person from a singular physical location clearly identified on the agenda, which location shall be open to the public and situated within the boundaries of the territory over which the local agency

exercises jurisdiction and the legislative body complies with all of the following:

(A) The legislative body shall provide at least one of the following as a means by which the public may remotely hear and visually observe the meeting, and remotely address the legislative body:

- (i) A two-way audiovisual platform.
- (ii) A two-way telephonic service and a live webcasting of the meeting.

(B) In each instance in which notice of the time of the teleconferenced meeting is otherwise given or the agenda for the meeting is otherwise posted, the legislative body shall also give notice of the means by which members of the public may access the meeting and offer public comment.

(C) The agenda shall identify and include an opportunity for all persons to attend and address the legislative body directly pursuant to Section 54954.3 via a call-in option, via an internet-based service option, and at the in-person location of the meeting.

(D) In the event of a disruption that prevents the legislative body from broadcasting the meeting to members of the public using the call-in option or internet-based service option, or in the event of a disruption within the local agency's control that prevents members of the public from offering public comments using the call-in option or internet-based service option, the legislative body shall take no further action on items appearing on the meeting agenda until public access to the meeting via the call-in option or internet-based service option is restored. Actions taken on agenda items during a disruption that prevents the legislative body from broadcasting the meeting may be challenged pursuant to Section 54960.1.

(E) The legislative body shall not require public comments to be submitted in advance of the meeting and must provide an opportunity for the public to address the legislative body and offer comment in real time.

(F) Notwithstanding Section 54953.3, an individual desiring to provide public comment through the use of an internet website, or other online platform, not under the control of the local legislative body, that requires registration to log in to a teleconference may be required to register as required by the third-party internet website or online platform to participate.

(2) A member of the legislative body shall only participate in the meeting remotely pursuant to this subdivision, if all of the following requirements are met:

(A) One of the following circumstances applies:

(i) The member notifies the legislative body at the earliest opportunity possible, including at the start of a regular meeting, of their need to participate remotely for just cause, including a general description of the circumstances relating to their need to appear remotely at the given meeting. The provisions of this clause shall not be used by any member of the legislative body for more than two meetings per calendar year.

(ii) The member requests the legislative body to allow them to participate in the meeting remotely due to emergency circumstances and the legislative body takes action to approve the request. The legislative body shall request a general description of the circumstances relating to their need to appear

remotely at the given meeting. A general description of an item generally need not exceed 20 words and shall not require the member to disclose any medical diagnosis or disability, or any personal medical information that is already exempt under existing law, such as the Confidentiality of Medical Information Act (Chapter 1 (commencing with Section 56) of Part 2.6 of Division 1 of the Civil Code). For the purposes of this clause, the following requirements apply:

(I) A member shall make a request to participate remotely at a meeting pursuant to this clause as soon as possible. The member shall make a separate request for each meeting in which they seek to participate remotely.

(II) The legislative body may take action on a request to participate remotely at the earliest opportunity. If the request does not allow sufficient time to place proposed action on such a request on the posted agenda for the meeting for which the request is made, the legislative body may take action at the beginning of the meeting in accordance with paragraph (4) of subdivision (b) of Section 54954.2.

(B) The member shall publicly disclose at the meeting before any action is taken, whether any other individuals 18 years of age or older are present in the room at the remote location with the member, and the general nature of the member's relationship with any such individuals.

(C) The member shall participate through both audio and visual technology.

(3) The provisions of this subdivision shall not serve as a means for any member of a legislative body to participate in meetings of the legislative body solely by teleconference from a remote location for a period of more than three consecutive months or 20 percent of the regular meetings for the local agency within a calendar year, or more than two meetings if the legislative body regularly meets fewer than 10 times per calendar year.

(g) The legislative body shall have and implement a procedure for receiving and swiftly resolving requests for reasonable accommodation for individuals with disabilities, consistent with the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and resolving any doubt in favor of accessibility. In each instance in which notice of the time of the meeting is otherwise given or the agenda for the meeting is otherwise posted, the legislative body shall also give notice of the procedure for receiving and resolving requests for accommodation.

(h) The legislative body shall conduct meetings subject to this chapter consistent with applicable civil rights and nondiscrimination laws.

(i) (1) Nothing in this section shall prohibit a legislative body from providing the public with additional teleconference locations.

(2) Nothing in this section shall prohibit a legislative body from providing members of the public with additional physical locations in which the public may observe and address the legislative body by electronic means.

(j) For the purposes of this section, the following definitions shall apply:

(1) "Emergency circumstances" means a physical or family medical emergency that prevents a member from attending in person.

(2) "Just cause" means any of the following:

(A) A childcare or caregiving need of a child, parent, grandparent, grandchild, sibling, spouse, or domestic partner that requires them to participate remotely. “Child,” “parent,” “grandparent,” “grandchild,” and “sibling” have the same meaning as those terms do in Section 12945.2.

(B) A contagious illness that prevents a member from attending in person.

(C) A need related to a physical or mental disability as defined in Sections 12926 and 12926.1 not otherwise accommodated by subdivision (g).

(D) Travel while on official business of the legislative body or another state or local agency.

(3) “Remote location” means a location from which a member of a legislative body participates in a meeting pursuant to subdivision (f), other than any physical meeting location designated in the notice of the meeting. Remote locations need not be accessible to the public.

(4) “Remote participation” means participation in a meeting by teleconference at a location other than any physical meeting location designated in the notice of the meeting. Watching or listening to a meeting via webcasting or another similar electronic medium that does not permit members to interactively hear, discuss, or deliberate on matters, does not constitute remote participation.

(5) “State of emergency” means a state of emergency proclaimed pursuant to Section 8625 of the California Emergency Services Act (Article 1 (commencing with Section 8550) of Chapter 7 of Division 1 of Title 2).

(6) “Teleconference” means a meeting of a legislative body, the members of which are in different locations, connected by electronic means, through either audio or video, or both.

(7) “Two-way audiovisual platform” means an online platform that provides participants with the ability to participate in a meeting via both an interactive video conference and a two-way telephonic function.

(8) “Two-way telephonic service” means a telephone service that does not require internet access, is not provided as part of a two-way audiovisual platform, and allows participants to dial a telephone number to listen and verbally participate.

(9) “Webcasting” means a streaming video broadcast online or on television, using streaming media technology to distribute a single content source to many simultaneous listeners and viewers.

(k) This section shall remain in effect only until January 1, 2024, and as of that date is repealed.

SEC. 2. Section 54953 of the Government Code, as added by Section 4 of Chapter 165 of the Statutes of 2021, is amended to read:

54953. (a) All meetings of the legislative body of a local agency shall be open and public, and all persons shall be permitted to attend any meeting of the legislative body of a local agency, except as otherwise provided in this chapter.

(b) (1) Notwithstanding any other provision of law, the legislative body of a local agency may use teleconferencing for the benefit of the public and the legislative body of a local agency in connection with any meeting or proceeding authorized by law. The teleconferenced meeting or proceeding

shall comply with all otherwise applicable requirements of this chapter and all otherwise applicable provisions of law relating to a specific type of meeting or proceeding.

(2) Teleconferencing, as authorized by this section, may be used for all purposes in connection with any meeting within the subject matter jurisdiction of the legislative body. If the legislative body of a local agency elects to use teleconferencing, the legislative body of a local agency shall comply with all of the following:

(A) All votes taken during a teleconferenced meeting shall be by rollcall.

(B) The teleconferenced meetings shall be conducted in a manner that protects the statutory and constitutional rights of the parties or the public appearing before the legislative body of a local agency.

(C) The legislative body shall give notice of the meeting and post agendas as otherwise required by this chapter.

(D) The legislative body shall allow members of the public to access the meeting and the agenda shall provide an opportunity for members of the public to address the legislative body directly pursuant to Section 54954.3.

(3) If the legislative body of a local agency elects to use teleconferencing, it shall post agendas at all teleconference locations. Each teleconference location shall be identified in the notice and agenda of the meeting or proceeding, and each teleconference location shall be accessible to the public. During the teleconference, at least a quorum of the members of the legislative body shall participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction, except as provided in subdivision (d).

(c) (1) No legislative body shall take action by secret ballot, whether preliminary or final.

(2) The legislative body of a local agency shall publicly report any action taken and the vote or abstention on that action of each member present for the action.

(3) Prior to taking final action, the legislative body shall orally report a summary of a recommendation for a final action on the salaries, salary schedules, or compensation paid in the form of fringe benefits of a local agency executive, as defined in subdivision (d) of Section 3511.1, during the open meeting in which the final action is to be taken. This paragraph shall not affect the public's right under the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1) to inspect or copy records created or received in the process of developing the recommendation.

(d) (1) Notwithstanding the provisions relating to a quorum in paragraph (3) of subdivision (b), if a health authority conducts a teleconference meeting, members who are outside the jurisdiction of the authority may be counted toward the establishment of a quorum when participating in the teleconference if at least 50 percent of the number of members that would establish a quorum are present within the boundaries of the territory over which the authority exercises jurisdiction, and the health authority provides a teleconference number, and associated access codes, if any, that allows

any person to call in to participate in the meeting and the number and access codes are identified in the notice and agenda of the meeting.

(2) Nothing in this subdivision shall be construed as discouraging health authority members from regularly meeting at a common physical site within the jurisdiction of the authority or from using teleconference locations within or near the jurisdiction of the authority. A teleconference meeting for which a quorum is established pursuant to this subdivision shall be subject to all other requirements of this section.

(3) For purposes of this subdivision, a health authority means any entity created pursuant to Sections 14018.7, 14087.31, 14087.35, 14087.36, 14087.38, and 14087.9605 of the Welfare and Institutions Code, any joint powers authority created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 for the purpose of contracting pursuant to Section 14087.3 of the Welfare and Institutions Code, and any advisory committee to a county-sponsored health plan licensed pursuant to Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code if the advisory committee has 12 or more members.

(e) (1) The legislative body of a local agency may use teleconferencing without complying with paragraph (3) of subdivision (b) if, during the teleconference meeting, at least a quorum of the members of the legislative body participates in person from a singular physical location clearly identified on the agenda, which location shall be open to the public and situated within the boundaries of the territory over which the local agency exercises jurisdiction and the legislative body complies with all of the following:

(A) The legislative body shall provide at least one of the following as a means by which the public may remotely hear and visually observe the meeting, and remotely address the legislative body:

(i) A two-way audiovisual platform.

(ii) A two-way telephonic service and a live webcasting of the meeting.

(B) In each instance in which notice of the time of the teleconferenced meeting is otherwise given or the agenda for the meeting is otherwise posted, the legislative body shall also give notice of the means by which members of the public may access the meeting and offer public comment.

(C) The agenda shall identify and include an opportunity for all persons to attend and address the legislative body directly pursuant to Section 54954.3 via a call-in option, via an internet-based service option, and at the in-person location of the meeting.

(D) In the event of a disruption that prevents the legislative body from broadcasting the meeting to members of the public using the call-in option or internet-based service option, or in the event of a disruption within the local agency's control that prevents members of the public from offering public comments using the call-in option or internet-based service option, the legislative body shall take no further action on items appearing on the meeting agenda until public access to the meeting via the call-in option or internet-based service option is restored. Actions taken on agenda items

during a disruption that prevents the legislative body from broadcasting the meeting may be challenged pursuant to Section 54960.1.

(E) The legislative body shall not require public comments to be submitted in advance of the meeting and must provide an opportunity for the public to address the legislative body and offer comment in real time.

(F) Notwithstanding Section 54953.3, an individual desiring to provide public comment through the use of an internet website, or other online platform, not under the control of the local legislative body, that requires registration to log in to a teleconference may be required to register as required by the third-party internet website or online platform to participate.

(2) A member of the legislative body shall only participate in the meeting remotely pursuant to this subdivision, if all of the following requirements are met:

(A) One of the following circumstances applies:

(i) The member notifies the legislative body at the earliest opportunity possible, including at the start of a regular meeting, of their need to participate remotely for just cause, including a general description of the circumstances relating to their need to appear remotely at the given meeting. The provisions of this clause shall not be used by any member of the legislative body for more than two meetings per calendar year.

(ii) The member requests the legislative body to allow them to participate in the meeting remotely due to emergency circumstances and the legislative body takes action to approve the request. The legislative body shall request a general description of the circumstances relating to their need to appear remotely at the given meeting. A general description of an item generally need not exceed 20 words and shall not require the member to disclose any medical diagnosis or disability, or any personal medical information that is already exempt under existing law, such as the Confidentiality of Medical Information Act (Chapter 1 (commencing with Section 56) of Part 2.6 of Division 1 of the Civil Code). For the purposes of this clause, the following requirements apply:

(I) A member shall make a request to participate remotely at a meeting pursuant to this clause as soon as possible. The member shall make a separate request for each meeting in which they seek to participate remotely.

(II) The legislative body may take action on a request to participate remotely at the earliest opportunity. If the request does not allow sufficient time to place proposed action on such a request on the posted agenda for the meeting for which the request is made, the legislative body may take action at the beginning of the meeting in accordance with paragraph (4) of subdivision (b) of Section 54954.2.

(B) The member shall publicly disclose at the meeting before any action is taken whether any other individuals 18 years of age or older are present in the room at the remote location with the member, and the general nature of the member's relationship with any such individuals.

(C) The member shall participate through both audio and visual technology.

(3) The provisions of this subdivision shall not serve as a means for any member of a legislative body to participate in meetings of the legislative body solely by teleconference from a remote location for a period of more than three consecutive months or 20 percent of the regular meetings for the local agency within a calendar year, or more than two meetings if the legislative body regularly meets fewer than 10 times per calendar year.

(f) The legislative body shall have and implement a procedure for receiving and swiftly resolving requests for reasonable accommodation for individuals with disabilities, consistent with the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and resolving any doubt in favor of accessibility. In each instance in which notice of the time of the meeting is otherwise given or the agenda for the meeting is otherwise posted, the legislative body shall also give notice of the procedure for receiving and resolving requests for accommodation.

(g) The legislative body shall conduct meetings subject to this chapter consistent with applicable civil rights and nondiscrimination laws.

(h) (1) Nothing in this section shall prohibit a legislative body from providing the public with additional teleconference locations.

(2) Nothing in this section shall prohibit a legislative body from providing members of the public with additional physical locations in which the public may observe and address the legislative body by electronic means.

(i) For the purposes of this section, the following definitions shall apply:

(1) “Emergency circumstances” means a physical or family medical emergency that prevents a member from attending in person.

(2) “Just cause” means any of the following:

(A) A childcare or caregiving need of a child, parent, grandparent, grandchild, sibling, spouse, or domestic partner that requires them to participate remotely. “Child,” “parent,” “grandparent,” “grandchild,” and “sibling” have the same meaning as those terms do in Section 12945.2.

(B) A contagious illness that prevents a member from attending in person.

(C) A need related to a physical or mental disability as defined in Sections 12926 and 12926.1 not otherwise accommodated by subdivision (f).

(D) Travel while on official business of the legislative body or another state or local agency.

(3) “Remote location” means a location from which a member of a legislative body participates in a meeting pursuant to subdivision (e), other than any physical meeting location designated in the notice of the meeting. Remote locations need not be accessible to the public.

(4) “Remote participation” means participation in a meeting by teleconference at a location other than any physical meeting location designated in the notice of the meeting. Watching or listening to a meeting via webcasting or another similar electronic medium that does not permit members to interactively hear, discuss, or deliberate on matters, does not constitute remote participation.

(5) “Teleconference” means a meeting of a legislative body, the members of which are in different locations, connected by electronic means, through either audio or video, or both.

(6) “Two-way audiovisual platform” means an online platform that provides participants with the ability to participate in a meeting via both an interactive video conference and a two-way telephonic function.

(7) “Two-way telephonic service” means a telephone service that does not require internet access, is not provided as part of a two-way audiovisual platform, and allows participants to dial a telephone number to listen and verbally participate.

(8) “Webcasting” means a streaming video broadcast online or on television, using streaming media technology to distribute a single content source to many simultaneous listeners and viewers.

(j) This section shall become operative January 1, 2024, shall remain in effect only until January 1, 2026, and as of that date is repealed.

SEC. 3. Section 54953 is added to the Government Code, to read:

54953. (a) All meetings of the legislative body of a local agency shall be open and public, and all persons shall be permitted to attend any meeting of the legislative body of a local agency, except as otherwise provided in this chapter.

(b) (1) Notwithstanding any other provision of law, the legislative body of a local agency may use teleconferencing for the benefit of the public and the legislative body of a local agency in connection with any meeting or proceeding authorized by law. The teleconferenced meeting or proceeding shall comply with all requirements of this chapter and all otherwise applicable provisions of law relating to a specific type of meeting or proceeding.

(2) Teleconferencing, as authorized by this section, may be used for all purposes in connection with any meeting within the subject matter jurisdiction of the legislative body. All votes taken during a teleconferenced meeting shall be by rollcall.

(3) If the legislative body of a local agency elects to use teleconferencing, it shall post agendas at all teleconference locations and conduct teleconference meetings in a manner that protects the statutory and constitutional rights of the parties or the public appearing before the legislative body of a local agency. Each teleconference location shall be identified in the notice and agenda of the meeting or proceeding, and each teleconference location shall be accessible to the public. During the teleconference, at least a quorum of the members of the legislative body shall participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction, except as provided in subdivision (d). The agenda shall provide an opportunity for members of the public to address the legislative body directly pursuant to Section 54954.3 at each teleconference location.

(4) For the purposes of this section, “teleconference” means a meeting of a legislative body, the members of which are in different locations, connected by electronic means, through either audio or video, or both. Nothing in this section shall prohibit a local agency from providing the public with additional teleconference locations.

(c) (1) No legislative body shall take action by secret ballot, whether preliminary or final.

(2) The legislative body of a local agency shall publicly report any action taken and the vote or abstention on that action of each member present for the action.

(3) Prior to taking final action, the legislative body shall orally report a summary of a recommendation for a final action on the salaries, salary schedules, or compensation paid in the form of fringe benefits of a local agency executive, as defined in subdivision (d) of Section 3511.1, during the open meeting in which the final action is to be taken. This paragraph shall not affect the public's right under the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1) to inspect or copy records created or received in the process of developing the recommendation.

(d) (1) Notwithstanding the provisions relating to a quorum in paragraph (3) of subdivision (b), if a health authority conducts a teleconference meeting, members who are outside the jurisdiction of the authority may be counted toward the establishment of a quorum when participating in the teleconference if at least 50 percent of the number of members that would establish a quorum are present within the boundaries of the territory over which the authority exercises jurisdiction, and the health authority provides a teleconference number, and associated access codes, if any, that allows any person to call in to participate in the meeting and the number and access codes are identified in the notice and agenda of the meeting.

(2) Nothing in this subdivision shall be construed as discouraging health authority members from regularly meeting at a common physical site within the jurisdiction of the authority or from using teleconference locations within or near the jurisdiction of the authority. A teleconference meeting for which a quorum is established pursuant to this subdivision shall be subject to all other requirements of this section.

(3) For purposes of this subdivision, a health authority means any entity created pursuant to Sections 14018.7, 14087.31, 14087.35, 14087.36, 14087.38, and 14087.9605 of the Welfare and Institutions Code, any joint powers authority created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 for the purpose of contracting pursuant to Section 14087.3 of the Welfare and Institutions Code, and any advisory committee to a county-sponsored health plan licensed pursuant to Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code if the advisory committee has 12 or more members.

(e) This section shall become operative January 1, 2026.

SEC. 4. Section 54954.2 of the Government Code is amended to read:

54954.2. (a) (1) At least 72 hours before a regular meeting, the legislative body of the local agency, or its designee, shall post an agenda containing a brief general description of each item of business to be transacted or discussed at the meeting, including items to be discussed in closed session. A brief general description of an item generally need not exceed 20 words. The agenda shall specify the time and location of the

regular meeting and shall be posted in a location that is freely accessible to members of the public and on the local agency's Internet Web site, if the local agency has one. If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof. The agenda shall include information regarding how, to whom, and when a request for disability-related modification or accommodation, including auxiliary aids or services, may be made by a person with a disability who requires a modification or accommodation in order to participate in the public meeting.

(2) For a meeting occurring on and after January 1, 2019, of a legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state that has an Internet Web site, the following provisions shall apply:

(A) An online posting of an agenda shall be posted on the primary Internet Web site homepage of a city, county, city and county, special district, school district, or political subdivision established by the state that is accessible through a prominent, direct link to the current agenda. The direct link to the agenda shall not be in a contextual menu; however, a link in addition to the direct link to the agenda may be accessible through a contextual menu.

(B) An online posting of an agenda including, but not limited to, an agenda posted in an integrated agenda management platform, shall be posted in an open format that meets all of the following requirements:

(i) Retrievable, downloadable, indexable, and electronically searchable by commonly used Internet search applications.

(ii) Platform independent and machine readable.

(iii) Available to the public free of charge and without any restriction that would impede the reuse or redistribution of the agenda.

(C) A legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state that has an Internet Web site and an integrated agenda management platform shall not be required to comply with subparagraph (A) if all of the following are met:

(i) A direct link to the integrated agenda management platform shall be posted on the primary Internet Web site homepage of a city, county, city and county, special district, school district, or political subdivision established by the state. The direct link to the integrated agenda management platform shall not be in a contextual menu. When a person clicks on the direct link to the integrated agenda management platform, the direct link shall take the person directly to an Internet Web site with the agendas of the legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state.

(ii) The integrated agenda management platform may contain the prior agendas of a legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state for all meetings occurring on or after January 1, 2019.

(iii) The current agenda of the legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state shall be the first agenda available at the top of the integrated agenda management platform.

(iv) All agendas posted in the integrated agenda management platform shall comply with the requirements in clauses (i), (ii), and (iii) of subparagraph (B).

(D) For the purposes of this paragraph, both of the following definitions shall apply:

(i) “Integrated agenda management platform” means an Internet Web site of a city, county, city and county, special district, school district, or political subdivision established by the state dedicated to providing the entirety of the agenda information for the legislative body of the city, county, city and county, special district, school district, or political subdivision established by the state to the public.

(ii) “Legislative body” has the same meaning as that term is used in subdivision (a) of Section 54952.

(E) The provisions of this paragraph shall not apply to a political subdivision of a local agency that was established by the legislative body of the city, county, city and county, special district, school district, or political subdivision established by the state.

(3) No action or discussion shall be undertaken on any item not appearing on the posted agenda, except that members of a legislative body or its staff may briefly respond to statements made or questions posed by persons exercising their public testimony rights under Section 54954.3. In addition, on their own initiative or in response to questions posed by the public, a member of a legislative body or its staff may ask a question for clarification, make a brief announcement, or make a brief report on his or her own activities. Furthermore, a member of a legislative body, or the body itself, subject to rules or procedures of the legislative body, may provide a reference to staff or other resources for factual information, request staff to report back to the body at a subsequent meeting concerning any matter, or take action to direct staff to place a matter of business on a future agenda.

(b) Notwithstanding subdivision (a), the legislative body may take action on items of business not appearing on the posted agenda under any of the conditions stated below. Prior to discussing any item pursuant to this subdivision, the legislative body shall publicly identify the item.

(1) Upon a determination by a majority vote of the legislative body that an emergency situation exists, as defined in Section 54956.5.

(2) Upon a determination by a two-thirds vote of the members of the legislative body present at the meeting, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of the local agency subsequent to the agenda being posted as specified in subdivision (a).

(3) The item was posted pursuant to subdivision (a) for a prior meeting of the legislative body occurring not more than five calendar days prior to

the date action is taken on the item, and at the prior meeting the item was continued to the meeting at which action is being taken.

(4) To consider action on a request from a member to participate in a meeting remotely due to emergency circumstances, pursuant to Section 54953, if the request does not allow sufficient time to place the proposed action on the posted agenda for the meeting for which the request is made. The legislative body may approve such a request by a majority vote of the legislative body.

(c) This section is necessary to implement and reasonably within the scope of paragraph (1) of subdivision (b) of Section 3 of Article I of the California Constitution.

(d) For purposes of subdivision (a), the requirement that the agenda be posted on the local agency's Internet Web site, if the local agency has one, shall only apply to a legislative body that meets either of the following standards:

(1) A legislative body as that term is defined by subdivision (a) of Section 54952.

(2) A legislative body as that term is defined by subdivision (b) of Section 54952, if the members of the legislative body are compensated for their appearance, and if one or more of the members of the legislative body are also members of a legislative body as that term is defined by subdivision (a) of Section 54952.

(e) This section shall remain in effect only until January 1, 2026, and as of that date is repealed.

SEC. 5. Section 54954.2 is added to the Government Code, to read:

54954.2. (a) (1) At least 72 hours before a regular meeting, the legislative body of the local agency, or its designee, shall post an agenda containing a brief general description of each item of business to be transacted or discussed at the meeting, including items to be discussed in closed session. A brief general description of an item generally need not exceed 20 words. The agenda shall specify the time and location of the regular meeting and shall be posted in a location that is freely accessible to members of the public and on the local agency's Internet Web site, if the local agency has one. If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof. The agenda shall include information regarding how, to whom, and when a request for disability-related modification or accommodation, including auxiliary aids or services, may be made by a person with a disability who requires a modification or accommodation in order to participate in the public meeting.

(2) For a meeting occurring on and after January 1, 2019, of a legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state that has an Internet Web site, the following provisions shall apply:

(A) An online posting of an agenda shall be posted on the primary Internet Web site homepage of a city, county, city and county, special district, school district, or political subdivision established by the state that is accessible through a prominent, direct link to the current agenda. The direct link to the agenda shall not be in a contextual menu; however, a link in addition to the direct link to the agenda may be accessible through a contextual menu.

(B) An online posting of an agenda including, but not limited to, an agenda posted in an integrated agenda management platform, shall be posted in an open format that meets all of the following requirements:

(i) Retrievable, downloadable, indexable, and electronically searchable by commonly used Internet search applications.

(ii) Platform independent and machine readable.

(iii) Available to the public free of charge and without any restriction that would impede the reuse or redistribution of the agenda.

(C) A legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state that has an Internet Web site and an integrated agenda management platform shall not be required to comply with subparagraph (A) if all of the following are met:

(i) A direct link to the integrated agenda management platform shall be posted on the primary Internet Web site homepage of a city, county, city and county, special district, school district, or political subdivision established by the state. The direct link to the integrated agenda management platform shall not be in a contextual menu. When a person clicks on the direct link to the integrated agenda management platform, the direct link shall take the person directly to an Internet Web site with the agendas of the legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state.

(ii) The integrated agenda management platform may contain the prior agendas of a legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state for all meetings occurring on or after January 1, 2019.

(iii) The current agenda of the legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state shall be the first agenda available at the top of the integrated agenda management platform.

(iv) All agendas posted in the integrated agenda management platform shall comply with the requirements in clauses (i), (ii), and (iii) of subparagraph (B).

(D) For the purposes of this paragraph, both of the following definitions shall apply:

(i) “Integrated agenda management platform” means an Internet Web site of a city, county, city and county, special district, school district, or political subdivision established by the state dedicated to providing the entirety of the agenda information for the legislative body of the city, county, city and county, special district, school district, or political subdivision established by the state to the public.

(ii) “Legislative body” has the same meaning as that term is used in subdivision (a) of Section 54952.

(E) The provisions of this paragraph shall not apply to a political subdivision of a local agency that was established by the legislative body of the city, county, city and county, special district, school district, or political subdivision established by the state.

(3) No action or discussion shall be undertaken on any item not appearing on the posted agenda, except that members of a legislative body or its staff may briefly respond to statements made or questions posed by persons exercising their public testimony rights under Section 54954.3. In addition, on their own initiative or in response to questions posed by the public, a member of a legislative body or its staff may ask a question for clarification, make a brief announcement, or make a brief report on his or her own activities. Furthermore, a member of a legislative body, or the body itself, subject to rules or procedures of the legislative body, may provide a reference to staff or other resources for factual information, request staff to report back to the body at a subsequent meeting concerning any matter, or take action to direct staff to place a matter of business on a future agenda.

(b) Notwithstanding subdivision (a), the legislative body may take action on items of business not appearing on the posted agenda under any of the conditions stated below. Prior to discussing any item pursuant to this subdivision, the legislative body shall publicly identify the item.

(1) Upon a determination by a majority vote of the legislative body that an emergency situation exists, as defined in Section 54956.5.

(2) Upon a determination by a two-thirds vote of the members of the legislative body present at the meeting, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of the local agency subsequent to the agenda being posted as specified in subdivision (a).

(3) The item was posted pursuant to subdivision (a) for a prior meeting of the legislative body occurring not more than five calendar days prior to the date action is taken on the item, and at the prior meeting the item was continued to the meeting at which action is being taken.

(c) This section is necessary to implement and reasonably within the scope of paragraph (1) of subdivision (b) of Section 3 of Article I of the California Constitution.

(d) For purposes of subdivision (a), the requirement that the agenda be posted on the local agency’s Internet Web site, if the local agency has one, shall only apply to a legislative body that meets either of the following standards:

(1) A legislative body as that term is defined by subdivision (a) of Section 54952.

(2) A legislative body as that term is defined by subdivision (b) of Section 54952, if the members of the legislative body are compensated for their appearance, and if one or more of the members of the legislative body are

also members of a legislative body as that term is defined by subdivision (a) of Section 54952.

(e) This section shall become operative January 1, 2026.

SEC. 6. The Legislature finds and declares that Sections 1 and 2 of this act, which amend Section 54953 of the Government Code, impose a limitation on the public's right of access to the meetings of public bodies or the writings of public officials and agencies within the meaning of Section 3 of Article I of the California Constitution. Pursuant to that constitutional provision, the Legislature makes the following findings to demonstrate the interest protected by this limitation and the need for protecting that interest:

By removing the requirement for agendas to be placed at the location of each public official participating in a public meeting remotely, including from the member's private home or hospital room, this act protects the personal, private information of public officials and their families while preserving the public's right to access information concerning the conduct of the people's business.

SEC. 7. The Legislature finds and declares that Sections 1 and 2 of this act, which amend Section 54953 of the Government Code, further, within the meaning of paragraph (7) of subdivision (b) of Section 3 of Article I of the California Constitution, the purposes of that constitutional section as it relates to the right of public access to the meetings of local public bodies or the writings of local public officials and local agencies. Pursuant to paragraph (7) of subdivision (b) of Section 3 of Article I of the California Constitution, the Legislature makes the following findings:

This act is necessary to ensure minimum standards for public participation and notice requirements allowing for greater public participation in teleconference meetings.

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REPORT TO THE ADMINISTRATIVE COUNCIL
SOUTHERN CALIFORNIA LIBRARY COOPERATIVE

DATE: March 22, 2023
TO: Administrative Council
FROM: Andy Beck, Controller

SUBJECT: Financial Audit FY2021/22 – (ACTION)

BACKGROUND: The annual audit for the Southern California Library Cooperative (SCLS) was conducted by CJ Brown & Company CPAs (formerly Fedak & Brown LLP). An audit is broken into two phases: planning and final fieldwork. During the planning phase, the auditors obtain an understanding of the organization by performing interviews and test of controls. During the final fieldwork phase, management provides final account balances, and the auditors verify its accuracy based on accounting standards set by the Governmental Accounting Standards Board (GASB).

Interim testing was conducted in December 2022 for all five systems managed by the Southern California Library Cooperative (SCLC). For SCLC, final fieldwork was completed in February 2023.

Upon acceptance by the Administrative Council, the audited financial statements are submitted to the State of California and various Counties within SCLC's jurisdiction.

For the fiscal year ended June 30, 2022, there were no material weaknesses or significant deficiencies. The draft Financial Statements and management report have been included for your review.

FISCAL IMPACT: None

RECOMMENDATION: Staff recommends that the Administrative Council review and accept the Financial Audit.

EXHIBITS:

- a. Draft Annual Financial Report
- b. Draft Management Report



Southern California Library Cooperative

Annual Financial Report

For the Fiscal Year Ended June 30, 2022

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Southern California Library Cooperative

Annual Financial Report

For the Fiscal Year Ended June 30, 2022

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**Southern California Library Cooperative
Annual Financial Report
For the Fiscal Year Ended June 30, 2022**

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Financial Section

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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, 2022, and the related notes to the financial statements, which collectively comprise the Cooperative's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Southern California Library Cooperative as of June 30, 2022, 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.

Basis for Opinions

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

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditor's Report, continued

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Cooperative's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7, and the required supplementary information on pages 39 through 43, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 inquiries of management about 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 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.

Independent Auditor's Report, continued

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 22, 2023, 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 44 and 45.

C.J. Brown & Company CPAs
Cypress, California
March 22, 2023

Southern California Library Cooperative
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

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, 2022. 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 2022, the Cooperative's net position decreased 233.16%, or \$584,668 from ongoing operations.
- In fiscal year 2022, the Cooperative's total revenues increased 64.68%, or \$2,452,267 to \$6,243,578 from \$3,791,311.
- In fiscal year 2022, the Cooperative's total expenses increased 67.35%, or \$2,748,056 to \$6,828,246 from \$4,080,190.

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 – assets and deferred outflows of resources less 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, 2022

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 17 through 38.

Government-wide Financial Analysis

Statement of Net Position

Condensed Statements of Net Position

	<u>2022</u>	<u>2021</u>	<u>Change</u>
Assets:			
Current assets	\$ 5,168,523	5,763,970	(595,447)
Non-current assets	51,069	-	51,069
Total assets	<u>5,219,592</u>	<u>5,763,970</u>	<u>(544,378)</u>
Deferred outflows of resources	<u>320,370</u>	<u>476,261</u>	<u>(155,891)</u>
Liabilities:			
Current liabilities	3,134,456	3,556,114	(421,658)
Non-current liabilities	2,089,079	2,856,165	(767,086)
Total liabilities	<u>5,223,535</u>	<u>6,412,279</u>	<u>(1,188,744)</u>
Deferred inflows of resources	<u>1,151,854</u>	<u>78,711</u>	<u>1,073,143</u>
Net position:			
Net investment in capital assets	(118)	-	(118)
Restricted	87,177	-	87,177
Unrestricted	<u>(922,486)</u>	<u>(250,759)</u>	<u>(671,727)</u>
Total net position	<u>\$ (835,427)</u>	<u>(250,759)</u>	<u>(584,668)</u>

Southern California Library Cooperative
Management's Discussion and Analysis, continued
For the Fiscal Year Ended June 30, 2022

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, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$835,427, as of June 30, 2022.

At June 30, 2022, the Cooperative's total net position is made up of three components: (1) net investments in capital assets in the amount of \$(118), (2) restricted in the amount of \$87,177, and (3) unrestricted (deficit) in the amount of \$(922,486). See note 9 for further information.

Statement of Activities

Condensed Statements of Activities

<i>Governmental Activities:</i>	<u>2022</u>	<u>2021</u>	<u>Change</u>
Expenses:			
Cooperative operations	\$ 6,828,246	4,080,190	2,748,056
Total expenses	<u>6,828,246</u>	<u>4,080,190</u>	<u>2,748,056</u>
Program revenues	6,045,925	3,570,315	2,475,610
General revenues	<u>197,653</u>	<u>220,996</u>	<u>(23,343)</u>
Total revenues	<u>6,243,578</u>	<u>3,791,311</u>	<u>2,452,267</u>
Changes in net position	(584,668)	(288,879)	(295,789)
Net position, beginning of year	<u>(250,759)</u>	38,120	<u>(288,879)</u>
Net position, end of year	\$ <u>(835,427)</u>	<u>(250,759)</u>	<u>(584,668)</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 \$584,668 from ongoing operations.

In fiscal year 2022, the Cooperative's total revenues increased 64.68%, or \$2,452,267 to \$6,243,578 from \$3,791,311 due primarily to increases of \$1,577,676 in Federal grant revenues, \$789,313 in California State Library Act appropriations, and \$108,452 in program reimbursements.

In fiscal year 2022, the Cooperative's total expenses increased 67.35%, or \$2,748,056 to \$6,828,246 from \$4,080,190 due primarily to increases of \$1,688,375 in Federal grant expense, \$650,581 in communication and delivery, \$76,250 in materials and services, and \$307,316 in personnel costs (salaries and wages and employee benefits).

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, 2022, the Cooperative's General Fund reported a fund balance of \$2,098,456. An amount of \$1,966,587 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, 2022

General Fund Budgetary Highlights

In 2022, actual expenditures were greater than the anticipated budget by \$1,610,361. The variance is due primarily to actual materials and services, communication and delivery, and Federal grant expenditures being more than budget by \$834,132, \$525,367, and \$238,849, respectively.

In 2022, actual revenues were more than the anticipated budget by \$1,189,836. The variance is due primarily to actual program reimbursement and California State Library Act appropriation being more than budget by \$904,477 and \$285,413, respectively. The General Fund budget to actual comparison schedule can be found on page 39.

Capital Asset Administration

Changes in capital assets for 2022, were as follows:

	<u>Balance 2021</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance 2022</u>
Depreciable assets:	\$ 109,763	76,603	-	186,366
Accumulated depreciation	(109,763)	(25,534)	-	(135,297)
Total capital assets, net	\$ -	51,069	-	51,069

See note 3 for further information.

Conditions Affecting Current Financial Position

The COVID-19 outbreak in the United States has caused business disruption through labor shortages and business closings. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the disruption. However, the related financial impact on the Cooperative 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's Controller at the Southern California Library Cooperative, 254 North Lake Avenue, No. 874, Pasadena, California 91101.

Basic Financial Statements

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Southern California Library Cooperative
Statement of Net Position
June 30, 2022

	2022
Current assets:	
Cash and cash equivalents (note 2)	\$ 4,494,098
Cash and cash equivalents - restricted (note 2)	87,177
Accrued interest receivable	3,425
Accounts receivable	247,737
Grants receivable	330,249
Prepaid expenses and deposits	5,837
Total current assets	5,168,523
Non-current assets:	
Capital assets, net (note 3)	51,069
Total non-current assets	51,069
Total assets	5,219,592
Deferred outflows of resources:	
Deferred pension outflows (note 7)	320,370
Total deferred outflows of resources	320,370

Continued on next page

See accompanying notes to the basic financial statements

Southern California Library Cooperative
Statement of Net Position, continued
June 30, 2022

	2022
Current liabilities:	
Accounts payable and accrued expenses	345,346
Due to Fiduciary fund	3,497
Accrued payroll and related expenses	9,901
Compensated absences (note 4)	38,855
Deposits from members	41,179
Unearned revenues	2,670,144
Long-term liabilities - due within one year:	
Lease obligation (note 5)	25,534
Total current liabilities	3,134,456
Non-current liabilities:	
Long-term liabilities - due in more than one year:	
Lease obligation (note 5)	25,653
Other post-employment benefit payable (note 6)	872,322
Net pension liability (note 7)	1,191,104
Total non-current liabilities	2,089,079
Total liabilities	5,223,535
Deferred inflows of resources:	
Deferred OPEB inflows (note 6)	42,533
Deferred pension inflows (note 7)	1,109,321
Total deferred inflows of resources	1,151,854
Net position: (note 9)	
Net investment in capital assets	(118)
Restricted	87,177
Unrestricted	(922,486)
Total net position	\$ (835,427)

See accompanying notes to the basic financial statements

Southern California Library Cooperative
Statement of Activities
For the Fiscal Year Ended June 30, 2022

<i>Governmental Activities:</i>	<u>2022</u>
Expenses:	
Cooperative operations:	
Salaries and wages	\$ 601,970
Employee benefits	744,699
Materials and services	1,012,655
Communication and delivery	784,317
Grant expense – Federal	3,659,071
Depreciation expense	<u>25,534</u>
Total expenses	<u>6,828,246</u>
Program revenues:	
Charge for services	229,027
California State Library Act appropriations	996,513
Operating grant – Federal	3,915,908
Program reimbursement	<u>904,477</u>
Total program revenues	<u>6,045,925</u>
Net program expense	<u>(782,321)</u>
General revenues:	
Member and associate dues	225,142
Investment returns	(29,290)
Other revenues, net	<u>1,801</u>
Total general revenues	<u>197,653</u>
Changes in net position	(584,668)
Net position, beginning of year	<u>(250,759)</u>
Net position, end of year	<u>\$ (835,427)</u>

See accompanying notes to the basic financial statements

Southern California Library Cooperative
Balance Sheet of Governmental Type Fund
June 30, 2022

	General Fund	Reclassifications & Eliminations	Statement of Net Position
Assets:			
Cash and cash equivalents	\$ 4,494,098	-	4,494,098
Cash and cash equivalents - restricted	87,177	-	87,177
Accrued interest receivable	3,425	-	3,425
Accounts receivable	247,737	-	247,737
Grants receivable	330,249	-	330,249
Prepaid expenses and deposits	5,837	-	5,837
Capital assets, net	-	51,069	51,069
Total assets	5,168,523	51,069	5,219,592
Deferred outflows of resources:			
Deferred pension outflows	-	320,370	320,370
Total deferred outflows of resources	-	320,370	320,370
Liabilities:			
Accounts payable and accrued expenses	345,346	-	345,346
Due to Fiduciary fund	3,497	-	3,497
Accrued payroll and related expenses	9,901	-	9,901
Compensated absences	-	38,855	38,855
Deposits from members	41,179	-	41,179
Unearned revenue	2,670,144	-	2,670,144
Lease obligation	-	51,187	51,187
Net other post-employment benefit liability	-	872,322	872,322
Net pension liability	-	1,191,104	1,191,104
Total liabilities	3,070,067	2,153,468	5,223,535
Deferred inflows of resources:			
Deferred OPEB inflows	-	42,533	42,533
Deferred pension inflows	-	1,109,321	1,109,321
Total deferred inflows of resources	-	1,151,854	1,151,854
Fund balance: (note 10)			
Nonspendable	5,837	(5,837)	-
Restricted	87,177	(87,177)	-
Assigned	38,855	(38,855)	-
Unassigned	1,966,587	(1,966,587)	-
Total fund balance	2,098,456	(2,098,456)	-
Total liabilities and fund balance	\$ 5,168,523		
Net position:			
Net investment in capital assets		(118)	(118)
Restricted		87,177	87,177
Unrestricted		\$ (922,486)	(922,486)
Total net position		\$ (835,427)	(835,427)

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, 2022**

2022

Reconciliation:

Fund balance- Governmental Fund \$ 2,098,456

Amounts reported for governmental activities in the statement of net position are 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. However, the statement of net position includes these assets of the Cooperative as a whole as follows:

Capital assets, net	51,069
Deferred pension outflows	320,370

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	(38,855)
Lease obligation	(51,187)
Net other post-employment benefits payable	(872,322)
Net pension liability	(1,191,104)
Deferred OPEB inflows	(42,533)
Deferred pension inflows	<u>(1,109,321)</u>

Net position of Governmental Activities \$ (835,427)

Southern California Library Cooperative
Statement of Revenues, Expenditures, and Changes in
Fund Balance of Governmental Type Fund
For the Fiscal Year Ended June 30, 2022

	General Fund	Reclassifications & Eliminations	Statement of Activities
Expenditures/Expenses:			
Cooperative operations:			
Salaries and wages	\$ 609,635	(7,665)	601,970
Employee benefits	308,404	436,295	744,699
Materials and services	1,012,655	-	1,012,655
Communication and delivery	784,317	-	784,317
Grant expense – Federal	3,659,071	-	3,659,071
Capital outlay	25,417	(25,417)	-
Depreciation	-	25,534	25,534
	6,399,499	428,747	6,828,246
Program revenues:			
Charge for services	229,027	-	229,027
California State Library Act appropriations	996,513	-	996,513
Operating grant – Federal	3,915,908	-	3,915,908
Program reimbursement	904,477	-	904,477
	6,045,925	-	6,045,925
Net program expense			(782,321)
General revenues:			
Member and associate dues	225,142	-	225,142
Investment returns	(29,290)	-	(29,290)
Other revenues, net	1,801	-	1,801
	197,653	-	197,653
Total revenues	6,243,578	-	
Excess of expenditures over revenues	(155,921)	155,921	
Changes in net position	-	(584,668)	(584,668)
Fund balance/Net position, beginning of year	2,254,377	-	(250,759)
Fund balance/Net position, end of year	\$ 2,098,456	-	(835,427)

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, 2022**

Reconciliation:

Net change in fund balance - Governmental Fund	\$ (155,921)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>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:</p>	
Capital outlay	25,417
Depreciation expense	(25,534)
<p>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:</p>	
Net change in compensated absences	7,665
Net change in employee benefit	(436,295)
Changes in net position of Governmental Activities	<u>\$ (584,668)</u>

See accompanying notes to the basic financial statements

Southern California Library Cooperative
Statement of Fiduciary Net Position
June 30, 2022

		<u>2022</u>
Assets:		
Cash and cash equivalents (note 2)	\$	183,878
Accounts receivable		<u>82</u>
Total assets		<u>183,960</u>
Liabilities:		
Accounts payable		1,443
Deposits from members		<u>182,517</u>
Total liabilities		<u>183,960</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

**Southern California Library Cooperative
Statement of Fiduciary Activities
For the Year Ended June 30, 2022**

		<u>2022</u>
Additions:		
Member library reimbursements	\$	<u>1,443</u>
Total additions		<u>1,443</u>
Deductions:		
Program expenses		<u>1,443</u>
Total deductions		<u>1,443</u>
Changes in net position		-
Net position, beginning of year		<u>-</u>
Net position, end of year	\$	<u>-</u>

See accompanying notes to the basic financial statements

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Southern California Library Cooperative
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

(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 40 independent cities 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, 2022

(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 healthcare 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 pronouncements in the current year:

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.

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.

Southern California Library Cooperative
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2022

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

C. Financial Reporting, continued

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.

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.

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.

In October 2021, the GASB issued Statement No. 98 – *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments.

This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur.

Southern California Library Cooperative
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2022

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

D. 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.

2. Uncertainty

The COVID-19 outbreak in the United States has caused business disruption through labor shortages and business closings. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the disruption. However, the related financial impact on the Cooperative 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's 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:

- Right to use asset – shorter of the lease term or the useful life of the asset
- Equipment and furniture and fixtures – 3 to 5 years

7. Deferred Outflows of Resources

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

Southern California Library Cooperative
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2022

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

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

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.

9. Lease obligation

Lease obligation are measured at the present value of payments expected to be paid during the lease term.

10. Deferred Inflows of Resources

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

11. Pensions

For the purpose of measuring net pension liability, 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.

GASB 68 requires that reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following time frames are used:

- Valuation date: June 30, 2020
- Measurement date: June 30, 2021
- Measurement period: July 1, 2020 to June 30, 2021

12. 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.

Southern California Library Cooperative
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2022

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

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

13. 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 of 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.
- **Assigned** – 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** – 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, 2022

(2) Cash and Cash Equivalents

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

	2022
General fund	
Petty cash	\$ 266
Deposits held in financial institutions	2,687,975
Deposits held with the California Employee Pension Prefunding Trust	87,177
Deposits held with the California Local Agency Investment Fund (LAIF)	1,805,857
Total General fund	4,581,275
Fiduciary fund	
Deposits held in financial institutions	183,878
Total Fiduciary fund	183,878
Total cash and cash equivalents	\$ 4,765,153

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

	2022
Deposits held with the California Local Agency Investment Fund (LAIF)	311 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:

- a. Checking and savings accounts at financial institutions
- b. 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, 2022

(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 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 pledged securities in the collateral pool must equal at least 110% of the total amount deposited by public agencies. As of June 30, 2022, bank balances are federally insured up to \$250,000. The remaining balance is collateralized in accordance with the Code; however, 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 short-term and long-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, 2022, 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, 2022

(3) Capital Assets

The change in capital assets for 2022 was as follows:

	<u>Balance 2021</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance 2022</u>
Depreciable assets:				
Right to use asset	\$ -	76,603	-	76,603
Equipment, furniture, and fixtures	109,763	-	-	109,763
Total depreciable assets	<u>109,763</u>	<u>76,603</u>	<u>-</u>	<u>186,366</u>
Accumulated depreciation				
Right to use asset	-	(25,534)	-	(25,534)
Equipment, furniture, and fixtures	(109,763)	-	-	(109,763)
Total accumulated depreciation	<u>(109,763)</u>	<u>(25,534)</u>	<u>-</u>	<u>(135,297)</u>
Total depreciable assets, net	<u>-</u>	<u>51,069</u>	<u>-</u>	<u>51,069</u>
Total capital assets, net	\$ <u>-</u>			<u>51,069</u>

(4) Compensated Absences

The change in compensated absences for 2022 was as follows:

	<u>Balance 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2022</u>
\$	<u>46,520</u>	<u>36,841</u>	<u>(44,506)</u>	<u>38,855</u>

(5) Operating Lease

The change in operating lease obligation at June 30 was as follows:

	<u>2021</u>	<u>Additions</u>	<u>Principal Payment</u>	<u>2022</u>	<u>Current</u>	<u>Non-current</u>
Lease obligation	\$ -	76,604	(25,417)	51,187	25,534	25,653

In June 2021, the Cooperative entered into an agreement with the City of Glendale (City), a California municipal corporation, to rent an office building space. The Cooperative's office space is located in Glendale Library, Arts and Culture in the County of Los Angeles. The term and payment provisions of the original lease agreement, are as follows:

1. The term of the lease shall be for a period of three (3) years, commencing July 1, 2021, and ending June 30, 2024.
2. The Cooperative shall pay \$2,143 monthly rent and ancillary cost to the City.

Following the guidelines of *GASB Statement No. 87*, the Cooperative recorded a right-to-use asset and a lease obligation at present value using an implicit interest rate of 0.46%. The right-to-use asset is amortized on a straight-line basis over the term of the lease.

Southern California Library Cooperative
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2022

(5) Operating Lease, continued

Principal and interest requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 25,534	182	25,716
2024	25,653	64	25,717
Total	51,187	246	51,433
Current	(25,534)		
Non-current	\$ 25,653		

(6) 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 \$10,056 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>2022</u>
Inactive employees or beneficiaries currently receiving benefit payments	8
Active employees	5
Total plan membership	13

Total OPEB Liability

The Cooperative's total OPEB liability of \$872,322 was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2021, actuarial valuation for the measurement date June 30, 2022, was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50% per year
Salary increases	2.75% per year
Discount rate	3.54% per year changed from 2.16% in 2021
Retirees' share of benefit-related cost	Not Applicable

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

Southern California Library Cooperative
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2022

(6) Other Post-Employment Benefits Payable, continued

Actuarial Assumptions and Other Inputs, continued

Mortality assumptions are based on the 2017 CalPERS Mortality for Miscellaneous Employees and School Employees. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. These tables incorporate mortality projection as deemed appropriate based on CalPERS analysis. 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 retirement and turnover assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study as follows:

- Retirement table – 2017 CalPERS 2.0% @ 62 Rates for Miscellaneous Employees
- Turnover Tables – 2017 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.

Changes in the Total OPEB Liability

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

	2022
Balance at June 30, 2021	\$ 1,022,753
Changes for the year:	
Service cost	44,810
Interest	22,170
Changes in assumptions or other inputs	(179,859)
Benefit payments	(37,552)
Net change	(150,431)
Balance at June 30, 2022	\$ 872,322

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	Valuation	Discount Rate
	1% Lower	Discount Rate	1% Higher
Total OPEB liability	\$ 999,967	872,322	781,996

Southern California Library Cooperative
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2022

(6) Other Post-Employment Benefits Payable, continued

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	\$ 754,721	872,322	1,010,680

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

For the year ended June 30, 2022, the Cooperative recognized an OPEB expense of \$59,274. As June 30, 2022, 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	\$ -	(20,912)
Changes in assumptions or other inputs	-	(21,621)
Total	\$ -	(42,533)

As of June 30, 2022, 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
2023	\$ (4,554)
2024	(4,554)
2025	(4,574)
2026	(10,335)
2027	(26,900)
Thereafter	8,384

(7) 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, 2022

(7) 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. 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, 2022, are summarized as follows:

	<u>Classic</u>	<u>PEPRA</u>
	Prior to	After
	Jan 1, 2011	Jan 1, 2013
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	7.000%	6.750%
Required employer contribution rates	10.340%	7.590%

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, 2022, the Cooperative's contributions to the Plan was as follows:

	<u>2022</u>
Contributions – employer	\$ <u>186,801</u>

Net Pension Liability

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

	<u>2022</u>
Proportionate share of net pension liability	\$ <u>1,191,104</u>

Southern California Library Cooperative
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2022

(7) Defined Benefit Pension Plan, continued

Net Pension Liability, continued

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, 2022, the net pension liability of the Plan is measured as of June 30, 2021 (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, 2020 (the valuation date), rolled forward to June 30, 2021, 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, 2021, was as follows:

Measurement Date	2022
Proportion – June 30, 2020	0.01685%
Proportion – June 30, 2021	0.02202%
Change in proportion	0.00517%

Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2022, 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 Ending June 30,	Deferred Net Outflows(Inflows) of Resources
2023	\$ (218,553)
2024	(225,520)
2025	(244,340)
2026	(287,339)

For the year ended June 30, 2022, the Cooperative recognized pension expense of \$601,374. As June 30, 2022, 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	\$ 186,801	-
Difference between actual and expected experience	133,569	-
Net difference between projected and actual earnings on plan investments	-	(1,039,770)
Change in proportion and the difference between employer's contributions and employer's proportionate share of contributions	-	(69,551)
Total	\$ 320,370	(1,109,321)

Southern California Library Cooperative
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2022

(7) Defined Benefit Pension Plan, continued

Deferred Outflows/Inflows of Resources Related to Pensions, continued

As of June 30, 2022, the Cooperative reported \$186,801 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, 2023.

Actuarial Assumptions

The total pension liabilities in the June 30, 2020, actuarial valuation were determined using the following actuarial assumptions and methods:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
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 was developed based on CalPERS specific data. The table includes 15 years of mortality improvement using the 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.

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2021, 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.

Southern California Library Cooperative
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2022

(7) Defined Benefit Pension Plan, continued

Discount Rate, continued

Using the expected nominal returns 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.

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.

Asset Class	Assumed Asset Allocation	Real Return Years 1-10	Real Return Years 11+
Global equity	50.00 %	4.80 %	5.98 %
Fixed income	28.00	1.00	2.62
Inflation assets	0.00	0.77	1.81
Private equity	8.00	6.30	7.23
Real assets	13.00	3.75	4.93
Liquidity	1.00	0.00	(0.92)
	<u>100.00 %</u>		

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, 2022, 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	\$ <u>2,069,664</u>	<u>1,191,104</u>	<u>464,811</u>

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, 2022

(8) Section 115 Trust

In fiscal year 2022, the Cooperative's Administrative Council approved the creation of a Section 115 Trust Agreement with the Benefit Trust, Trustee and Trust Administrator. The Section 115 Trust was established as a means to set aside monies to fund the Cooperative's pension plan obligation. Contributions to the Section 115 Trust are irrevocable, the assets are dedicated to providing benefits to plan members, and the assets are protected from creditors of the Cooperative. The purpose the Section 115 Trust was to address the Cooperative's pension obligations by accumulating assets in consideration of its defined benefit pension plan. However, in accordance with generally accepted accounting principles, the assets in the Section 115 Trust are not considered to have present service capacity as plan assets and are therefore considered restricted assets of the Cooperative rather than pension plan assets. Accordingly, the Section 115 Trust's assets are recorded as restricted for pension benefits in the Cooperative's net position and fund balance rather than assets of the pension plan during the measurement date of the net pension liability. The assets held in trust will be considered pension plan assets at the time they are transferred out of the Trust into the pension plan.

During the fiscal year ended June 30, 2022, the Cooperative deposited \$100,000 into the Trust. During fiscal year ended June 30, 2022, the Trust earned \$12,683 in dividend income and incurred \$140 in fees. The Trust account balance at June 30, 2022 amounted to \$87,177.

(9) Net Position

The details of net position are as follows:

	2022
Net investment in capital assets:	
Capital assets, net	\$ 51,069
Lease obligation - current portion	(25,534)
Lease obligation - long-term portion	(25,653)
Total net investment in capital assets	(118)
Restricted net position:	
Section 115 Trust	87,177
Total restricted net position	87,177
Unrestricted net position:	
Non-spendable net position:	
Prepaid expenses and deposit	5,837
Total non-spendable net position	5,837
Spendable net position:	
Unrestricted	(928,323)
Total spendable net position	(928,323)
Total unrestricted net position	(922,486)
Total net position	\$ (835,427)

Southern California Library Cooperative
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2022

(10) Fund Balance

Fund balance is presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned (See Note 1.D.13 for a description of these categories). A detailed schedule of fund balance and their funding composition at June 30, are as follows:

Description	2022
Nonspendable:	
Prepaid expenses and deposits	\$ 5,837
Restricted:	
Section 115 Trust	87,177
Assigned:	
Compensated absences	38,855
Unassigned:	
Operations	1,966,587
Total fund balance	\$ 2,098,456

(11) 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.

(12) 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 have effective dates that may impact future financial presentations.

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.

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.

Southern California Library Cooperative
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2022

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

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.

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.

Southern California Library Cooperative
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2022

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

Governmental Accounting Standards Board Statement No. 97, continued

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.

Governmental Accounting Standards Board Statement No. 99

In April 2022, the GASB issued Statement No. 99 – *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 100

In June 2022, the GASB issued Statement No. 100 – *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

Southern California Library Cooperative
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2022

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

Governmental Accounting Standards Board Statement No. 100, continued

The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 101

In June 2022, the GASB issued Statement No. 101 – *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

(13) 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.

Southern California Library Cooperative
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2022

(14) Subsequent Events

Events occurring after June 30, 2022, have been evaluated for possible adjustment to the financial statements or note disclosures as of March 22, 2023, 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.

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Required Supplementary Information

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**Southern California Library Cooperative
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2022**

	Adopted Original Budget	Board Approved Changes	Revised Budget	Actual Budgetary Basis	Variance Positive (Negative)
Expenditures/Expenses:					
Cooperative operations:					
Salaries and wages	\$ 589,377	-	589,377	609,635	(20,258)
Employee benefits	342,066	-	342,066	308,404	33,662
Materials and services	156,129	-	156,129	1,012,655	(856,526)
Communication and delivery	258,950	-	258,950	784,317	(525,367)
Grant expense – Federal	3,442,616	-	3,442,616	3,659,071	(216,455)
Capital outlay	-	-	-	25,417	(25,417)
Total expenditures/expenses	4,789,138	-	4,789,138	6,399,499	(1,610,361)
Program revenues:					
Charge for services	200,707	-	200,707	229,027	28,320
California State Library Act appropriation	711,100	-	711,100	996,513	285,413
Operating grant – Federal	3,898,313	-	3,898,313	3,915,908	17,595
Program reimbursement	-	-	-	904,477	904,477
Total program revenues	4,810,120	-	4,810,120	6,045,925	1,235,805
General revenues:					
Member and associate dues	224,872	-	224,872	225,142	270
Investment return	18,750	-	18,750	(29,290)	(48,040)
Other revenues(expenses), net	-	-	-	1,801	1,801
Total general revenues	243,622	-	243,622	197,653	(45,969)
Total revenues	5,053,742	-	5,053,742	6,243,578	1,189,836
Net change in fund balance	264,604	-	264,604	(155,921)	(420,525)
Fund balance, beginning of year	2,254,377		2,254,377	2,254,377	
Fund balance, end of year	\$ 2,518,981		2,518,981	2,098,456	

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, 2022
Last Ten Years*

Defined Benefit Pension Plan

<u>Description</u>	Measurement dates							
	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u>
Cooperative's proportion of the net pension liability/(asset)	0.00220%	0.01685%	0.01655%	0.01611%	0.01584%	0.01559%	0.01966%	0.01502%
Cooperative's proportionate share of the net pension liability/(asset)	\$ 1,191,104	1,833,412	1,695,854	1,552,311	1,570,767	1,349,435	1,000,007	934,536
Cooperative's covered-employee payroll	\$ 580,404	587,683	617,093	385,527	361,657	420,168	388,012	388,012
Cooperative's proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	205.22%	311.97%	274.81%	402.65%	434.33%	321.17%	257.73%	240.85%
Plan's fiduciary net position as a percentage of total pension liability	88.29%	75.10%	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.

Change in Assumptions and Methods

In fiscal year 2021, there were no changes to actuarial assumptions or methods.

The CalPERS Board of Administration adopted a new amortization policy effective with the June 30, 2019, actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a

five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019. In fiscal year 2020, no changes have occurred to the actuarial assumptions in relation to financial reporting.

In fiscal year 2020, CalPERS implemented a new actuarial valuation software system for the June 30, 2018 valuation. This new system has refined and improved calculation methodology.

Southern California Library Cooperative
Schedules of the Cooperative's Proportionate Share of the Net Pension Liability, continued
For the Fiscal Year Ended June 30, 2022
Last Ten Years*

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

Changes in Assumptions and Methods, continued

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.

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 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 Pension Plan Contributions
For the Fiscal Year Ended June 30, 2022
Last Ten Years***

Defined Benefit Pension Plan

<u>Description</u>	<u>Fiscal Years Ended</u>							
	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
Actuarially determined contribution	\$ 186,801	170,277	151,131	127,566	98,856	90,401	68,087	24,775
Contributions in relation to the actuarially determined contribution	<u>(186,801)</u>	<u>(170,277)</u>	<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>580,404</u>	<u>587,683</u>	<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>32.18%</u>	<u>28.97%</u>	<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, 2022
Last Ten Years*

Other Post-Employment Benefits Payable

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability						
Service cost	\$ 44,810	51,311	35,574	21,125	20,010	20,010
Interest	22,170	20,934	17,045	28,419	25,845	25,847
Employer contributions	(37,552)	(32,171)	(28,397)	(31,067)	(27,752)	(27,752)
Difference between expected and actual experience	-	(14,416)	(1,465)	(25,867)	-	-
Change of assumptions or other inputs	(179,859)	55,142	147,279	26,463	(25,991)	-
Net change in total OPEB liability	(150,431)	80,800	170,036	19,073	(7,888)	18,105
Total OPEB liability – beginning	<u>1,022,753</u>	<u>941,953</u>	<u>771,917</u>	<u>752,844</u>	<u>760,732</u>	<u>742,627</u>
Total OPEB liability – ending	<u>\$ 872,322</u>	<u>1,022,753</u>	<u>941,953</u>	<u>771,917</u>	<u>752,844</u>	<u>760,732</u>
Covered-employee payroll	<u>\$ 539,641</u>	<u>587,683</u>	<u>617,093</u>	<u>592,171</u>	<u>403,772</u>	<u>361,657</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>161.65%</u>	<u>174.03%</u>	<u>152.64%</u>	<u>130.35%</u>	<u>186.45%</u>	<u>210.35%</u>

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, 2021, actuarial valuation, the inflation rate used was 2.50% and discount rate used was 3.54% per year net of expenses.

In the June 30, 2020, there is no actuarial valuation since it is a roll forward from the prior year.

* 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

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**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, 2022, and the related notes to the financial statements, which collectively comprises the Cooperative’s basic financial statements, and have issued our report thereon dated March 22, 2023.

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. However, material weaknesses may exist that have not been identified.

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.

C.J. Brown & Company CPAs
Cypress, California
March 22, 2023

DRAFT

Southern California Library Cooperative

Management Report

June 30, 2022

DRAFT

Southern California Library Cooperative

Management Report

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Administrative Council
Southern California Library Cooperative
Pasadena, California

Dear Members of the Administrative 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, 2022, 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cooperative's internal control over financial reporting.

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 over financial reporting, 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 reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Current Year Comment and Recommendation

Disclosure of Adjustments and Reclassifications

As your external auditor, we assume that the books and records of the Cooperative are properly adjusted before the start of the audit. 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 Board of Directors to gain a full and complete understanding and appreciation of the scope and extent of the audit process we have presented these 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 journal entries that were made and to provide the Board of Directors with a better understanding of the scope of the audit.

Current Year Comment and Recommendation, continued

Management's Response

We have reviewed and approved all of the adjusting and reclassification entries provided by the auditor and have entered those entries into the Cooperative's accounting system to close-out the Cooperative's year-end trial balance.

C.J. Brown & Company, CPAs
Cypress, California
March 22, 2023

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APPENDIX

Southern California Library Cooperative

Audit/Finance Committee Letter

June 30, 2022

DRAFT

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, 2022, and have issued our report thereon dated March 22, 2023.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated January 1, 2023, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Cooperative solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

If any, we have provided our findings regarding significant control deficiencies over financial reporting and material noncompliance, and other matters noted during our audit in a separate letter to you dated March 22, 2023.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

An auditor that is not involved in the engagement performed an independent review of the financial statements that was prepared by us based on the information provided by management. This safeguard reduces the threat of self-review risk to an acceptable level.

Significant Risks Identified

We have identified the following significant risks:

- Management override of controls
- Revenue recognition

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Cooperative is included in Note 1 to the financial statements. As of and for the year ended June 30, 2022, the Cooperative implemented the provisions of GASB Statement No. 87 – Leases. There have been no initial selection of accounting policies and no other changes in significant accounting policies or their application during 2022. No other matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments. The most sensitive accounting estimates affecting the financial statements are as follows:

Management's estimate of the fair value of cash and investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of cash and investments in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of capital assets depreciation 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 calculations in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net other post-employment benefit (OPEB) liability is based on an actuarial valuation that was conducted by a third-party actuary. We evaluated the basis, methods, and assumptions used by the actuary in calculating the net OPEB liability, OPEB expense, and deferred OPEB outflows/inflows for the Cooperative to determine that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the defined benefit pension plan's deferred outflows of resources, net pension liability, and deferred inflows of resources are based on an actuarial valuation of these amounts which was conducted by a third-party actuary. We evaluated the basis, actuarial methods and assumptions used by the actuary to calculate these amounts for the Cooperative to determine that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Cooperative's financial statements relate to:

The disclosure of fair value of cash and cash equivalents in Note 2 to the basic financial statements represents amounts susceptible to market fluctuations.

The disclosure of capital assets, net in Note 3 to the basic financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

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

The disclosure of the Cooperative's defined benefit pension plan in Note 7 to the basic financial statements is based on actuarial assumptions which could differ from actual costs.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. No significant unusual transactions were identified as a result of our audit procedures that were brought to the attention of management:

Identified or Suspected Fraud

We have not identified or have not obtained information that indicates that fraud may have occurred.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no uncorrected misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

The attached schedule on page 5 presents the journal entries that we identified as a result of our audit procedures and were brought to the attention of, and corrected by, management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Cooperative's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. There were no circumstances that affect the form and content of the auditor's report.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated March 22, 2023.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Cooperative, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Cooperative's auditors.

Other Matters

We applied certain limited procedures to the Management Discussion and Analysis, Budgetary Comparison Schedules – General Fund, 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 the Cooperative's staff members in the performance of our audit testwork.

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to the Cooperative.

C.J. Brown & Company, CPAs

Cypress, California

March 22, 2023

**Southern California Library Cooperative
 Schedule of Audit Adjusting Journal Entries
 For the Fiscal Year Ended June 30, 2022**

Audit Adjusting Journal Entries JE # 1

AJE - To recognize unrealized loss on FMV of LAIF as of June 30, 2022.

4290-100	Investment income	\$ 23,552.90	
1057	CA-Local Agency Investment Fund		<u>23,552.90</u>
Total		\$ <u>23,552.90</u>	<u>23,552.90</u>

**Southern California Library Cooperative
 Schedule of Client Adjusting Journal Entries
 For the Fiscal Year Ended June 30, 2022**

Client Adjusting Journal Entries JE # 1

CJE - To reclass accounts payable to its proper account as of June 30, 2022.

C-20000	Accounts Payable	\$ 23,281.53	
C-65050	Telephone, Telecommunications	23,281.53	
C-2405	Deposit		23,281.53
C-65070	Membership dues		<u>23,281.53</u>
Total		<u>46,563.06</u>	<u>46,563.06</u>

Client Adjusting Journal Entries JE # 2

CJE - To recognize CLSA revenue that was earned as of June 30, 2022.

2100.01	Unearned Revenue - CLSA Funds	69,977.00	
4001.01	CLSA Revenue		<u>69,977.00</u>
Total		\$ <u>69,977.00</u>	<u>69,977.00</u>



AC Agenda Item 07

REPORT TO THE ADMINISTRATIVE COUNCIL
SOUTHERN CALIFORNIA LIBRARY COOPERATIVE

DATE: March 22, 2023
TO: Administrative Council
FROM: Andy Beck, Controller

SUBJECT: Budget Status Report – (DISCUSSION)

BACKGROUND: The Budget Status Report for Fiscal Year 2022/23 is attached for review, and reflects reconciled bank statements through January 31, 2023.

REVENUE: The California Library State Act (CSLA) funds were received in December 2022. The Public Library Staff Education Program (PLSEP) grant has been awarded, but not yet received. Membership dues are 91% received.

EXPENSES: Fiscal Year 2021/22 Digital Navigators and Home Connectivity Kits grants concluded in December 2022, and are reflected in grant expenditures.

FISCAL IMPACT: None

RECOMMENDATION: Information

EXHIBITS: Budget to Actual Report

REVENUES/EXPENSES	Approved Budget FY 22/23	Prior Year	Current Year to Date Actuals	Balance	%	Notes
REVENUE						
				Unrealized		
CLSA Communications & Delivery	\$ 563,338	\$ 568,881	\$ 61,616	\$ 501,722	11%	Received
CLSA System Administration	\$ 343,401	\$ 342,926	\$ 343,401	\$ -	100%	Received (SCLC portion \$140,833)
System Supplements to CLSA	\$ -	\$ -	\$ -	\$ -	0%	N/A
Grant Project Revenue	\$ 3,364,024	\$ 3,395,065	\$ 1,875,668	\$ 1,488,356	56%	Grants revenue earned
Grant Indirect (All Systems)	\$ 286,970	\$ 271,409	\$ 100,253	\$ 186,717	35%	Grants revenue earned
Grant Staffing (All Systems)	\$ 94,078	\$ 90,641	\$ 35,714	\$ 58,364	38%	Grants revenue earned
SCLC Member Dues	\$ 210,681	\$ 203,984	\$ 191,235	\$ 19,446	91%	Approved 03/15/2022
SCLC Califa Memberships	\$ 13,590	\$ 13,320	\$ 11,430	\$ 2,160	84%	Approved 03/15/2022
Investment Income	\$ 18,750	\$ 18,750	\$ 14,061	\$ 4,689	75%	Projected FY22/23
TOTAL REVENUE	\$ 4,894,832	\$ 4,904,976	\$ 2,633,378	\$ 2,254,605		
Unrestricted	\$ 953,880	\$ 927,710	\$ 684,664	\$ 269,216		Used toward Personnel/Overhead
Restricted	\$ 3,927,362	\$ 3,963,946	\$ 1,937,284	\$ 1,990,078		CLSA and Grant Passthrough Funds
EXPENDITURES						
Personnel Services						
Salaries & Wages	\$ 652,945	\$ 589,377	\$ 266,375	\$ 386,570	41%	SCLC Staff
Retirement Benefits	\$ 71,453	\$ 68,050	\$ 30,370	\$ 41,083	43%	CalPERS
Health Insurance - Current Employees	\$ 50,280	\$ 48,000	\$ 16,514	\$ 33,766	33%	Health Stipend
Health Insurance - Retirees	\$ 80,448	\$ 76,800	\$ 26,879	\$ 53,569	33%	Actuals
Dental/Vision	\$ 6,552	\$ 6,552	\$ 2,858	\$ 3,694	44%	Ameritas
Life Insurance	\$ 1,224	\$ 1,224	\$ 597	\$ 627	49%	Dearborn
CalPERS Unfunded Accrued Liability	\$ 154,223	\$ 133,737	\$ 152,775	\$ 1,448	99%	CalPERS - Annual Prepayment
Other Personnel Expenses	\$ 3,101	\$ 3,101	\$ 6,708	\$ (3,607)	216%	Worker's Comp / Payroll taxes
Personnel Service Subtotal	\$ 1,020,225	\$ 926,841	\$ 503,076	\$ 517,149	49%	
Operating Expenses						
Office space Lease	\$ 32,000	\$ 32,000	\$ 17,144	\$ 14,856	54%	Lease TBD (unrestricted)
Professional & Contract Services	\$ 65,000	\$ 65,000	\$ 60,238	\$ 4,762	93%	Legal, Payroll/HR, Consulting, etc. (Unrestricted)
Telecommunications	\$ 30,000	\$ 30,000	\$ 9,229	\$ 20,771	31%	IT Support, Software, Internet, Phone, Website (CLSA*) and Communications Allowance
Delivery	\$ 66,500	\$ 66,000	\$ 37,022	\$ 29,478	56%	Reliant (CLSA)
Audit Fees	\$ 12,200	\$ 12,270	\$ 9,760	\$ 2,440	80%	Fedak & Brown (CLSA)
Software Licenses	\$ 3,479	\$ 3,479	\$ 3,744	\$ (265)	108%	Keeper, Intuit (paid biennially)
Office Supplies & Printing	\$ 8,500	\$ 8,500	\$ 4,930	\$ 3,570	58%	Office Supplies, Printing, etc. (Unrestricted)
eResources	\$ 445,338	\$ 137,180	\$ -	\$ 445,338	0%	\$368,435 PressReader; \$1,212 Gale Archives; \$75,691 TBD
Memberships	\$ 14,500	\$ 14,500	\$ 13,830	\$ 670	95%	Califa, CLA, etc. (Unrestricted)
Travel & Conferences	\$ 15,000	\$ 10,000	\$ 3,916	\$ 11,084	26%	Travel for meetings, conference, and audit (Unrestricted)
Postage	\$ 800	\$ 800	\$ 675	\$ 125	84%	
Other	\$ 350	\$ 350	\$ 1,174	\$ (824)	335%	Bank Analysis Fees
Operating Expenses Subtotal	\$ 693,667	\$ 380,079	\$ 161,662	\$ 532,005	23%	
Grant Expenses						
Grant Projected Expenses	\$ 3,364,024	\$ 3,187,565	\$ 1,875,668	\$ 1,488,356	56%	Passthrough Funds Projected FY22/23 - Actual grants pending
Grant Expenses Subtotal	\$ 3,364,024	\$ 3,187,565	\$ 1,875,668	\$ 1,488,356		
TOTAL EXPENDITURES	\$ 5,077,916	\$ 4,494,485	\$ 2,540,406	\$ 2,537,510	50%	
Surplus (Deficit)	\$ (183,084)	\$ 410,491	\$ 92,972	\$ (282,905)		

SCLC ACCOUNT BALANCES

As of January 31, 2023	\$ 2,217,620	Pacific Western Bank
As of January 31, 2023	\$ 1,839,072	Local Agency Investment Fund (LAIF)
As of January 31, 2023	\$ 85,394	California Employer's Pension Prefunding Trust (CEPPT)

SCLC MEMBER DEPOSIT ACCOUNT

As of January 31, 2023	\$ 69,747	Pacific Western Bank
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CARRY OVER CLSA FUNDS

FY2020/21 CLSA Communications & Delivery - Projected (Restricted)

	Estimated	Expended	Balance	Notes
E-Resources	\$ 65,848	\$ -	\$ 65,848	Reallocation from Resource Sharing per CLSB 10/5
Resource Sharing	\$ -	\$ -	\$ -	Digilabs - Approved on 10/5 by CLSB E-Resources
Delivery	\$ -	\$ -	\$ -	Reliant
Telecommunication	\$ -	\$ -	\$ -	TBD
Total Estimated Carry Over	\$ 65,848	\$ -	\$ 65,848	Internet, website, IT support, phone/fax/VOIP/telecomm equipment and software

FY2021/22 CLSA Communications & Delivery - Projected (Restricted)

	Estimated	Expended	Balance	Notes
E-Resources	\$ 288,419	\$ -	\$ 288,419	To be allocated
Resource Sharing	\$ 35,000	\$ -	\$ 35,000	Digilabs - to be reallocated?
Audit	\$ 6,905	\$ 6,905	\$ -	To be used toward finalized audit reports
Delivery	\$ 22,013	\$ 22,013	\$ -	To be used toward future delivery expenses
Telecommunication	\$ 21,742	\$ 9,229	\$ 12,513	Internet, website, IT support, phone/fax/VOIP/telecomm equipment and software
Total Estimated Carry Over	\$ 374,079	\$ 38,147	\$ 335,932	



REPORT TO THE ADMINISTRATIVE COUNCIL
SOUTHERN CALIFORNIA LIBRARY COOPERATIVE

DATE: March 22, 2023
 TO: Administrative Council
 FROM: Wayne Walker, Deputy Director

SUBJECT: Grants Update – (DISCUSSION)

BACKGROUND: The following is the current list of FY2022/23 grants awarded by the California State Library (CSL) to the Southern California Library Cooperative (SCLC). At this time, there are no further discussions between the CSL and SCLC for additional grants to be managed for FY2022/23 as the current year grant schedule begins to wind down.

Grant Name:	California Library Collection Initiatives - LSTA FY22/23
Primary Partner:	CA State Library
Total Project Amount:	\$555,041
Projected Indirect:	\$2,731
Reimbursable Wages:	\$2,310
Status:	Awarded
End Date:	June 30, 2023
Brief Description:	Continues to support statewide access to The New York Times Online for public libraries.

Grant Name:	Digital Navigators - LSTA FY22/23
Primary Partner:	CA State Library
Total Project Amount:	\$500,000
Projected Indirect:	\$41,966
Reimbursable Wages:	\$42,280
Status:	Awarded
End Date:	June 30, 2023
Brief Description:	Continue to refine and expand the Digital Navigator base assisting individuals statewide in key areas of digital inclusion: (1) sharing information on sources of low-cost internet services and devices for home adoption, (2) basic instruction on connecting internet devices supplied to libraries through the Bridging the Digital Divide and Home Connectivity Kits projects and performing common online tasks, and (3) promote and provide guidance on the use of online instructional tools licensed by the California State Library to assist with digital literacy, workforce development and pandemic recovery.

Grant Name:	PLSEP – SCLC – (49-99 / Inland / Santiago / Serra)
Primary Partner:	CA State Library
Total Project Amount:	\$332,248
Project Indirect:	\$30,750
Reimbursable Wages:	\$20,250
Status:	Awarded January 2023
End Date:	July 31, 2023
Brief Description:	Provide tuition reimbursement to library staff currently in school and working towards their library degree.

Each year, the CSL offers the Public Library Staff Education Program (PLSEP) Grant to cooperative systems. The application period to manage the FY2022/23 PLSEP grants ran through December. The Federal grant awards system SAM.gov no longer recognizes the DUNS number assigned to each system and now requires each system to register for a Unique Entity Identification (UEI) number, even if an entity is registering to be a sub awardee through the CA State Library. Only SCLC met the minimum requirements to be validated as an entity with SAM.gov in order to be assigned a UEI. The other 4 systems SCLC manages do not currently have the proper documentation available to verify a physical business address to be validated and assigned a UEI. SCLC staff worked with the State Library to join all five systems' applications under SCLC to be managed as one larger grant.

The following is the list of PLSEP applicants from SCLC who were awarded a funding allocation to request tuition reimbursement. The students have been notified of their award status. Students who applied and were not awarded were placed in a wait list in the event the below students do not request their full awarded allocation for reimbursement. All students have been notified and the project has commenced through SCLC. Additionally, a thank you letter to SCLC from a student who received funding through this program is included as an exhibit with this report.

Funding Amount	Name	Library
\$4,740	Esmeralda Cabral	ALHAMBRA PUBLIC LIBRARY
\$7,500	Heather Honig	ALTADENA LIBRARY DISTRICT
\$7,500	Veronica Johnson	CAMARILLO PUBLIC LIBRARY
\$7,500	Samantha Warriner	CERRITOS PUBLIC LIBRARY
\$7,500	Edit Vosganians	GLENDALE PUBLIC LIBRARY
\$7,500	Steenalisa Tilcock	INGLEWOOD PUBLIC LIBRARY
\$4,266	Lizette Lizardi	IRWINDALE PUBLIC LIBRARY
\$2,844	Brian Prado Sanchez	LA COUNTY LIBRARY
\$6,120	Susan Fletcher	LA COUNTY LIBRARY
\$7,110	Elizabeth Cespuglio	LONG BEACH PUBLIC LIBRARY
\$7,500	Natasha N Floyd	LONG BEACH PUBLIC LIBRARY
\$4,740	Theresa Hotchkiss	LONG BEACH PUBLIC LIBRARY
\$7,500	Amanda Rodarte	LOS ANGELES PUBLIC LIBRARY
\$7,500	Chanel Viera	LOS ANGELES PUBLIC LIBRARY
\$5,406	Jasmine Jones	LOS ANGELES PUBLIC LIBRARY
\$7,500	Erika Serrano-Arreola	LOS ANGELES PUBLIC LIBRARY
\$7,500	Danielle Fox	LOS ANGELES PUBLIC LIBRARY
\$5,688	Mario Ruiz	LOS ANGELES PUBLIC LIBRARY
\$4,266	Arin Kasparian	LOS ANGELES PUBLIC LIBRARY
\$7,500	Eori Tokunaga	PALOS VERDES LIBRARY DISTRICT
\$7,500	Maria Michelle Moreno	SANTA CLARITA PUBLIC LIBRARY
\$1,422	Beatriz Mariel Martinez	SANTA FE SPRINGS CITY LIBRARY
\$7,500	Chelsea Lee	SIERRA MADRE PUBLIC LIBRARY
\$7,500	Katie Wright	SIMI VALLEY PUBLIC LIBRARY

For FY2023/24, the CSL is looking to make the PLSEP grant program one comprehensive grant combining all systems in the state to be managed by one single fiscal and administrative agent, versus the grant being assigned currently system by system. SCLC submitted a pre-application to manage this new statewide PLSEP grant opportunity and was recently approved. SCLC will now work with the State Library to develop the formal grant application. The total value of the grant is not known as this time.

FISCAL IMPACT: Grant awards for FY2022/23 total \$1,387,289, of which \$140,287 is SCLC's revenue. The residual amount of \$1,247,002 is a pass through as revenue and expense.

RECOMMENDATION: Informational

EXHIBITS:

- a. PLSEP Thank You Letter

Samantha Parker

3/2/2023

RECEIVED MAR 14 2023

Christine Powers
Executive Director
Southern California Library Cooperative
254 N Lake Ave #874
Pasadena, CA 91101

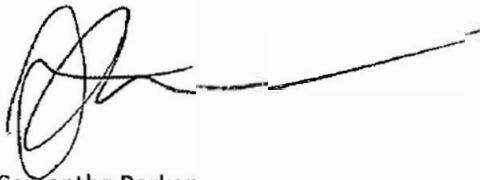
Dear Christine Powers and the California State Library PLSEP Committee:

Thank you very much for honoring me with a 2023 PLSEP Award. I am humbled by and grateful for both the recognition and the financial assistance with completing my MSLS.

Thank you also for generously allowing me to claim reimbursement for my Fall semester (which I completed while still a California public library employee) despite the fact of my leaving the state thereafter. While I am heartbroken to have left my home, I am carrying forward the lessons that I have learned during my library work in California and applying them to my new position as Librarian and Academic Coach at a Tribal & Community College in rural northern Minnesota. This position is an incredible opportunity to directly apply my strongly-held values and commitment to diversity, equity, and inclusion to the service of a marginalized community.

This generous award has helped me to attain a small measure of financial stability as I establish myself in this new place, far away from everything and everyone I know. Wherever I go, my heart remains in California. When I return someday (and I certainly will,) I will bring back new experiences and new ideas for serving our communities through librarianship. Thank you for helping to make this possible.

Sincerely,



Samantha Parker



REPORT TO THE ADMINISTRATIVE COUNCIL
SOUTHERN CALIFORNIA LIBRARY COOPERATIVE

DATE: March 22, 2023
TO: Administrative Council
FROM: Andy Beck, Controller

SUBJECT: Health Premium Update – (ACTION)

BACKGROUND: Southern California Library Cooperative (SCLC) employees eligible for medical insurance receive a monthly allowance to be used toward medical insurance premiums. The last health premium allowance increase from \$800/month to \$838/month was approved on August 25, 2021, by the Administrative Council.

The exhibit included with this report reflects calendar year 2023 health premium increases for SCLC's employees and retirees. The average premium increased was 6.96%. Per CalPERS regulations, any increase to the health premium allowance would apply to SCLC's current staff of five personnel along with its eight retirees.

FISCAL IMPACT: For retirees, health premiums increased \$2,569 annually. Since retiree premiums are below the current health premium allowance, any increases in the health allowance premium will not have a financial impact on SCLC.

For active employees, increasing the current health premium allowance by 6.96% would increase SCLC's cost by \$3,500 (5 actives x \$58.33/month = \$292/month).

RECOMMENDATION: Authorize an increase in the health premium allowance between 3.48% (\$1,750 increase in cost) to 6.96% (\$3,500 increase in cost) retroactive to January 1, 2023, to address increasing health care premiums.

EXHIBITS:
a. Health Premium Increase Analysis

HEALTH PREMIUM INCREASE ANALYSIS

**2023 Southern California Library Cooperative
Subscriber Per Month
Effective January 1, 2023**

SCLC Employees/Retirees	2022			2023			Percent Change
	Single	2-Party	Family	Single	2-Party	Family	
Kaiser CA	857.06	1,714.12	2,228.36	913.74	1,827.48	2,375.72	6.61%
Anthem Select	676.48	1,352.96	1,758.85	737.91	1,475.82	1,918.57	9.08%
PERS Platinum	381.94	763.88	1,145.82	420.02	840.04	1,260.06	9.97%
PERS Platinum	381.94	763.88	1,145.82	420.02	840.04	1,260.06	9.97%
PERS Platinum	381.94	763.88	1,145.82	420.02	840.04	1,260.06	9.97%
PERS Platinum	381.94	763.88	1,145.82	420.02	840.04	1,260.06	9.97%
Sharp	699.21	1,398.42	1,817.95	764.96	1,529.92	1,988.90	9.40%
Kaiser Sr. Advantage	302.53	605.06	907.59	283.25	566.50	849.75	-6.37%
PERS Gold	377.41	754.82	1,132.23	392.71	785.42	1,178.13	4.05%

Total SCLC employee and retiree average change 6.96%



REPORT TO THE ADMINISTRATIVE COUNCIL
SOUTHERN CALIFORNIA LIBRARY COOPERATIVE

DATE: March 22, 2023
TO: Administrative Council
FROM: Andy Beck, Controller

SUBJECT: Pre-planning Budget FY2023/24 – (DISCUSSION)

BACKGROUND: As requested by the Audit and Finance Committee, staff has begun reviewing the budget for Fiscal Year (FY) 2023/24. Staff has produced a preliminary budget with the information that is currently available.

Revenues

The California State Library releases allocations of the California Library Services Act funding and other grant funding between the months of April and May. The budget for revenues will be updated as SCLC receives the information.

Expenses

Projected expenses have been calculated based on approved future increases, contracts, expenses from prior years, and historical trends. Depending on the subjectivity of the estimate, each item of expense has been rounded up.

Grants

SCLC has been appointed to run the PLSEP grant for the State of California and the Digital Navigators grant. While the PLSEP grant is projected to increase, the final grant award is currently unknown.

FISCAL IMPACT: None

RECOMMENDATION: Informational

EXHIBITS:

- a. Proposed Budget: FY2023/2024 Expenditures

	Expenditures	Proposed Budget FY 23/24	Prior Year Actual	Actual
Expenditures:				
CLSA baseline expenditures:				
Office supplies		\$ 13,000		
Duplication and photocopies		1,500		
E-Resources		[OPEN]		
Contract services for delivery		72,500		
Contract services		23,000		
Telecommunications		21,800		
Capital Outlay		2,000		
Total CLSA baseline expenditures		133,800	-	-
CLSA administration expenditures:				
Personnel				
Salary and wages		612,593		
Retirement benefits		62,700		
Unfunded pension liability		151,107		
Health insurance - current employees		54,400		
Health insurance - retired employees		46,300		
Dental and vision		5,400		
Life insurance		2,300		
Other personnel expenses		15,500		
Total personnel expenditures		950,300	-	-
Other				
Payroll processing		7,000		
Accounting software		4,000		
Office space rent		25,800		
Insurance		2,400		
Travel/conference/meeting		7,500		
Membership dues		14,600		
Legal		8,300		
Other		100		
Total other expenditures		69,700	-	-
Total CLSA administration expenditures		1,020,000	-	-
Grant project expenditure		[OPEN]		
Total expenditure		\$ 1,153,800	-	-



REPORT TO THE ADMINISTRATIVE COUNCIL
SOUTHERN CALIFORNIA LIBRARY COOPERATIVE

DATE: March 22, 2023
TO: Administrative Council
FROM: Gary Shaffer, Chair

SUBJECT: PressReader Update and Next Steps – (DISCUSSION)

BACKGROUND: In September of 2021, the Southern California Library Cooperative (SCLC) entered into a two-year agreement with Baker & Taylor in the amount of \$632,332 to procure PressReader on behalf of the Cooperative. On July 1, 2022, the Los Angeles (LA) Times was abruptly removed from the platform without notice. SCLC later learned that this was at the direction of the LA Times. PressReader and Baker & Taylor were not made aware of this removal until it occurred.

At the August 24 Administrative Council meeting, the following actions were approved in order for SCLC to approach the LA Times directly in an effort to convince them to re-enter the PressReader platform:

- 1) Conduct a survey of all member libraries to collect current annual spending on physical subscriptions to the LA Times.
- 2) Authorize the Chair to draft a letter advising LA Times management of the negative impact to our member libraries' residents, the amount of revenue we provide them, and asking them to please enter into negotiations with PressReader.
- 3) Conduct any follow up negotiations with the LA Times.

The survey was distributed to and completed by all SCLC members libraries. A letter was drafted by the Council Chair and shared with member libraries for feedback and to provide each of their signatures for the final copy of the letter.

Following the last SCLC Administrative Council meeting in November 2022, and after nearly all signatures were collected and the letter finalized, the directors of Los Angeles Public Library and Los Angeles County Library graciously offered to intercede on behalf of the Administrative Council to reach out to the LA Times in an effort to resolve this issue.

In late February, Baker & Taylor requested a meeting with SCLC staff, which included a representative from PressReader. At this meeting, SCLC staff was informed that the reason that the LA Times pulled its publication from PressReader was due to an existing exclusivity clause it has in place with NewsBank. According to Baker & Taylor, NewsBank approached LA Times about this clause in their agreement and indicated that LA Times would need to drop its agreement with PressReader.

FISCAL IMPACT: There is no additional fiscal impact at this time, as the contract has already been approved using grant funds from a previous year.

Baker & Taylor provided renewal fees for October 1, 2023:

- PressReader: \$368,434.50
- Add *The Economist*: \$75,496.00

RECOMMENDATION: Informational

EXHIBITS: None



REPORT TO THE ADMINISTRATIVE COUNCIL
SOUTHERN CALIFORNIA LIBRARY COOPERATIVE

DATE: March 22, 2023
TO: Administrative Council
FROM: Christine Powers, Executive Director

SUBJECT: California Library Services Act Planning FY2023/24 – (DISCUSSION)

BACKGROUND: Each year, the Southern California Library Cooperative (SCLC) receives California Library Services Act (CLSA) funds from the state to promote resource sharing within the system. In order to receive this funding, SCLC submits an annual Plan of Service in June that is reviewed and subject to approval by the California Library Services Board. The Plan outlines how the system intends to expend these state funds and how those expenditures will benefit the communities served by the various libraries represented in the SCLC.

The proposed CLSA system allocations for fiscal year (FY) 2023/24 are still unknown and will not be available until later this spring. For this current fiscal year, SCLC has allocated funds for the following:

1. eResources (79%)
 - a. PressReader
 - b. Gale Archives of Sexuality and Gender
2. Courier Delivery Services (12%)
3. Telecommunications (5%)
 - a. IT Support
 - b. Zoom
 - c. Internet
 - d. Website Updates/Hosting
 - e. Phone/Fax

f. Telecommunications Equipment

4. Audit (2%)

5. Postage & Office Supplies (2%)

For the proposed CLSA system allocations for FY23/24, the determination will need to be made if SCLC wishes to proceed with the same distribution of funds. If the Administrative Council chooses to consider spending its funds differently, some discussion, coordination, and time will be required to obtain final consensus during the May meeting. This will allow for the submission of the CLSA Plan of Service for FY23/24 by the usual June deadline.

FISCAL IMPACT: N/A

RECOMMENDATION: Informational only. Should the Administrative Council wish to provide input to explore spending FY23/24 funds differently, it can provide feedback during this meeting. Action could be required if the Chair chooses to create and appoint members to an ad hoc committee to explore ideas to present at the May meeting.

EXHIBITS: None



REPORT TO THE ADMINISTRATIVE COUNCIL
SOUTHERN CALIFORNIA LIBRARY COOPERATIVE

DATE: March 22, 2023
TO: Administrative Council
FROM: Gary Shaffer, Chair

SUBJECT: Nominating Committee – (ACTION)

BACKGROUND: Annually, in accordance with its Bylaws and Standing Rules, the Southern California Library Cooperative (SCLC) appoints a Nominating Committee to identify candidates for the office of Vice-Chair/Chair-Elect.

The SCLC Bylaws, Article VII, Section 5, states, “The immediate past Administrative Council Chair shall serve as Chair of the Nominating Committee. Additional members of the Nominating Committee shall be appointed as established in the Standing Rules.”

Per SCLC’s Standing Rules, the Nominating Committee should consist of at least three Council members. In addition to the immediate past Chair, who will serve as chair of the Nominating Committee, two other committee members will need to be appointed by the Administrative Council Chair.

The duties of the Nominating Committee are:

- To solicit nominations for the positions of the Chair and Vice-Chair/Chair-Elect;
- To announce the slate of nominees at least four weeks prior to the annual meeting; and
- To make certain that the annual election of officers is held at the annual meeting.

DISCUSSION: Administrative Council Members may volunteer themselves or recommend others to serve on the Nominating Committee. Based on the date of May meeting, the work of the Nominating Committee will run from late March through late April 2023.

The Chair has authority to appoint members to standing and ad hoc committees, including the Nominating Committee. The Chair will accept suggestions for the Nominating Committee and will make final appointments by April 24, 2023.

FISCAL IMPACT: None

RECOMMENDATION: Volunteer or offer suggestions for Members to serve on the Nominating Committee members.

EXHIBITS: None



REPORT TO THE ADMINISTRATIVE COUNCIL
SOUTHERN CALIFORNIA LIBRARY COOPERATIVE

DATE: March 22, 2023
TO: Administrative Council
FROM: Christine Powers, Executive Director
Lori Graver, Administrative Assistant

SUBJECT: Conflict of Interest Code: Biennial Review / Form 700

BACKGROUND:

Biennial Review of the Conflict-of-Interest Code

The Political Reform Act requires every multi-county agency to review its Conflict-of-Interest code biennially and notify the Fair Political Practices Commission (FPPC) as to whether the agency's code needs to be amended. The Conflict-of-Interest Code is included as an exhibit with this report.

Form 700

The California FPPC requires public employees who make or influence governmental decisions to submit a Statement of Economic Interest, also known as the Form 700 – on an annual basis or upon assuming or departing office. Administrative Council Members of the Southern California Library Cooperative (SCLC) should send in their completed forms representing economic interests in the 2022 calendar year no later than April 1, 2023 to comply with the FPPC deadline. Email notifications, along with the form, were sent to Council Members in January 2023. A link to the Form 700 can also be found [here](#).

New this year is acceptance of certified electronic signatures.

After completing the form(s), please email to lgraver@socallibraries.org, or send with original, wet signature to:

Lori Graver
Southern California Library Cooperative
254 N. Lake Ave. #874
Pasadena, CA 91101

FISCAL IMPACT: N/A

RECOMMENDATION: Administrative Council Members are asked to review the current code to determine if any new amendments need to be communicated to the FPPC or if no changes are to be made.

EXHIBITS:

- a. Southern California Library Cooperative Conflict-of-Interest Code

SOUTHERN CALIFORNIA LIBRARY COOPERATIVE

CONFLICT-OF-INTEREST CODE

The Political Reform Act (Government Code Section 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict-of-interest codes. The Fair Political Practices Commission has adopted a regulation (2 California Code of Regulations Section 18730) that contains the terms of a standard conflict-of-interest code, which can be incorporated by reference in an agency's code. After public notice and hearing, the standard code may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This regulation and the attached Appendices, designating positions and establishing disclosure requirements, shall constitute the conflict-of-interest code of the Southern California Library Cooperative (SCLC).

Individuals holding designated positions shall file their statements of economic interests with the SCLC, which will make the statements available for public inspection and reproduction. (Gov. Code Sec. 81008.) All statements will be retained by the SCLC.

APPENDIX A
DESIGNATED POSITIONS

Designated Position (If other than Council Members)	Assigned Disclosure Category
Auditor	1
Legal Counsel	1
Consultant/New Position	

*Consultants/New Positions shall be included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the code, subject to the following limitations:

The Executive Director may determine in writing that a particular consultant or new position, although a "designated position," is hired to perform a range of duties that is limited in scope and thus, is not required to fully comply with the disclosure requirements described in this section. Such written determination shall include a description of the consultant's or new position's duties and, based upon that description, a statement of the extent of disclosure requirements. The Executive Director's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict-of-interest code. (Gov. Code Sec. 81008.)

OFFICIALS WHO MANAGE PUBLIC INVESTMENTS

The following positions are NOT covered by the conflict-of-interest code because they must file a statement of economic interests pursuant to Government Code Section 87200 and, therefore, are listed for informational purposes only:

Administrative Council Members
Executive Director
Business Manager

An individual holding one of the above listed positions may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe that their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by Government Code Section 87200.

APPENDIX B DISCLOSURE REQUIREMENTS

Category 1:

Investments and business positions in business entities, and sources of income, including receipt of gifts, loans, and travel payments, from:

- o Entities that provide services, supplies, materials, machinery, or equipment of the type utilized by the SCLC or its member libraries.
- o Entities that are engaged in the business of insurance, including, but not limited to, insurance companies, carriers, holding companies, underwriters, brokers, solicitors, agents, adjusters, claims managers, and actuaries.
- o Entities or persons who have filed a claim, or have a claim pending, against the SCLC.

This is the last page of the conflict-of-interest code of the Southern California Library Cooperative.



CERTIFICATION OF FPPC APPROVAL

Pursuant to Government Code Section 87303, the conflict-of-interest code for the Southern California Library Cooperative was approved on 12/23/2012. This code will become effective on 1/22/2013.

A handwritten signature in cursive script, appearing to read "W. J. Lenkeit", written over a horizontal line.

William J. Lenkeit

William J. Lenkeit

Senior Counsel, Legal Division

Fair Political Practices Commission

Pursuant to FPPC Regulation 18752.



REPORT TO THE ADMINISTRATIVE COUNCIL
SOUTHERN CALIFORNIA LIBRARY COOPERATIVE

DATE: March 22, 2023
TO: Administrative Council
FROM: Nerissa Snodgrass, Project Manager

SUBJECT: Authority for Financial Institutions

BACKGROUND: Given the recent personnel changes within the Southern California Library Cooperative (SCLC), staff is requesting that the Administrative Council authorize the appropriate individuals to have authority to SCLC's bank account and its LAIF Fund.

Pacific Western Bank

SCLC uses Pacific Western Bank for its checking, system business, and the acceptance and distribution of grant and system funds. With changes in SCLC leadership, signature authority needs to be updated.

LAIF Fund

California Local Agency Investment Fund (LAIF) is an external investment pool allowing governmental organizations to place money in a major portfolio. Participating agencies are allowed to withdraw funds from LAIF at any time. LAIF reports quarterly balances for all participants and as of December 31, 2022, SCLC maintained a balance of \$1,839,072.

FISCAL IMPACT: None

RECOMMENDATION: Staff recommends that the Administrative Council make two separate motions for each account, as follows:

Pacific Western Bank

1. Add Executive Director, Christine Powers as an authorized signer on accounts.
2. Signature authority for Chair, Gary Shaffer, will be maintained.

3. Signature authority for Project manager, Nerissa Snodgrass, will be maintained.

LAIF Account

1. Add Executive Director, Christine Powers as an authorized signer on account.
2. Add Deputy Director, Wayne Walker as an authorized signer on account.
3. Add Controller, Andy Beck, as an authorized signer on account.

EXHIBITS: None



REPORT TO THE ADMINISTRATIVE COUNCIL
SOUTHERN CALIFORNIA LIBRARY COOPERATIVE

DATE: March 22, 2023
TO: Administrative Council
FROM: Andy Beck, Controller, SCLC

SUBJECT: SCLC Banking Status

BACKGROUND: On Friday, March 10, 2023, Silicon Valley Bank (SVB) failed and was taken over by the FDIC. This was the second largest bank failure in US history. Most of SVB's deposits came from venture funding, which started drying up last year. Those startups had to withdraw more of their deposits to stay operational. To meet that demand, SVB had to sell its investments. SVB was heavily invested in long-term debt securities purchased at low interest rates. The Federal Reserve began to increase interest rates to fight inflation resulting in a realized loss of approximately \$1.8 billion for SVB.

While not affiliated with SVB, Pacific Western Bank, which is the bank utilized by the Southern California Library Cooperative, has exposure to the same type of venture capital clients that SVB had. Specifically, a sizable amount of Pacific Western Bank's lending portfolio is tied to real estate owned by these venture capital firms. Based on SCLC's deposit amount, the Administrative Council may wish to consider exploring other banking options.

FISCAL IMPACT: None

RECOMMENDATION: Informational

EXHIBITS: None

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Cooperative Library System Liaison Report
March 16, 2023

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State Library News

The Library Development Services Bureau has hired a new Library Programs Consultant to work primarily on our statewide Lunch at the Library program. Her name is Rachel Tucker. We look forward to introducing her to you soon.

LSTA News: This is a reminder about the federal government's transition from the use of the D-U-N-S Number to the use of the Unique Entity Identifier (UEI). D-U-N-S numbers are no longer in use. Current federal award recipients and all future applicants/recipients will need to have an active UEI to be eligible to receive or continue to receive federal award funds. To register and/or for more information, please visit [SAM.gov | Entity Registrations](https://sam.gov). If you have questions regarding this, please contact LSTAGrants@library.ca.gov.

Open Opportunities

[Building Forward Library Facilities Improvement Program Round 2](#)

Round Two of the Building Forward Library Facilities Improvement Program is now open. This opportunity will close May 18, 2023. With new funding provided by the legislature, the State Library has approximately \$175 million dollars left to award. Please visit the website at

Please visit the website at <https://www.library.ca.gov/grants/infrastructure/>.
For Building Forward questions, please email buildingforward@library.ca.gov.

[LSTA Local and Collaborative 2023/2024 – Due March 28, 2023](#)

The opportunity is now open! 2023-2024 Local and Collaborative Grants help California's libraries respond effectively to local needs and align services with local community aspirations; support experimentation and research and development in California's libraries; and provide training and support in grant writing and grant management for the California library community. The funding period is July 2023 – June 2024.

Visit the LSTA Local & Collaborative [grants page](#) to learn more. Please email lstagrants@library.ca.gov with any questions.

[California Library Literacy Services – \(1\) ESL funding applications for current CLLS programs due March 15, 2023. \(2\) Round 3 ESL funding applications for CLLS libraries due March 15, 2023. \(3\) Applications to join CLLS due April 3, 2023.](#)

There are currently three funding opportunities open.

(1) For current CLLS programs that have received state CLLS ESL funding (in Rounds 1, 2, or 2.5), the renewal application for 2023/2024 through 2025/2026 was due March 15, 2023, in the Counting Opinions portal. The award will provide three years of support.

(2) For current CLLS libraries that have NOT received CLLS ESL funding to date, the final round of ESL applications for new participants will open in early 2023 for funding that starts July 1, 2023,

and runs through June 30, 2026. The award will provide three years of support. The application is due March 15, 2023, in the Counting Opinions portal.

(3) Libraries that do not currently participate in CLLS but are interested in joining this ongoing service may apply to join CLLS. Applications are due April 3, 2023, in the Submittable portal. An [information session](#) took place Friday, February 10, at 11 a.m. For additional information, visit <https://libraryliteracy.org/for-coordinators/reporting-state-funding/> or request an individual appointment through clls@library.ca.gov. State of CA funded.

For CLLS and Literacy Initiatives questions, please contact clls@library.ca.gov.

California Library Connect – Rolling Due Date

The [California Library Connect Program](#) is now accepting applications. Libraries may apply for grants to cover eligible IT/network infrastructure equipment and expenses, as well as the first-year costs of upgrading or installing a new high speed Internet circuit. This program also supports California public libraries by connecting them to high-speed internet through the California Research and Education Network (CalREN) — a high-capacity public-sector broadband network. We have also launched the California Collaborative Connectivity Grant, a separate grant opportunity that provides gap funding for libraries and partner anchor institutions to construct broadband circuits to connect underserved communities. State of CA funded.

For California Library Connect questions, please contact us at admin@californialibraryconnect.com, the California Library Connect Grants Coordinator email grants@californialibraryconnect.com or through our help line at 213-297-0109 (Monday-Friday, 7:00AM-3:00PM PST).

Visit the [grants page](#) of the California State Library website for a listing and timetable of new and upcoming funding opportunities and statewide resources available.

Upcoming Opportunities

Sustainable California Libraries 23/24 Opens Mid-April 2023

The Sustainable California Libraries 23/24 program application period will open in April 2023. Projects receiving funding through the Sustainable California Libraries grant program focus on climate education, environment-focused civic engagement, water conservation, air quality, energy efficiency, reducing waste, and supporting local climate action and resilience plans. These grants support activities such as environmental education programs, teaching gardens, lending libraries including tools, seeds and other items tailored to community needs, climate-focused service groups, sustainability conversations, and more.

For questions, please email sustainability@library.ca.gov

Zip Books

The Zip Books 23/24 program application period will open in April 2023.

For Zip Books questions, please email zipbooks@library.ca.gov.

Current Projects and Services

California Library Literacy Services Training - Ongoing

CLLS networking calls and trainings through the Literacy Initiatives grant continue on a regular basis. Upcoming training sessions will help libraries prepare for AmeriCorps, family literacy, new ESL services and more. Please visit the new CLLS training and meeting [calendar](#)! LSTA funded.

California Libraries Learn (CALL) - Ongoing

CALL presents on-the-ground training across California in April on Managing Patron Challenges. Registration is now open for half-day regional trainings in Davis, San Leandro, Long Beach, and Riverside. Have a good idea? CALL Homegrown features learning opportunities suggested and designed by California library staff; anyone can complete the [CALL for Presentations](#)! Plan your team's professional development by visiting www.callacademy.org and check the frequently updated [calendar](#) to explore the options. Free courses, weekly webinars, and cohort-based learning continue throughout the year. CALL has its own newsletter, *CALL Letters*, and users can [subscribe](#) directly for up-to-date information on staff professional development needs. Encourage your staff members to [create a login](#) to access the many online, self-paced learning opportunities available through [CALL Academy](#). LSTA funded.

CopyCat Grants

For 2022/23 [CopyCat Grants](#) the 2nd Quarter Financial Report (for grant expenditures from Jan-Mar 2023) and Mid Project Program Narrative Report (for activities conducted beginning of the grant period to 3/31/2023) are due to the State Library **by April 15, 2023**. For Grant Guide information and to submit reports, please visit [Manage Your Current Grant - California State Library](#). For CopyCat questions, email LSTAGrants@library.ca.gov LSTA funded.

Get Connected! California/Affordable Connectivity Program - Ongoing

All California Libraries are invited to participate in the Get Connected! Initiative. Get Connected! promotes the Affordable Connectivity Program (ACP) which provides a monthly discount of up to \$30 off home internet to qualifying families. Libraries are encouraged to host enrollment events, with the support of CETF and Get Connected! These enrollment events will support eligible families interested in applying for ACP, answer questions about the ACP benefit, and provide hands-on assistance with the application. Patrons will be encouraged to bring the required documents to apply. To participate in an enrollment event and learn how you can help your patrons Get Connected! please visit <https://forms.gle/k6YiHeH8Suwhvxy97>.

For more information on ACP please visit: www.internetforallnow.org/applytoday. State of CA funded.

Networking California Library Resources

We are delighted to share news about [CalMatters for Learning](#), a free nonpartisan resource platform, brought to you by the California State Library and CalMatters. At the beginning of each month through June 2023, you will find a new package of resources to help library staff develop programs, guide conversations and build other activities at your branch. Resources will be available in English and Spanish. The resource center includes interactive tools, videos, audio features and explanations. All libraries are encouraged to integrate the resource into their programs and events. For questions or to provide feedback on the resource, contact anaclara@calmatters.org LSTA-funded.

Tutoring Project – Ongoing

Every internet connected Californian is now able to access live, 24/7 online tutoring and homework help in all K-12 subjects. The passing of [AB 128](#) by the California State Legislature enabled the California State Library to partner with the Pacific Library Partnership in bringing this service to all CA Public Libraries. All California public libraries are able to offer Brainfuse's online tutoring and homework assistance service, HelpNow, to their users for two years at no cost. Every California student, with or without a library card, has access to 24/7 online tutoring in core K-12 subjects. Spanish language tutors will be available as well as tutors fluent in Mandarin, Cantonese, Vietnamese, and Tagalog.

[See here for Full details on the Statewide tutoring project.](#) State of CA funded.

For Online Tutoring questions, email catutoring@library.ca.gov.

Zip Books

Zip Books allows users to have library items purchased and directly shipped to their home address. Program information can be found at [Zip Books Program - California State Library](#). The Mid-Project Narrative and Financial Reports are due by **4/30/2023**. State of CA funded. For Zip Books questions, please contact us at ZipBooks@library.ca.gov.

Networking and Training

Career Pathways Webinars for 2023

Register for upcoming webinars by clicking the links below or visiting the [CAreer Pathways Staff Resource page](#), where you can also find platform details, administration, marketing materials and more.

- [CAreer Pathways Resources for Agriculture, Climate, and Infrastructure Jobs with Stanislaus County Library - Wednesday, March 22, 2023, 11:00 am – 12:00 pm](#)

Join us to learn more about Stanislaus County Library and their key partnerships with Workforce Development and LearningQuest (literacy), both of which were instrumental

in driving traffic to their CAREer Pathways resources page. They will share promotional materials, including a commercial that ran on social media. The webinar will also feature resources across all platforms that focus on the high-need, high-growth industries of Agriculture, Climate and Infrastructure. Workforce development and related community partners and library staff of all levels are invited to attend.

- [CAREer Pathways: Best Practices for the Literacy Community](#)
Wednesday, May 10, 2023, 11:00 am – 12:00 pm

New to the library or not sure which platforms your library offers? Check out the [CAREer Pathways Services Locator map](#). Archived webinars are available (for California library staff) on the [CALL Academy CAREer Pathways channel](#).

CAREer Pathways is State of CA funded. Questions? CAPathways@library.ca.gov

[Directors Networking Conversations 2023](#)

Networking conversations for library directors continue and an invitation to participate is sent out on the directors' listserv as dates are scheduled. The next Directors Call will be held on May 17, 2023. Registration information will be provided closer to the meeting date. LSTA funded.

[Online Tutoring Training 2023](#)

The statewide online tutoring project has trainings available for you or your staff. Please take a look at the full training calendar on [our tutoring page](#) for more information. Upcoming trainings include:

- [HelpNow: Summer Services Pitch](#) May 3rd, 10:30 AM

[Recording of Feb 1 eBooks for All Summit](#)

The statewide eBooks for All Summit was on February 1st. A video of the summit is available for library workers to view as their schedule allows. The timestamps below may be helpful for particular segments (times are hour.minute.second):

[Full Video](#)

- Panel on eBooks for All in other states, moderated by State Librarian Greg Lucas: start – 0.2.42; end – 0.55:06
- Lyris on using the data tools from Lyris for collection development: start – 1.03.43; end – 2.18.26
- Collection Development grant session: start – 4.32.33; end 5.02.10
- Keynote with Professor Rebecca Giblin introduced by John Bracken: start – 5.13.26; end 5.57.02

Get Connected California Events April 22: Host Sites Needed

Get Connected! California mobilization is underway to expand broadband access for Californians. On Saturday, April 22, organizations across the state are hosting enrollment assistance events to be sure that every eligible student and family is aware of and enrolled in the Affordable Connectivity Program (ACP). More than 4 million California households are eligible for discount broadband services but are not yet enrolled.

If you can help by hosting an enrollment event on April 22 or by promoting ACP enrollment in your community, [please sign up here](#).

Please help spread the word about ACP and the benefits for households in your area. A Digital Inclusion flier in English and Spanish to help households enroll is available at this [link](#).

Please share this information with your colleagues and local partners. For more information on ACP enrollment, visit the [Internet For All Now](#) website.

Let's get California connected!

Projects marked "LSTA funded" are supported in whole or in part by the U.S. Institute of Museum and Library Services under the provisions of the Library Services and Technology Act, administered in California by the State Librarian.

Projects marked "State of CA funded" are supported in whole or in part by funding provided by the State of California, administered by the California State Library.



REPORT TO THE ADMINISTRATIVE COUNCIL
SOUTHERN CALIFORNIA LIBRARY COOPERATIVE

DATE: March 22, 2023
TO: Administrative Council
FROM: Christine Powers, Executive Director

SUBJECT: Executive Director's Report

BACKGROUND: This report provides an overview of my first 11 weeks as the Executive Director for the Southern California Library Cooperative (SCLC).

Progress on Strategic Plan

Transparency, Advocacy & Engagement

As I have stepped into this role and am learning more about the organization and its operations, I am using this information to create an "Introduction to SCLC" for all library staff members. I am working with the Strategic Planning Ad Hoc Committee to finalize this document. Once it has been finalized, we will hold online sessions for the Administrative Council Members to participate, should you want an orientation.

During this time, I have had the opportunity to meet one-on-one with 8 Administrative Council Members; have meetings with the Chair; participate in meetings with the Executive, Audit and Finance, and Technology Committees; and meet with the Strategic Planning Ad Hoc Committee. From these meetings, I learned that Members are seeking increased transparency so that the Administrative Council can have a clearer understanding of its operations and budget. In conjunction with the "Introduction to SCLC," staff has been working on updating how the budget is presented in order to provide members with the information they need to provide meaningful feedback to the organization.

Work has begun in the background towards updating SCLC's website. Changes will include an updated look to the page, providing more information, and making the agenda page more user-friendly. Additionally, I would like to update SCLC's logo, as the current logo does not have a high-resolution version, and has not been updated in several years.

Organizational Health & Sustainability

Staff has met with the Chair of the Audit and Finance Committee to explore diversifying SCLC's revenue. Opportunities have been identified, some of which can be implemented quickly, such as a review of membership dues. Other ideas on how to ensure the financial stability of the organization long-term will take more time, but staff will continue to explore these ideas in conjunction with Council Members. The Controller and I are also working on assessing the cost of current and enhanced services, not only for SCLC, but for the other four cooperatives that SCLC provides financial and administrative oversight.

In conjunction with the Strategic Planning Ad Hoc Committee, I am working on organizing SCLC's annual planning session sometime in September or October. This would follow the "Introduction to SCLC" orientation sessions, along with a survey to all Members to gain a better understanding of your priorities and what you value as a Member of SCLC.

Significant Issues

Arrogant Hollywood Case

The Arrogant Hollywood case was transferred to the Central District court and terminated on February 24, 2023. According to the attorneys, no further action is anticipated on this case.

Operations

RFP for Delivery Services

Staff has been receiving complaints from member libraries regarding the delivery of materials. Specifically, some libraries have not been getting their materials picked up, and some have had missing materials. Given these complaints, and that the contract that SCLC has in place for delivery services is almost 10 years old, we will be issuing a request for proposals for delivery services for SCLC. We plan to have a new vendor identified by May in order to have those costs reflected in the budget for FY 2023-24.

Record Retention Policy

While there is no law that dictates how often record retention policies must be reviewed, staff plans to bring SCLC's record retention policy to the Administrative Council for review this upcoming fiscal year, and plans on having this policy be reviewed by the Administrative Council every 5 years.

Administration

Assessment of Job Duties

Since coming on board, I have been working to learn about the various operations of SCLC, and the role each staff member plays in supporting the organization. Given the vacancies that SCLC has experienced over the past year, I have focused on returning each employee to their original scope of work as outlined in their job duties. As the year progresses, I plan to assess the overall organizational structure, roles, and responsibilities to support the operations of SCLC, and to ensure that we are a nimble and responsive organization.

Employee Handbook

The last update for the SCLC Employee Handbook was approved by the Administrative Council in 2014. I am working on updating the handbook and bringing this back to the Council for review. Additionally, I would like to incorporate the holiday schedule in the Handbook to avoid bringing this item to the Council on an annual basis, unless there are holidays that need to be added/removed from the calendar.

I look forward to a great year ahead and look forward to having the chance to meet you all in person soon for one-on-one meetings.

FISCAL IMPACT: N/A

RECOMMENDATION: Informational only

EXHIBITS: None



**SCLC Meeting Dates
2022/23**

Approved 05252022

Updated 10212022

Friday, July 22, 2022 - Special

4:00pm Executive Committee

Via Zoom

Wednesday, August 24, 2022

1:00pm Executive Committee

2:15pm Administrative Council

Alhambra

Wednesday, October 26, 2022

1:00pm Executive Committee, only

Glendale

Wednesday, November 30, 2022

1:00pm Executive Committee

2:15pm Administrative Council

Whittier

Wednesday, January 25, 2023

1:00pm Executive Committee, only

Via Zoom

Wednesday, March 22, 2023

1:00pm Executive Committee

2:15pm Administrative Council

Signal Hill

Wednesday, May 24, 2023

1:00pm Executive Committee

2:15pm Administrative Council

Location TBD