



## Joint Powers Authority Board

### AGENDA

June 25, 2020 at 12:00 PM

BY VIRTUAL TELECONFERENCE ONLY

Pursuant to the provisions of California Governor's Executive Order N-29-20, issued on March 17, 2020, this meeting will be held by teleconference only. Instructions for accessing the teleconference will be posted online at <https://sccl.org/jpa/>

In accordance with the Ralph M. Brown Open Meeting Act; this agenda was posted on Friday, June 19, 2020 on the Library's website at [www.sccl.org](http://www.sccl.org). Items on the consent calendar may be voted on in one motion at the beginning of the meeting. If you wish to discuss any of these items, please request this item be removed from the consent calendar.

#### 1. CALL TO ORDER/ROLL CALL

Deletions, deferrals or corrections to the agenda.

#### 2. ORAL COMMUNICATION

The Joint Powers Authority Board may take other actions relating to the issues as may be determined following consideration of the matter and discussion of the recommended actions.

This portion of the meeting is reserved for persons desiring to address the Joint Powers Authority Board on any matter not on the agenda. **Please limit your comments to three minutes.** All statements that require a response will be answered in writing or status of response will be reported on the agenda for the next regular meeting of the Joint Powers Authority Board.

**NOTE:** If you wish to speak on an item of business listed on the agenda, the Chair will call upon you at the time the Board considers the item.

#### 3. CONSENT CALENDAR

- a. Approve Minutes from April 30, 2020, Joint Powers Authority Board meeting
- b. Accept Santa Clara County Library District Semi-Annual Gift Report: July 1 – December 31, 2019
- c. Accept cash donation of \$12,000 for Bookmobile Services
- d. Accept cash donation of \$9,000 for the Cupertino Library
- e. Accept cash donation of \$1,000 for the Los Altos Library
- f. Accept cash donation of \$1,008 for the Milpitas Library
- g. Accept grant of \$20,000 for the Milpitas Library

#### 4. NEW BUSINESS

- a. Receive and accept the Independent Audit Report for Year Ending June 30, 2019
- b. Adopt the Fiscal Year 2020-21 Santa Clara County Library District Budget

- c. Ratify Appointment of Nominating Committee
- 5. REPORTS / COMMENTS**
- a. County Librarian
- b. JPA Board Members

**6. ADJOURN**

To the next Joint Powers Authority Board meeting on Thursday, October 22, 2020, at 12:00 p.m., at the Santa Clara County Library District Services and Support Center, 1370 Dell Avenue, Campbell, CA 95008.

In compliance with the Americans with Disabilities Act, those requiring accommodation for this meeting should notify the County Librarian's Office 24 hours prior to the meeting at (408) 293-2326 x3090, TDD (408) 364-1528.

## **JOINT POWERS AUTHORITY BOARD**

### **MINUTES**

***Thursday, April 30, 2020***

Pursuant to the provisions of California Governor's Executive Order N-29-20, issued on March 17, 2020,  
this meeting was held by virtual teleconference.

#### **CALL TO ORDER/ROLL CALL**

Chair Wasserman called the meeting to order at 12:02 p.m. A quorum was present. There were no deletions, deferrals or corrections to the agenda.

<b>Board Member</b>	<b>Title</b>	<b>Representing</b>	<b>Status</b>
Mike Wasserman	Chair	Board of Supervisors	Present
Lynette Lee Eng	Vice Chair	Los Altos	Present
Joe Simitian	Board Member	Board of Supervisors	Present
Rich Waterman	Board Member	Campbell	Present
Darcy Paul	Board Member	Cupertino	Present
Dion Bracco	Board Member	Gilroy	Present
Courtenay C. Corrigan	Board Member	Los Altos Hills	Present
Carmen Montano	Board Member	Milpitas	Present
Shawn Leuthold	Board Member	Monte Sereno	Present
Rich Constantine	Board Member	Morgan Hill	Present
Rishi Kumar	Board Member	Saratoga	Present

#### **ORAL COMMUNICATION**

None.

#### **PUBLIC COMMENT**

- a. Written communication received from Doug Muirhead.

#### **CONSENT CALENDAR**

- \*1. Approve Minutes from January 23, 2020, Joint Powers Authority Board Meeting.
- \*2. Accept follow-up report to Patron Satisfaction Survey results

Board member Simitian joined meeting at 12:05 p.m.

**Motion was moved by Constantine and seconded by Lee Eng to approve Consent Calendar items 1-2.**

**The motion passed unanimously by the following vote:**

**Ayes: Wasserman, Lee Eng, Simitian, Waterman, Paul, Bracco, Corrigan, Leuthold, Constantine and Kumar**

**Absent: Montano**

## **NEW BUSINESS**

### **3. Approve the updated Library Building Policy**

Staff report. Chuck Griffen, Financial and Administrative Services Manager. In 1999, the City Managers developed a Building Policy that was financially feasible for the newly formed JPA. In essence, the policy was crafted to keep the Library District's funds dedicated for operations and to end the Library's financial contribution to new library buildings after the completion of the Gilroy, Milpitas and Morgan Hill Libraries. Annual lease payments were drawn-up for those buildings and are continuing; meanwhile all other leases are in place but payments have ended. Several cities are in the planning stages of renovating their libraries. In 2019, the policy was amended to allow for District funding to be used towards preliminary cost estimates of new or remodeled buildings on a case by case basis. As in the case of Campbell Library, the Board approved \$50,000 for a feasibility/cost estimate study of the City of Campbell's library-building project. The Finance Committee reviewed and discussed the Library Building Policy at its meeting on January 8, 2020 and then again on April 1, 2020, and they recommended that the Library Building Policy be amended to include language regarding the use of 10 Year Capital Maintenance Plan Funds. The amendment in summary states if a city is planning a major renovation or a new library building, and there are funds already set aside in the Capital Maintenance Plan for maintenance projects in the next three years at said library, those funds could be applied towards the renovation project. This funding approach is on a case-by-case basis and with JPA Board approval.

No public comment.

The Board Members reviewed and discussed the Library Building Policy. Board Member Paul requested an off agenda report of all current library lease agreements and payment terms. Mr. Griffen will provide the report to the entire JPA Board.

**Motion to approve the updated Library Building Policy was moved by Bracco and seconded by Wasserman. The motion passed unanimously by the following vote:**

**Ayes: Wasserman, Lee Eng, Simitian, Waterman, Paul, Bracco, Corrigan, Leuthold, Constantine and Kumar**

**Absent: Montano**

### **4. Consider and discuss the FY2020-2021 Preliminary Budget for the Santa Clara County Library District**

Staff report. Chuck Griffen, Financial and Administrative Services Manager. The preliminary budget was presented. The Finance Committee at their meeting on April 1, 2020, also reviewed and discussed the budget. The budget is subject to change due to possible reductions in property tax revenue, which is the Library's primary funding source. If there are reductions, it is unclear at this time to what degree. The Library's finances are in good shape for Fiscal Year 2021, but there is discussion about possible reductions in excess ERAF funds. If necessary, the Library should have \$1-\$2 million in personnel savings in FY19/20 that would offset any reductions in ERAF monies. Staff's goal is to present a sustainable budget that meets the demands of library users while reserving sufficient funds for expected technology and capital maintenance needs and anticipated financial fluctuations.

Five years ago, the Library JPA Board unanimously approved a dramatic increase to the Economic Uncertainty Reserve. The original intent was to offset 6 months of special tax funding, in the event that voters did not extend it beyond 2013. Fortunately, the voters overwhelmingly approved the extension and since that time, the Board directed staff to increase the reserve to an amount that would be needed to weather a typical economic downturn and to continue providing essential library services to patrons when needed most. The current amount of the reserve is \$17,000,000.

Due to a softening of property tax revenue and reductions in funding, staff recommended rolling over \$3 million in savings from the FY 2020 budget to cover reductions in property tax revenue for FY2021. The budget will come back to the JPA Board for final review and approval on June 25, 2020.

The Board reviewed and discussed the FY2020-2021 Preliminary Budget for the Santa Clara County Library District.

Board Member Montano joined the meeting at 12:25 p.m.

#### **REPORTS/COMMENTS**

#### **INFORMATION**

5. County Librarian Report. Jennifer Weeks, Acting County Librarian.

During this closure of library facilities in response to COVID-19, SCCLD public service is completely online. And as a county department, our focus during an emergency is on our County Continuity of Operations plan (COOP), which outlines three main functions for the library:

- Provide for safe public access to library buildings
- Make the library collection available
- Provide public information about disaster to the community and Emergency Operations Center (EOC)

All libraries closed to the public to comply with the directive to shelter in place from the Public Health Department due to COVID-19 on March 14, 2020, for the safety of staff and patrons.

As of March 16, 2020, all library staff have been teleworking in accordance with county directive to provide safe spaces for staff and public. SCCLD continues:

- Essential business functions such as accounting, procurement and payroll
- Ensuring our facilities are safe and secure
- Keeping the website updated with latest public health information, CDC and County updates
- Continuing with building project planning at various libraries

While library staff are non-essential county workers, all coded library staff were given the opportunity to work from home during this Shelter in Place directive, and some employees have been activated as Disaster Service Workers (DSW) by the EOC.

Meanwhile, with library buildings closed, SCCLD continues to offer enhanced online services to the public during this time including:

- Student eAccount access
- eCards for new patrons and county employees
- Access to expanded digital collections

- ✚ Live programs/storytime on Facebook twice a day Monday through Saturday
- ✚ Call in book clubs
- ✚ Library staff available by phone, chat and email, 7 days a week from 10a – 6p
- ✚ Extended loan periods until reopening
- ✚ No fines assessed during this time
- ✚ Refreshed virtual and digital web content
- ✚ Increase communications to patrons from monthly to weekly
- ✚ New centralized phone services

The next steps for the Library is to reopen safely to the staff and public by following the guidelines from Public Health, County leaders and our partners cities. We are also considering guidance from the Public Library Association, the American Library Association, and the Institute of Museum and Library Sciences.

## 6. JPA Board Members

Board Member Corrigan commented that she is proud of library staff for all their hard work.

## ADJOURN

With no further business, Chair Wasserman adjourned the meeting at 12:37 p.m., to the next Joint Powers Authority Board meeting on Thursday, June 25, 2020 at 12:00 p.m. at the Santa Clara County Library District Services and Support Center, 1370 Dell Avenue, Campbell, CA 95008.

Respectfully submitted,

*Cynthia Rios Garcia*

Cynthia Rios Garcia, Secretary  
Santa Clara County Library District Joint Powers Authority



## JOINT POWERS AUTHORITY BOARD TRANSMITTAL

**DATE:** June 25, 2020

**TO:** Joint Powers Authority Board

**FROM:** Jennifer Weeks, County Librarian

**SUBJECT:** **Accept Santa Clara County Library District Semi-Annual Gift Report: July 1 – December 31, 2019**

### **RECOMMENDED ACTIONS**

It is recommended that the Board accept the gifts listed on the enclosed report totaling \$60,796.86.

### **BACKGROUND/REASONS FOR RECOMMENDATION**

The \$60,796.86 represents gifts that have been received by the eight District libraries, Bookmobile, and the Reading Program during the period July 1, 2019 through December 31, 2019.

### **FISCAL IMPLICATIONS**

There are no fiscal implications to the County Library since these gifts are from outside sources and no Library funds were used. Library services have been enhanced by these donations.

## SANTA CLARA COUNTY LIBRARY DISTRICT GIFT REPORT

LIBRARY	DATE	DESCRIPTION OF GIFT	DONOR NAME	VALUE
Bookmobile		No Gifts to Report		\$ -
Campbell	July 1 - Dec. 31	Programs and supplies	Friends of the Campbell Library	\$ 8,889.32
			Subtotal	\$ 8,889.32
Cupertino	July 1 - Dec 31	Adult Programs	Friends of the Cupertino Library	\$ 4,040.08
		Teen Programs	Friends of the Cupertino Library	\$ 2,237.90
		Children's Programs	Friends of the Cupertino Library	\$ 5,898.04
		Cupertino Courier Microfilm	Friends of the Cupertino Library	\$ 990.82
		Adult Programs	Cupertino Library Foundation	\$ 2,845.00
		Cupertino Library Art Wall Supplies	Cupertino Library Foundation	\$ 935.66
			Subtotal	\$ 16,947.50
Gilroy		No Gifts to report		\$ -
Los Altos & Woodland	July 1 - Dec 31	Programs and supplies for children, adults & teen	Friends of the Los Altos Library	\$ 13,120.00
		STEAM programming	LALE	\$ 1,250.00
			Subtotal	\$ 14,370.00
Milpitas	July 1 - Dec 31	Programs	Friends of the Milpitas library	\$ 7,286.00
		Plant maintenance	Friends of the Milpitas library	\$ 662.00
		Supplies	Friends of the Milpitas library	\$ 773.73
			Subtotal	\$ 8,721.73
Morgan Hill	July 1 - Dec 31	Programs, craft supplies, and speaker stipends	Friends of the Morgan Hill Library	\$ 10,488.84
	July 1 - Dec 31	Furnishings	Friends of the Morgan Hill Library	\$ 1,379.47
			Subtotal	\$ 11,868.31
Saratoga		No Gifts to report		\$ -
Reading Program		No Gifts to report		\$ -
			Total	\$ 60,796.86



## JOINT POWERS AUTHORITY BOARD TRANSMITTAL

**DATE:** June 25, 2020

**TO:** Joint Powers Authority Board

**FROM:** Jennifer Weeks, County Librarian

**SUBJECT:** **Accept cash donation of \$12,000 for Bookmobile Services**

### **RECOMMENDED ACTIONS**

It is recommended that the Board accept a cash donation of \$12,000 for Bookmobile Services from the Friends of the Cupertino Library.

### **BACKGROUND/REASONS FOR RECOMMENDATION**

The Friends of the Cupertino Library have presented the Library with a cash donation, which is to be appropriated for Bookmobile Services.

### **FISCAL IMPLICATIONS**

There are no fiscal implications to the approved Library Budget. The budget for purchases will increase commensurately with the amount of the cash donation.

### **STEPS FOLLOWING APPROVAL**

The Library budget will be augmented to reflect this donation. The County Librarian will acknowledge this gift.



## JOINT POWERS AUTHORITY BOARD TRANSMITTAL

**DATE:** June 25, 2020

**TO:** Joint Powers Authority Board

**FROM:** Jennifer Weeks, County Librarian

**SUBJECT:** **Accept cash donation of \$9,000 for the Cupertino Library**

### **RECOMMENDED ACTIONS**

It is recommended that the Board accept a cash donation of \$9,000 for the Cupertino Library from the Friends of the Cupertino Library.

### **BACKGROUND/REASONS FOR RECOMMENDATION**

The Friends of the Cupertino Library have presented the Library with a cash donation, which is to be appropriated for library materials.

### **FISCAL IMPLICATIONS**

There are no fiscal implications to the approved Library Budget. The budget for purchases will increase commensurately with the amount of the cash donation.

### **STEPS FOLLOWING APPROVAL**

The Library budget will be augmented to reflect this donation. The County Librarian will acknowledge this gift.



## JOINT POWERS AUTHORITY BOARD TRANSMITTAL

**DATE:** June 25, 2020

**TO:** Joint Powers Authority Board

**FROM:** Jennifer Weeks, County Librarian

**SUBJECT:** **Accept cash donation of \$1,000 for the Los Altos Library**

### **RECOMMENDED ACTIONS**

It is recommended that the Board accept a cash donation of \$1,000 made to the Los Altos Library for library materials from Cathleen (Casey) Cozzolino.

### **BACKGROUND/REASONS FOR RECOMMENDATION**

Ms. Cathleen (Casey) Cozzolino has presented the Library with a cash donation, which is to be appropriated for library materials.

### **FISCAL IMPLICATIONS**

There are no fiscal implications to the approved Library Budget. The budget for purchases will increase commensurately with the amount of the cash donation.

### **STEPS FOLLOWING APPROVAL**

The Library budget will be augmented to reflect this donation. The County Librarian will acknowledge this gift.



## JOINT POWERS AUTHORITY BOARD TRANSMITTAL

**DATE:** June 25, 2020

**TO:** Joint Powers Authority Board

**FROM:** Jennifer Weeks, County Librarian

**SUBJECT:** **Accept cash donation of \$1,008 for the Milpitas Library**

### **RECOMMENDED ACTIONS**

It is recommended that the Board accept a cash donation of \$1,008 made to the Milpitas Library for library materials from Sonali Valia.

### **BACKGROUND/REASONS FOR RECOMMENDATION**

Sonali Valia has presented the Library with a cash donation, which is to be appropriated for library materials.

### **FISCAL IMPLICATIONS**

There are no fiscal implications to the approved Library Budget. The budget for purchases will increase commensurately with the amount of the cash donation.

### **STEPS FOLLOWING APPROVAL**

The Library budget will be augmented to reflect this donation. The County Librarian will acknowledge this gift.



## JOINT POWERS AUTHORITY BOARD TRANSMITTAL

**DATE:** June 25, 2020

**TO:** Joint Powers Authority Board

**FROM:** Jennifer Weeks, County Librarian

**SUBJECT:** **Accept grant of \$20,000 for the Milpitas Library**

### **RECOMMENDED ACTIONS**

It is recommended that the JPA Board accept the KLA Foundation Grant in the amount of \$20,000 for the Milpitas Library.

### **BACKGROUND/REASONS FOR RECOMMENDATION**

The KLA Foundation has awarded the Library with a grant to be appropriated toward free summer STEM camps for low-income youth at the Milpitas Library.

### **FISCAL IMPLICATIONS**

There are no fiscal implications to the approved Library Budget. The budget for purchases will increase commensurately with the amount received.

### **STEPS FOLLOWING APPROVAL**

The Library budget will be augmented to reflect acceptance of this grant. The County Librarian will acknowledge this grant.



## JOINT POWERS AUTHORITY BOARD TRANSMITTAL

**DATE:** June 25, 2020

**TO:** Joint Powers Authority Board

**FROM:** Jennifer Weeks, County Librarian

**SUBJECT:** **Receive and accept the Independent Audit Report for Year Ending June 30, 2019**

### **RECOMMENDED ACTIONS**

It is recommended that the Board receive the independent Audit report for Fiscal Year 2018-2019 prepared by Macias, Gini & O'Connell, LLP, and recommend acceptance by the JPA Board.

### **BACKGROUND/REASONS FOR RECOMMENDATION**

A representative of the Audit firm will be in attendance to present the report and answer questions.

**LIBRARY JOINT POWERS AUTHORITY OF  
SANTA CLARA COUNTY**

Report to the Governing Board of  
the Library Joint Powers Authority of  
Santa Clara County

For the Year Ended June 30, 2019



**LIBRARY JOINT POWERS AUTHORITY OF  
SANTA CLARA COUNTY**  
Report to the Governing Board of  
the Library Joint Powers Authority of  
Santa Clara County  
For the Year Ended June 30, 2019

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Governing Board of the  
Library Joint Powers Authority of Santa Clara County  
Campbell, California

We have audited the financial statements of the governmental activity and the major fund of the Library Joint Powers Authority of Santa Clara County (Authority), a component unit of the County of Santa Clara (County), California, for the year ended June 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated April 17, 2020. Professional standards require that we communicate to you the information related to our audit discussed on pages 1 through 4.

In planning and performing our audit of the basic financial statements of the Authority as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 second 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.

The purpose of this communication, which is an integral part of our audit, is to describe, for management and those charged with governance, the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose. This report is a matter of public record and this does not limit the distribution of this report.

Walnut Creek, California  
April 17, 2020

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## **LIBRARY JOINT POWERS AUTHORITY OF**

### **SANTA CLARA COUNTY**

Report to the Governing Board of  
the Library Joint Powers Authority of  
Santa Clara County  
For the Year Ended June 30, 2019

## **REQUIRED COMMUNICATIONS**

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our audit services plan dated June 30, 2019, our responsibility, as described by professional standards, is to form and express opinions 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 Authority 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.

### **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.

### **Qualitative Aspects of the Authority'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 Authority is included in Note 2 to the basic financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year ended June 30, 2019.

## **LIBRARY JOINT POWERS AUTHORITY OF**

### **SANTA CLARA COUNTY**

Report to the Governing Board of  
the Library Joint Powers Authority of  
Santa Clara County  
For the Year Ended June 30, 2019

No 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 Authority's basic financial statements are as follows:

1. Depreciation estimates for capital assets, including depreciation methods and useful lives assigned to depreciable properties;
2. Accrual and disclosure of compensated absences;
3. Net pension and other postemployment benefit (OPEB) liabilities, contributions, expenses, and other related balances;

Management's judgments and estimates were based on the following:

1. Depreciation methods and useful lives for depreciable property were determined by management based on the nature of the capital asset.
2. Accrual and disclosure of compensated absences were based on accrued eligible hours of vacation and sick leave at current pay rates for eligible employees.
3. Net pension and OPEB liabilities, contributions, expenses, and other related balances were based on actuarial valuations performed by the California Public Employees' Retirement System's and the County's independent actuaries, which are allocated to the Authority by the County.

We evaluated the key factors and assumptions used to develop the accounting estimates described above and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

#### **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 financial statements were the disclosures of Pension Plans in Note 4, and Other Postemployment Benefit Plan in Note 5 to the basic financial statements.

#### **Significant Difficulties Encountered during the Audit**

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

## **LIBRARY JOINT POWERS AUTHORITY OF**

### **SANTA CLARA COUNTY**

Report to the Governing Board of  
the Library Joint Powers Authority of  
Santa Clara County  
For the Year Ended June 30, 2019

#### **Corrected and Uncorrected Misstatements**

For purposes of this communication, professional standards 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. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

#### **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 Authority's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

#### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the letter dated April 17, 2020.

#### **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 Authority, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, 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 Authority's auditors.

## **LIBRARY JOINT POWERS AUTHORITY OF**

### **SANTA CLARA COUNTY**

Report to the Governing Board of  
the Library Joint Powers Authority of  
Santa Clara County  
For the Year Ended June 30, 2019

#### **Other Matters**

We applied certain limited procedures to the management's discussion and analysis, the budgetary comparison schedule – General Fund, the schedule of Authority's proportionate share of the net pension liability, the schedule of Authority's pension contributions, the schedule of Authority's proportionate share of the net OPEB liability, and the schedule of Authority's OPEB contributions, which are required supplementary information (RSI) that supplement 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.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

**LIBRARY JOINT POWERS AUTHORITY OF  
SANTA CLARA COUNTY**

(A Component Unit of the County of  
Santa Clara, California)

Independent Auditor's Reports,  
Management's Discussion and Analysis,  
Basic Financial Statements, and  
Required Supplementary Information

For the Year Ended June 30, 2019



Certified  
Public  
Accountants

**LIBRARY JOINT POWERS AUTHORITY OF  
SANTA CLARA COUNTY**  
 (A Component Unit of the County of Santa Clara, California)  
 For the Year Ended June 30, 2019

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## **Independent Auditor's Report**

Governing Board of the  
Library Joint Powers Authority of Santa Clara County  
Campbell, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activity and the major fund of the Library Joint Powers Authority of Santa Clara County (Authority), a component unit of the County of Santa Clara (County), California, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activity and the major fund of the Authority as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule – General Fund, the schedule of Authority's proportionate share of the net pension liability, the schedule of Authority's pension contributions, the schedule of Authority's proportionate share of the net OPEB liability, and the schedule of Authority's OPEB contributions, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of 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.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2020, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Walnut Creek, California  
April 17, 2020

**LIBRARY JOINT POWERS AUTHORITY OF  
SANTA CLARA COUNTY**  
(A Component Unit of the County of Santa Clara, California)  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended June 30, 2019

The following discussion and analysis provides an overview of the Library Joint Powers Authority of Santa Clara County (Authority) financial activities for the year ended June 30, 2019. Please read it in conjunction with the Authority's basic financial statements, which follow this section.

***Financial Highlights***

- At June 30, 2019, the assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources by \$14,005,555 (net position), an increase of \$6,256,027 when compared to the prior year.
- At June 30, 2019, the Authority's governmental fund reported an ending fund balance of \$51,726,237 an increase of \$8,760,216 when compared to the prior year.

***Overview of the Financial Statements***

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The annual financial report for the Authority includes this management's discussion and analysis (MD&A), the basic financial statements, notes to basic financial statements and other required supplementary information.

The basic financial statements of the Authority are presented showing two different views of the Authority. The government-wide financial statements focus shows both long-term and short-term information on the Authority's overall financial status. The fund financial statements view focuses on the Authority's operations with a short-term focus.

The government-wide financial statements include the statement of net position and the statement of activities, which are prepared using the economic resources measurement focus and the accrual basis of accounting. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of whether cash is received or paid. The statement of net position presents information on all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and reports the difference as net position. The statement of activities presents information showing how the net position changed during the fiscal year. Over time, increases or decreases in the Authority's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The fund financial statements include the balance sheet and statement of revenues, expenditures, and changes in fund balance and are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Fund financial statements keep track of specific sources of funding and spending for particular purposes. The Authority has only one fund, which is a governmental fund. The fund financial statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Authority's program. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information that explains the relationship (or differences) between them.

**LIBRARY JOINT POWERS AUTHORITY OF  
SANTA CLARA COUNTY**  
 (A Component Unit of the County of Santa Clara, California)  
 Management's Discussion and Analysis (Unaudited)  
 For the Year Ended June 30, 2019

***Government-wide Financial Statement Analysis***

**Statement of Net Position:**

The following table summarizes the net position of the Authority at June 30, 2019 and 2018:

	<b>2019</b>	<b>2018</b>	<b>Change</b>
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 52,622,928	\$ 44,062,019	\$ 8,560,909
Other receivables	239,280	159,929	79,351
Due from other governmental agencies	476,620	457,262	19,358
Subtotal current assets	<u>53,338,828</u>	<u>44,679,210</u>	<u>8,659,618</u>
Capital assets, net	13,422,105	14,438,373	(1,016,268)
<b>Total assets</b>	<u>66,760,933</u>	<u>59,117,583</u>	<u>7,643,350</u>
<b>Deferred outflows of resources</b>	<u>10,351,558</u>	<u>12,000,945</u>	<u>(1,649,387)</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	\$ 455,122	\$ 611,631	\$ (156,509)
Accrued salaries and benefits	1,154,629	1,097,886	56,743
Due to other governmental agencies	2,840	3,672	(832)
Subtotal current assets	<u>1,612,591</u>	<u>1,713,189</u>	<u>(100,598)</u>
Noncurrent liabilities	3,167,357	3,055,010	112,347
Net pension liability	35,155,831	35,355,698	(199,867)
Net OPEB liability	19,167,715	19,510,638	(342,923)
<b>Total liabilities</b>	<u>59,103,494</u>	<u>59,634,535</u>	<u>(531,041)</u>
<b>Deferred inflows of resources</b>	<u>4,003,442</u>	<u>3,734,465</u>	<u>268,977</u>
<b>Net position</b>			
Net investment in capital assets	13,422,105	14,438,373	(1,016,268)
Unrestricted	583,450	(6,688,845)	7,272,295
<b>Total net position</b>	<u>\$ 14,005,555</u>	<u>\$ 7,749,528</u>	<u>\$ 6,256,027</u>

As the above table indicates, total assets increased by \$7.6 million during the year ended June 30, 2019. The increase in total assets during the year ended June 30, 2019 is due to increases of current assets of \$8.7 million offset by decreases of capital assets by \$1.0 million. The increase of current assets was mainly due to the increase of cash and investments by \$8.6 million from current year operations. The decrease of capital assets by \$1.0 million was mainly related to current year depreciation of \$1.1 million offset by current year additions of \$0.1 million for replacement of equipment.

Total liabilities, excluding net pension and Other Postemployment benefits (OPEB) liabilities, decreased by \$0.1 million mainly due to timing of payments.

**LIBRARY JOINT POWERS AUTHORITY OF  
SANTA CLARA COUNTY**  
 (A Component Unit of the County of Santa Clara, California)  
 Management's Discussion and Analysis (Unaudited)  
 For the Year Ended June 30, 2019

The Authority implemented Governmental Accounting Standards Board Statement No. 68 and No. 75 during the years ended June 30, 2015 and 2018, respectively. The Authority participates in a cost-sharing arrangement in the pension and OPEB plans of the County of Santa Clara (County). Changes in the net pension/OPEB liability, the related deferred outflows of resources, and deferred inflows of resources amounts between the years are due to the changes in proportion as well as other factors that impact the County's pension and OPEB plans. Additional information on the Authority's pension and OPEB plans can be found in Notes 4 and 5, respectively, of this report.

**Statement of Activities:**

The statement of activities identified the various revenues and expenses items, which impact the changes in net position. The following table summarizes the changes in net position for the years ended June 30, 2019 and 2018.

	<b>2019</b>	<b>2018</b>	<b>Change</b>
<b>Program expenses - Education - Library operations</b>	<b>\$ 50,877,276</b>	<b>\$ 49,539,093</b>	<b>\$ 1,338,183</b>
<b>Program revenues</b>			
Charges for service	802,527	589,447	213,080
Operating grants and contributions	3,396,859	3,101,561	295,298
Total program revenues	<u>4,199,386</u>	<u>3,691,008</u>	<u>508,378</u>
<b>General revenues</b>			
Property taxes	39,355,353	36,591,878	2,763,475
Library special taxes	5,848,008	5,832,864	15,144
Investment earnings	786,835	500,347	286,488
Gain on disposal of capital assets	61,662	-	61,662
Other revenues	6,882,059	4,110,098	2,771,961
Total general revenues	<u>52,933,917</u>	<u>47,035,187</u>	<u>5,898,730</u>
Total revenues	<u>57,133,303</u>	<u>50,726,195</u>	<u>6,407,108</u>
Change in net position	6,256,027	1,187,102	5,068,925
Net position, beginning of year	7,749,528	6,562,426	1,187,102
Net position, end of year	<u>\$ 14,005,555</u>	<u>\$ 7,749,528</u>	<u>\$ 6,256,027</u>

As the above table indicates, the Authority's change in net position for the year ended June 30, 2019 increased by \$5.1 million when compared to the year ended June 30, 2018. The increase was mainly due to the increase of program expenses by \$1.3 million offset by the increase of total revenues by \$6.4 million. The increase of program expenses was mainly the result of a) increase in salaries and benefits expenses by \$1.9 million due to cost of living adjustments and increase in pension and OPEB costs; b) increase in books and materials expenses by \$0.8 million; offset by decreases in pension and OPEB costs by \$1.0 million. The increase of total revenues of \$6.4 million was mainly due to the increase of property taxes by \$2.8 million as a result of increased property assessed values, and the increase in other revenues - Educational Revenue Augmentation Fund (ERAF) distribution by \$3.0 million from prior year's \$3.4 million.

**LIBRARY JOINT POWERS AUTHORITY OF  
SANTA CLARA COUNTY**  
(A Component Unit of the County of Santa Clara, California)  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended June 30, 2019

***Financial Analysis of the Authority's Governmental Fund***

The analysis of the Authority's governmental fund is mainly covered by the discussion of its government-wide statements above. Revenues increased as a result of increases of property taxes and other revenues - ERAF distribution. Expenditures increased due to the increases in salaries and benefits expenditures of \$1.9 million and books and materials expenditures of \$0.8 million, offset by decrease in capital outlay of \$0.3 million.

***Budgetary Analysis for General Fund***

Total actual revenues of \$57.1 million exceeded budgeted revenues of \$50.2 million by \$6.9 million. Actual taxes revenue exceeded budgeted revenues by \$1.6 million due to higher than expected increase in property taxes. Actual other revenue exceed budgeted revenues by \$4.7 million due to higher than expected ERAF distribution received. Total budgeted appropriations of \$83.4 million were greater than actual charges to appropriations of \$50.0 million by \$33.4 million. These cost savings mainly resulted from unspent appropriations of \$4.4 million for services and supplies, \$8.7 million for capital assets, and \$19.9 million remaining in contingency reserves.

***Capital Assets***

The Authority's investment in capital assets (net of accumulated depreciation) as of June 30, 2019 was \$13.4 million. The investment in capital assets includes land, buildings and improvements, and equipment and vehicles. For the year ended June 30, 2019, the Authority purchased capital assets of \$0.1 million and recorded depreciation expense totaled to \$1.1 million. Additional information on the Authority's capital assets can be found in Note 3 of this report.

***Economic Factors and Next Year's Budgets***

The Authority's revenues are expected to grow modestly allowing for maintenance of current service levels. In August 2013, qualified electors of the Community Facilities District approved the extension of the library special tax for the next 20 years which assure the continuation of funding in excess of five million dollars annually for library hours and materials.

***Request for Information***

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Library Joint Powers Authority of Santa Clara County, 1370 Dell Avenue, Campbell, CA 95008.

**LIBRARY JOINT POWERS AUTHORITY OF  
SANTA CLARA COUNTY**  
 (A Component Unit of the County of Santa Clara, California)  
 Statement of Net Position - Governmental Activity  
 June 30, 2019

**Assets**

Cash and investments	\$ 52,622,928
Other receivables	239,280
Due from other governmental agencies	476,620
Capital assets:	
Nondepreciable	2,091,800
Depreciable, net of accumulated depreciation	<u>11,330,305</u>
Total assets	<u>66,760,933</u>

**Deferred Outflows of Resources**

Pension related items	7,983,748
OPEB related items	<u>2,367,810</u>
Total deferred outflows of resources	<u>10,351,558</u>

**Liabilities**

Accounts payable	455,122
Accrued salaries and benefits	1,154,629
Due to other governmental agencies	2,840
Accrued vacation and sick leave:	
Due within one year	275,708
Due beyond one year	2,891,649
Net pension liability	35,155,831
Net OPEB liability	<u>19,167,715</u>
Total liabilities	<u>59,103,494</u>

**Deferred Inflows of Resources**

Pension related items	950,705
OPEB related items	<u>3,052,737</u>
Total deferred inflows of resources	<u>4,003,442</u>

**Net Position**

Net investment in capital assets	13,422,105
Unrestricted	<u>583,450</u>
Total net position	<u>\$ 14,005,555</u>

The notes to the basic financial statements are an integral part of this statement.

**LIBRARY JOINT POWERS AUTHORITY OF****SANTA CLARA COUNTY**

(A Component Unit of the County of Santa Clara, California)

## Statement of Activities - Governmental Activity

For the Year Ended June 30, 2019

**Program expenses:**

Education - Library operations	\$ 50,877,276
--------------------------------	---------------

**Program revenues:**

Charges for services	802,527
Operating grants and contributions	<u>3,396,859</u>
Total program revenues	<u>4,199,386</u>
Net program expense	<u>(46,677,890)</u>

**General revenues:**

Property taxes	39,355,353
Library special taxes	5,848,008
Investment income	786,835
Gain on disposal of capital assets	61,662
Other	<u>6,882,059</u>
Total general revenues	<u>52,933,917</u>
Change in net position	<u>6,256,027</u>
Net position, beginning of year, as restated	<u>7,749,528</u>
Net position, end of year	<u>\$ 14,005,555</u>

The notes to the basic financial statements are an integral part of this statement.

**LIBRARY JOINT POWERS AUTHORITY OF  
SANTA CLARA COUNTY**  
 (A Component Unit of the County of Santa Clara, California)  
 Balance Sheet - General Fund  
 June 30, 2019

**Assets**

Cash and investments	\$ 52,622,928
Other receivables	239,280
Due from other governmental agencies	476,620
	<hr/>
Total assets	<hr/> <b>\$ 53,338,828</b>

**Liabilities**

Accounts payable	\$ 455,122
Accrued salaries and benefits	1,154,629
Due to other governmental agencies	2,840
	<hr/>
Total liabilities	<hr/> <b>1,612,591</b>

**Fund Balance**

Unassigned	<hr/> <b>51,726,237</b>
Total fund balance	<hr/> <b>51,726,237</b>
	<hr/>
Total liabilities and fund balance	<hr/> <b>\$ 53,338,828</b>

Reconciliation of the Governmental Fund Balance Sheet to the  
 Government-Wide Statement of Net Position - Governmental Activity:

Fund balance	\$ 51,726,237
Amounts reported for governmental activity in the statement of net position are different because:	
Capital assets used in governmental activity are not financial resources and therefore are not reported in the governmental fund.	13,422,105
Deferred outflows and inflows of resources for pension and OPEB items are not financial resources and, therefore, are not reported in the governmental fund.	
Deferred outflows of resources - Pension	7,983,748
Deferred inflows of resources - Pension	(950,705)
Deferred outflows of resources - OPEB	2,367,810
Deferred inflows of resources - OPEB	(3,052,737)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund.	
Net pension liability	(35,155,831)
Net OPEB liability	(19,167,715)
Accrued vacation and sick leave	(3,167,357)
Net position of governmental activity	<hr/> <b>\$ 14,005,555</b>

The notes to the basic financial statements are an integral part of this statement.

**LIBRARY JOINT POWERS AUTHORITY OF  
SANTA CLARA COUNTY**

(A Component Unit of the County of Santa Clara, California)

Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund  
For the Year Ended June 30, 2019

**Revenues:**

Taxes	\$ 39,355,353
Library special taxes	5,848,008
Fines, forfeitures, and penalties	575,570
Interest and investment income	786,835
Intergovernmental revenues	3,396,859
Charges for services	226,957
Other revenue	<u>6,882,059</u>
 Total revenues	 <u>57,071,641</u>

**Expenditures:**

Education - library operations:	
Salaries and benefits	32,129,271
Services and supplies	8,775,895
Books and materials	7,406,012
Capital outlay	<u>62,354</u>
 Total expenditures	 <u>48,373,532</u>
 Excess of revenues over expenditures	 <u>8,698,109</u>

**Other Financing Sources:**

Proceeds from sale of capital assets	<u>62,107</u>
Net change in fund balance	8,760,216
Fund balance, beginning of year	<u>42,966,021</u>
Fund balance, end of year	<u>\$ 51,726,237</u>

The notes to the basic financial statements are an integral part of this statement.

**LIBRARY JOINT POWERS AUTHORITY OF  
SANTA CLARA COUNTY**

(A Component Unit of the County of Santa Clara, California)  
Reconciliation of the Governmental Fund Statement of Revenues,  
Expenditures, and Changes in Fund Balance - General Fund to the  
Government-Wide Statement of Activities - Governmental Activity

For the Year Ended June 30, 2019

Net change in fund balance	\$ 8,760,216
Amounts reported for governmental activity in the statement of activities are different because:	
Governmental funds report capital assets additions as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Expenditures for capital assets	62,354
Depreciation expense	(1,078,177)
Disposal of capital assets	(445)
Pension contribution made subsequent to the measurement date is an expenditure in the governmental fund, but reported as a deferred outflows of resources in the government-wide financial statements.	3,701,183
Pension expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(5,325,719)
OPEB contribution made subsequent to the measurement date is an expenditure in the governmental fund, but reported as a deferred outflows of resources in the government-wide financial statements.	1,860,656
OPEB expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(1,611,694)
The net change in accrued vacation and sick leave reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental fund.	<u>(112,347)</u>
Change in net position of governmental activity	<u><u>\$ 6,256,027</u></u>

The notes to the basic financial statements are an integral part of this statement.

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**LIBRARY JOINT POWERS AUTHORITY OF  
SANTA CLARA COUNTY**  
(A Component Unit of the County of Santa Clara, California)  
Notes to Basic Financial Statements  
For the Year Ended June 30, 2019

**NOTE 1 – REPORTING ENTITY**

During fiscal year 1994, the cities of Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Milpitas, Monte Sereno, Morgan Hill, and Saratoga (Cities), as well as the County of Santa Clara (County), political subdivisions of the State of California, created the Library Joint Powers Authority of Santa Clara County (Authority) in accordance with the Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (commencing with Section 6500). The purpose of the Authority is to create a coordinated program among the entities to enhance and efficiently provide library services to the residents of the unincorporated areas of the County and the Cities.

The Authority is a separate legal entity that is an integral part of the County. The governing body of the Authority (Governing Board) comprises one council member from each city and two County Board of Supervisors members designated by the County Executive. The County exercises significant financial and management control over the Authority. The County's Board of Supervisors adopts the Authority's budget as approved by its Governing Board and as recommended by the County Executive. The Authority and the County have a financial and operational relationship which requires that the Authority's financial statements be blended into the County's financial statements. Therefore, the Authority is considered a blended component unit of the County, and its financial activities are included into the County's basic financial statements.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Measurement Focus, Basis of Accounting and Financial Statement Presentation***

The Authority's government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Liabilities expected to be paid after one year are recorded in the government-wide financial statements as a noncurrent liability due in more than one year.

The Authority's fund financial statements are prepared using the current financial resources focus and the modified accrual basis of accounting. Revenues are recorded when "susceptible to accrual" (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means that revenues are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, except for property taxes, the Authority considers revenues to be available if they are collected within 120 days of the end of the current year. Revenues meeting this availability criteria include fines, forfeitures, and penalties; intergovernmental revenues; charges for services; and others. Property tax revenues are recognized in the current year if they are collected within 60 days of year-end. Revenues not considered available are recorded as deferred inflows of resources. Expenditures are generally recorded when the fund liability is incurred.

The Authority reports only one fund, which is the Authority's operating fund that accounts for all of its financial resources and activities.

**LIBRARY JOINT POWERS AUTHORITY OF  
SANTA CLARA COUNTY**  
(A Component Unit of the County of Santa Clara, California)  
Notes to Basic Financial Statements (Continued)  
For the Year Ended June 30, 2019

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Authority receives funding for specific programs that is restricted to the operation of these programs. The Authority also receives unrestricted revenues from different funding sources. When restricted program expenses are incurred, it is the Authority's policy to first apply revenues from the restricted sources to these programs and then apply unrestricted general revenues.

***Cash and Investments***

All of the Authority's cash and investments are deposited in the County Treasurer's pool. Investments in the pool are made in accordance with the County's investment policy as approved by the Board of Supervisors. The County's Treasury Oversight Committee is responsible for the regulatory oversight of the County Treasurer's pool. Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Pools* and GASB Statement No. 72, *Fair Value Measurement and Application*. However, the value of the pool shares in the County Treasurer's pool that may be withdrawn is determined on an amortized cost basis, which is different from the fair value of the Authority's position in the pool. Interest earned from time deposits and investments is allocated quarterly to the Fund based on its average daily cash balance. At June 30, 2019, the County's Treasurer's pool has a weighted average to maturity of 436 days and is unrated. The Authority's investments in the County Treasury's Pool are exempt from fair value hierarchy disclosure. Additional information regarding deposit and investment custodial credit, interest rate, credit, and concentration of credit risks of the County's Treasury pool can be found in the notes to the County's basic financial statements.

***Property Tax***

The reported lien date is January 1 for secured and unsecured property taxes. In accordance with Government Code Section 29100, on or before September 1, the County's Board of Supervisors shall adopt the rates of taxes on the secured roll. The County's Tax Collector then completes the tax bill processing by the end of September. The Revenue and Taxation Code specifies that the Tax Collector shall issue secured tax bill by November 1.

The due dates and delinquency dates for secured taxes are as follows:

- Due date for the first installment is November 1 and delinquent after December 10.
- Due date for the second installment is February 1 and delinquent after April 10.

In fiscal year 1994, the Board of Supervisors adopted the Alternative Method of Tax Apportionment (the Teeter Plan). Under this method, the County distributes 100% of the secured tax levy to participating jurisdictions including the Authority regardless of collections. To cover losses on delinquent tax sales, the County maintains a Tax Losses Reserve Fund. In return, the County receives all future delinquent tax payments otherwise due to the Authority.

**LIBRARY JOINT POWERS AUTHORITY OF  
SANTA CLARA COUNTY**

(A Component Unit of the County of Santa Clara, California)

Notes to Basic Financial Statements (Continued)

For the Year Ended June 30, 2019

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Capital Assets***

Capital assets, which include equipment and vehicles, are valued at historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are valued at their acquisition value. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets used in operations are depreciated using the straight-line method over the estimated useful lives in the government-wide statements. The estimated useful lives are between 5 to 50 years for buildings and improvements and between 5 to 15 years for equipment and vehicles.

***Accrued Vacation and Sick Leave***

Accrued unpaid vacation and sick leave are recorded as a liability when future payments for such compensated absences have been earned by employees based on pay and salary rates in effect at year-end. This liability is recorded in the government-wide statement of net position to reflect the Authority's obligation to fund such costs from future operations. The Authority includes its share of Social Security and Medicare payments made on behalf of the employees in its accrual for compensated absences. The Authority does not accrue for compensated absences in its governmental fund statements and recognizes liabilities for compensated absences only if they are due and payable in an event such as termination. At June 30, 2019, the Authority recorded accrued vacation and sick leave liability in the amount of \$3,167,357, which was an increase of \$112,347 from the prior year's liability.

***Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

***Pension and Other Postemployment Benefits (OPEB) Plans***

For purposes of measuring the net pension liability and net OPEB liability, deferred outflows/inflows of resources related to pension and OPEB, and pension and OPEB expenses, information about the fiduciary net position of the County's pension and OPEB plans and additions to/deductions from the plans' fiduciary net positions have been determined on the same basis as they are reported by the California Public Employees' Retirement System (CalPERS) and the California Employer's Retiree Benefit Trust Fund Program (CERBT). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Plan member contributions are recognized in the period in which the contributions are due. Investments are reported at fair value.

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Net Position***

The Authority's government-wide financial statements utilize a net position presentation. Net position of the Authority is comprised of the following:

**Net Investment in Capital Assets** groups all capital assets into one component of net position. Accumulated depreciation reduces the balance in this category.

**Unrestricted Net Position** - This category represents net position of the Authority not restricted for any project or purpose.

***Fund Balance***

Under the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Authority reports the fund balance for governmental funds in specific classifications (nonspendable, restricted, committed, assigned and unassigned), which create a hierarchy primarily based on the extent to which the Authority is bound to the constraints on the specific purposes for which funds can be spent. Nonspendable fund balance represents amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable. Restricted fund balances are amounts when constraints placed on use of resources are either: (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Unassigned fund balances are the residual classification for the General Fund and includes all amounts not contained in the other classifications. The Authority will spend the most restricted dollars in accordance with restrictions imposed before the less restricted dollars.

***Use of Estimates***

The preparation of basic financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make certain estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

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### **NOTE 3 – CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2019 is as follows:

	Balance at July 1, 2018	Additions	Retirements	Balance at June 30, 2019
<i>Capital assets, not being depreciated:</i>				
Land	\$ 2,091,800	\$ -	\$ -	\$ 2,091,800
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	10,996,770	-	-	10,996,770
Equipment and vehicles	9,622,752	62,354	(84,371)	9,600,735
Total capital assets, being depreciated	20,619,522	62,354	(84,371)	20,597,505
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	(1,026,364)	(219,936)	-	(1,246,300)
Equipment and vehicles	(7,246,585)	(858,241)	83,926	(8,020,900)
Total accumulated depreciation	(8,272,949)	(1,078,177)	83,926	(9,267,200)
Total capital assets, being depreciated, net	12,346,573	(1,015,823)	(445)	11,330,305
Total capital assets, net	\$ 14,438,373	\$ (1,015,823)	\$ (445)	\$ 13,422,105

Depreciation expense for the current year amounted to \$1,078,177 was charged to the education – library operations function.

### **NOTE 4 – PENSION PLAN**

#### **General Information**

All qualified permanent and probationary employees are eligible to participate in the County's CalPERS defined benefit pension plans. CalPERS acts as a common investment and administrative agent for various local and state governmental agencies within the State of California. Benefit provisions and other requirements are established by State statute, employer contract with CalPERS and by County resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov). The Authority participants in a cost-sharing arrangement in the County's Miscellaneous Plan, an agent multiple-employer defined benefit plan.

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 equal to the product of a benefit multiplier, the employee's retirement age and final compensation. The cost of living adjustments for the CalPERS plans are applied as specified by the California Public Employees' Retirement Law. The California Public Employees' Pension Reform Act (PEPRA), which took effect in January 2013, changes the way CalPERS retirement and health benefits are applied, and places compensation limits on members. As such members who established CalPERS membership on or after January 1, 2013 are known as "PEPRA" members.

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**NOTE 4 – PENSION PLAN (Continued)**

The CalPERS' provisions and benefits in effect at June 30, 2019 for the County's Miscellaneous Plan are summarized as follows:

	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2% @ 55, 2.5% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55-60	62
Required employee contribution rates	8.000%	6.000%
Required employer contribution rates	21.528%	21.528%

**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 the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Public Employees Retirement Fund (PERF) is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined contribution is the estimated amount necessary to finance the costs of benefits earned by public employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2019, the employer contribution recognized as a reduction of the net pension liability was \$3,172,247.

**Net Pension Liability**

The Authority's net pension liability in the County's Miscellaneous Plan is measured as the proportionate share of the net pension liability. The net pension liability of the County's Miscellaneous Plan is measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The Authority's proportion of the net pension liability was based on the projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating County departments, actuarially determined.

The change in the Authority's proportionate share of the net pension liability as of June 30, 2019 (measurement date June 30, 2018) and 2018 (measurement date June 30, 2017) for the County's Miscellaneous Plan are as follows:

	Net Pension Liability	Proportion of the County's Miscellaneous Plan
Proportion - Measurement date June 30, 2018	\$ 35,155,831	1.14%
Proportion - Measurement date June 30, 2017	35,355,698	1.14%
Change	\$ (199,867)	0.00%

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**NOTE 4 – PENSION PLAN (Continued)**

**Pension Expense and Pension Related Deferred Outflows and Inflows of Resources**

For the year ended June 30, 2019, the Authority recognized pension expense of \$5,325,719. At June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 3,701,183	\$ -
Changes of assumptions	3,432,031	893,651
Differences between expected and actual experiences	660,764	57,054
Net difference between projected and actual earnings on plan investments	189,770	-
<b>Total</b>	<b>\$ 7,983,748</b>	<b>\$ 950,705</b>

\$3,701,183 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30	Deferred Outflows/(Inflows) of Resources
2020	\$ 2,599,820
2021	1,756,213
2022	(766,304)
2023	(257,869)
<b>Total</b>	<b>\$ 3,331,860</b>

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**NOTE 4 – PENSION PLAN (Continued)**

**Actuarial Assumptions**

A summary of the actuarial assumptions and methods used to calculate the total pension liability as of measurement date of June 30, 2018 is provided below:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Actuarial cost method	Entry-age normal cost method
Discount rate	7.15%
Inflation	2.50%
Projected salary increases	Varies by entry age and service
Post retirement benefit increase	Contract COLA up to 2.00% until purchasing power allowance floor on purchasing power applies, 2.50% thereafter
Mortality Rate	Derived using CalPERS membership data for all funds*

\* The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

**Change of Assumptions**

Demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. The inflation rate reduced from 2.75 percent to 2.50 percent for the June 30, 2017 actuarial valuation.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that the contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's 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 on plan investments was 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 best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

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**NOTE 4 – PENSION PLAN (Continued)**

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 returns of all the funds' asset classes, expected compound geometric returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal 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 and adjusted to account for assumed administrative expenses.

The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The long-term expected real rate of return by asset class and the target allocation adopted by the CalPERS Board effective on July 1, 2017, are as follows:

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 <sup>1</sup>	Real Return Years 11+ <sup>2</sup>
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)

<sup>1</sup> An expected inflation of 2.00 percent used for this period.

<sup>2</sup> An expected inflation of 2.92 percent used for this period.

**Sensitivity of the Net Pension Liability to Changes in Discount Rate**

The following presents the Authority's proportionate share of the net pension liability as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Current Discount Rate -1% (6.15%)	Current Discount Rate (7.15%)	Current Discount Rate +1% (8.15%)
Authority's proportionate share of the County's Miscellaneous Plan net pension liability	\$ 51,972,796	\$ 35,155,831	\$ 21,231,933

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**NOTE 5 – OTHER POSTEMPLOYMENT BENEFIT PLAN**

**General Information**

The County maintains a cost-sharing multiple-employer defined benefit postemployment healthcare plan (OPEB Plan), which covers substantially all of its employees and judges of the Superior Court. Due to the relative insignificance of the other employer in the OPEB Plan, the County presents disclosure information for the OPEB Plan as if it was a single-employer plan. The County's defined benefit postemployment healthcare plan provides healthcare benefits to eligible employees and their surviving spouse.

The County participate in CERBT, an agent multiple-employer postemployment health plan, to fund other postemployment benefits through CalPERS. CalPERS issues publicly available reports that can be found on the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov). The Authority participants in a cost-sharing arrangement in the County's OPEB Plan.

County employees hired prior to August 12, 1996 are eligible for health benefits upon attaining age 50 with 5 years of service. Employees hired on or after August 12, 1996 and before June 19, 2006 are eligible upon attaining age 50 with 8 years of service. Employees hired on or after June 19, 2006 are eligible upon attaining age 50 with 10 years of service. The County has established a 15-year retiree health benefit service requirement that applies to employees hired mostly on or after September 30, 2013. The specific effective date depends on each bargaining unit's agreement with the County. For all the above, employees must retire from CalPERS directly from the County.

Retirees retired prior to December 5, 1983 have their full premium cost subsidized by the County. In addition, the County subsidizes the Part B premium cost for retirees in Medicare status who are not receiving health-in-lieu benefits. For most of the retirees retired since December 5, 1983, the County contribution is limited to the cost of Kaiser under age 65 retiree only rate over the plan year. Retirees pay the difference between the County contributions and the premium rate required by their enrolled plan.

**Contributions**

The County's OPEB funding policy is to contribute 100 percent or more of the actuarially determined contribution each year. The County's contribution to the OPEB plan occurs as benefits are paid to the retirees or as contributions to CERBT. Benefit payments occur in the form of direct payments for premiums and taxes (explicit subsidies) and indirect payments to retirees in the form of higher premiums for active employees (implicit subsidies). For the year ended June 30, 2019, the employer contribution recognized as a reduction of the net OPEB liability was \$2,578,090.

**Net OPEB Liability**

The Authority's net OPEB liability in the County's OPEB Plan is measured as the proportionate share of the net OPEB liability. The net OPEB liability of the County's OPEB Plan is measured as of June 30, 2018. The Authority's proportion of the net OPEB liability was based on the projection of the Authority's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating County departments, actuarially determined.

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 Notes to Basic Financial Statements (Continued)  
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**NOTE 5 – OTHER POSTEMPLOYMENT BENEFIT PLAN (Continued)**

The change in the Authority's proportionate share of the net OPEB liability as of June 30, 2019 (measurement date June 30, 2018) and 2018 (measurement date June 30, 2017) for the County's OPEB Plan are as follows:

	Net OPEB Liability	Proportion of the County's OPEB Plan
Proportion - Measurement date June 30, 2018	\$ 19,167,715	1.52%
Proportion - Measurement date June 30, 2017	<u>19,510,638</u>	<u>1.52%</u>
Change	<u><u>\$ (342,923)</u></u>	<u><u>0.00%</u></u>

**OPEB Expense and OPEB Related Deferred Outflows and Inflows of Resources**

For the year ended June 30, 2019, the Authority recognized OPEB expense of \$1,611,694. At June 30, 2019, the Authority 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
OPEB contributions subsequent to measurement date	\$ 1,860,656	\$ -
Changes of assumptions	507,154	432,835
Differences between expected and actual experiences	-	2,339,994
Net difference between projected and actual earnings on plan investments	-	279,908
Total	<u><u>\$ 2,367,810</u></u>	<u><u>\$ 3,052,737</u></u>

\$1,860,656 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020.

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 For the Year Ended June 30, 2019

**NOTE 5 – OTHER POSTEMPLOYMENT BENEFIT PLAN (Continued)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30	Deferred Outflows/(Inflows) of Resources
2020	\$ (597,381)
2021	(597,381)
2022	(597,381)
2023	(525,196)
2024	(236,043)
Thereafter	7,799
Total	<u><u>\$ (2,545,583)</u></u>

**Actuarial Assumptions**

A summary of the actuarial assumptions and methods used to calculate the total OPEB liability as of measurement date of June 30, 2018 is provided below:

Valuation date	June 30, 2018
Measurement date	June 30, 2018
Actuarial cost method	Entry age normal cost method
Amortization method	30 years, closed, level percent of payroll
Actuarial asset valuation method	Market value
Discount rate	7.00%
Price inflation	2.50%
Wage inflation	2.75%
Projected payroll increases	Increase of 3.25% to 15.95% depending on age, service and type of employment.
Healthcare cost trend rate	Medicare and Non-Medicare cost trend rate of 6.5% and 7%, respectively for initial year, graded down by 0.25% per year until 4.50% ultimate rate is reached. Medicare Part B cost trend rate of 4%.
Mortality and other actuarial assumptions	CalPERS 2014 experience study report using data for the period from 1997 to 2011.

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 Notes to Basic Financial Statements (Continued)  
 For the Year Ended June 30, 2019

**NOTE 5 – OTHER POSTEMPLOYMENT BENEFIT PLAN (Continued)**

**Change of Assumptions**

For the June 30, 2018 actuarial valuation, price inflation rate decreased from 2.75 percent to 2.50 percent, wage inflation decreased from 3.00% to 2.75 percent, and projected payroll increases as well as medical cost trend rate were adjusted.

**Discount Rate**

The discount rate used to measure the OPEB liability for the County's OPEB Plans was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that the employer contribution will be made equal to the actuarially determined contribution. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments is applied to all periods of projected benefit payments to determine the total OPEB liability.

Using historical returns of all the asset classes, expected compound geometric returns were calculated using building-block approach. The long-term expected real rate of return by asset class and the target allocation are as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	59.00%	7.40%
Fixed Income	25.00	1.75
Real Estate	8.00	5.10
Treasury Inflation Protected Securities	5.00	4.30
Commodities	3.00	4.90

**Sensitivity of the Net OPEB Liability to Changes in Discount Rate**

The following presents the Authority's proportionate share of the net OPEB liability as of the measurement date, calculated using the discount rate of 7.00 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.00 percent) or 1 percentage-point higher (8.00 percent) than the current rate:

	Current Discount Rate -1% (6.00%)	Discount Rate (7.00%)	Discount Rate +1% (8.00%)
Authority's proportionate share of the County's OPEB Plan net OPEB liability	\$ 24,163,463	\$ 19,167,715	\$ 15,075,997

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 For the Year Ended June 30, 2019

**NOTE 5 – OTHER POSTEMPLOYMENT BENEFIT PLAN (Continued)**

**Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend**

The following presents the Authority's proportionate share of the net OPEB liability as of the measurement date, as well as what the net OPEB liability would be if they were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current rate:

	Healthcare Cost Trend Rate -1%	Current Healthcare Cost Trend Rate	Healthcare Cost Trend Rate +1%
Authority's proportionate share of the County's OPEB Plan net OPEB liability	\$ 14,279,334	\$ 19,167,715	\$ 25,699,736

**NOTE 6 – LIBRARY SPECIAL TAXES**

During the year ended June 30, 2005, the Library Joint Powers Authority of Santa Clara County Community Facilities District No. 2005-1 (CFD 2005-1) was established pursuant to the Mello-Roos Community Facilities Act of 1982 (the Act). The Authority levies and the County collects library special taxes revenues within CFD 2005-1 for library services through June 30, 2015. On May 28, 2013, the Governing Board adopted resolutions that established the Library Joint Powers Authority of Santa Clara County Community Facilities District No. 2013-1 (CFD 2013-1) pursuant to the Act, authorized the levy of the library special taxes within the CFD 2013-1 for library services, and called an election within the CFD 2013-1 on the proposition of levying the library special taxes within the CFD 2013-1 and establishing an appropriation limit for the CFD 2013-1. On August 27, 2013, an election was held in which the qualified electors of the CFD 2013-1 approved the proposition by more than the two-thirds vote required by the Act. The approved library special taxes represented a continuation of the taxes levied for the CFD 2005-1 and will be levied commencing in fiscal year 2015 and in each fiscal year thereafter until fiscal year 2034. During the year ended June 30, 2019, library special taxes in the amount of \$5,848,008 was received and earned by the Authority.

**NOTE 7 – OVERHEAD ALLOCATION**

The Authority is allocated a portion of indirect expenditures from the County for services provided by central service departments to all County departments. Central service departments include the Controller's Office, County Counsel, General Services Agency and Employee Services Agency. For the year ended June 30, 2019, indirect expenditures allocated to the Authority amounted to \$1,036,111 and were recorded as a component of services and supplies expenditures in the statement of revenues, expenditures, and changes in fund balance.

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For the Year Ended June 30, 2019

**NOTE 8 – SUBSEQUENT EVENT**

In March 2020, the World Health Organization declared coronavirus COVID-19 as a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, customers, economics, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of governmental entities and could adversely impact the Authority and its results of operations. It is not possible for the Authority to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Authority or results of operations at this time.

**General Fund Budgetary Schedule**

**LIBRARY JOINT POWERS AUTHORITY OF  
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Required Supplementary Information (Unaudited)  
Budgetary Comparison Schedule - General Fund  
For the Year Ended June 30, 2019

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amount</b>	<b>Variance with Final Budget</b>
				<b>Positive (Negative)</b>
<b>Budgetary fund balances, beginning of year</b>	\$ 42,966,021	\$ 42,966,021	\$ 42,966,021	\$ -
<b>Resources (inflows):</b>				
Taxes	37,737,738	37,737,738	39,355,353	1,617,615
Library special taxes	6,000,000	6,000,000	5,848,008	(151,992)
Fines, forfeitures, and penalties	482,000	482,000	575,570	93,570
Interest and investment income	250,000	250,000	786,835	536,835
Intergovernmental revenues	2,938,860	3,271,198	3,396,859	125,661
Charges for services	64,000	347,500	226,957	(120,543)
Other revenue	1,757,000	2,150,691	6,882,059	4,731,368
Proceeds from sale of capital assets	-	-	62,107	62,107
Total resources (inflows) available for appropriation	49,229,598	50,239,127	57,133,748	6,894,621
<b>Charges to appropriations (outflows):</b>				
Education:				
Salaries and benefits	32,224,054	32,479,467	32,129,271	350,196
Services and supplies	20,832,110	22,254,518	17,839,120	4,415,398
Capital assets	9,183,297	8,795,000	62,354	8,732,646
Reserves	19,912,017	19,912,017	-	19,912,017
Total charges to appropriations (outflows)	82,151,478	83,441,002	50,030,745	33,410,257
<b>Budgetary fund balances, end of year</b>	\$ 10,044,141	\$ 9,764,146	\$ 50,069,024	\$ 40,304,878

## **Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:**

## **Sources/outflows of resources**

Actual amounts (budgetary basis) "total resources"  
from the budgetary comparison schedule \$ 57,133,748

#### Differences - budget to GAAP:

Proceeds from the sale of capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes

Total revenues as reported on the statement of revenues, expenditures and changes in fund balance

## **Uses/outflows of resources**

Actual amounts (budgetary basis) "total charges to appropriations"  
from the budgetary comparison schedule \$ 50,030,745

#### Differences - budget to GAAP:

Encumbrances for services and supplies ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year services are incurred or supplies received for financial reporting purposes

Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance

§ 48.373.532

See accompanying notes to the schedule.

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Required Supplementary Information (Unaudited)  
Notes to Budgetary Comparison Schedule  
For the Year Ended June 30, 2019

**Budgets and Budgetary Accounting**

The Authority proposes a budget that is approved by its Governing Board and adopted by the County Board of Supervisors during the year. This budget is based on anticipated revenues and expenditures for the current year.

Budgeted revenues and expenditures in the budgetary comparison schedule represent the original budget and the final budget modified by authorized adjustments during the year. Budget amounts include reappropriated amounts for prior year encumbrances. The Authority has been granted spending authority by the County Board of Supervisors and may not exceed budgeted expenditures in total for the Authority.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary accounting. Encumbrances outstanding at year-end are reported as restricted fund balance since they do not constitute expenditures or liabilities.

**Budgetary Results of Operations Reconciled to Results of Operations in Accordance with GAAP**

The Authority's budget is based upon accounting for certain transactions on a budget basis rather than accounting principles generally accepted in the United States of America (GAAP) basis. The results of operations on a budget basis differ from operations on a GAAP basis due to the inclusion of year-end encumbrances as expenditures on a budget basis.

**LIBRARY JOINT POWERS AUTHORITY OF  
SANTA CLARA COUNTY**  
 (A Component Unit of the County of Santa Clara, California)  
 Required Supplementary Information (Unaudited)  
 Schedule of Authority's Proportionate Share of the Net Pension Liability

Last Five Fiscal Years \*

<b>Fiscal year</b>	2019	2018	2017	2016	2015
	2018	2017	2016	2015	2014
Authority's proportion of the net pension liability (NPL)	1.14%	1.14%	1.10%	1.12%	1.14%
Authority's proportionate share of the NPL	\$ 35,155,831	\$ 35,355,698	\$ 29,529,705	\$ 24,277,776	\$ 22,190,083
Authority's covered payroll	\$ 17,152,030	\$ 16,111,449	\$ 14,786,912	\$ 14,156,600	\$ 13,597,970
Authority's proportionate share of the NPL as a percentage of its covered payroll	204.97%	219.44%	199.70%	171.49%	163.19%
County Miscellaneous Plan's fiduciary net position as a percentage of the County Miscellaneous Plan's total pension liability	71.78%	70.27%	71.24%	75.50%	77.25%

**Note to schedule:**

Benefit Changes - The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2017 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions - During measurement period 2014, the discount rate was 7.50%. During measurement period 2015, the discount rate was increased from 7.50 percent to 7.65 percent. There is no change in discount rate during measurement period 2016. During measurement period 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. During measurement period 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017.

\* Fiscal year ended June 30, 2015 was the first year of implementation of GASB Statement No. 68, therefore only five years of information is shown.

**LIBRARY JOINT POWERS AUTHORITY OF  
SANTA CLARA COUNTY**  
 (A Component Unit of the County of Santa Clara, California)  
 Required Supplementary Information (Unaudited)  
 Schedule of Authority's Pension Contributions  
 Last Six Fiscal Years \*

Fiscal Year Ended	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contributions (actuarially determined) (CRC)	\$ 3,701,183	\$ 3,172,247	\$ 2,961,615	\$ 2,688,593	\$ 2,372,720	\$ 2,147,652
Contributions in relation to the CRC	(3,701,183)	(3,172,247)	(2,961,615)	(2,688,593)	(2,372,720)	(2,147,652)
Contribution deficiency (excess)	<b>\$ -</b>					
Covered payroll	\$ 17,092,636	\$ 17,152,030	\$ 16,111,449	\$ 14,786,912	\$ 14,156,600	\$ 13,597,970
Contributions as a percentage of covered payroll	21.65%	18.49%	18.38%	18.18%	16.76%	15.79%

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year ended June 30, 2019 were as follows:

Actuarially determined contribution for the year.....	June 30, 2019
Actuarial valuation date.....	June 30, 2016
Actuarial cost method.....	Entry age normal
Asset valuation method.....	Actuarial value of assets
Inflation.....	2.75%
Salary increases.....	Varies by entry age and service
Payroll growth.....	3.00%
Investment rate of return.....	7.375%, net of pension plan investment and administrative expenses, including inflation
Retirement age.....	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period 1997 to 2011.
Mortality.....	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

\* Fiscal year ended June 30, 2015 was the first year of implementation of GASB Statement No. 68, therefore only six years of information is shown.

**LIBRARY JOINT POWERS AUTHORITY OF  
SANTA CLARA COUNTY**  
 (A Component Unit of the County of Santa Clara, California)  
 Required Supplementary Information (Unaudited)  
 Schedule of Authority's Proportionate Share of the Net OPEB Liability

Last Two Fiscal Years \*

<b>Fiscal year</b>	<b>2019</b>	<b>2018</b>
<b>Measurement period</b>	2018	2017
Authority's proportion of the net OPEB liability (NOPEBL)	1.52%	1.52%
Authority's proportionate share of the NOPEBL	\$ 19,167,715	\$ 19,510,638
Authority's covered-employee payroll	\$ 17,152,030	\$ 16,111,449
Authority's proportionate share of the NOPEBL as a percentage of its covered-employee payroll	111.75%	121.10%
County OPEB Plan's fiduciary net position as a percentage of the County OPEB Plan's total OPEB liability	44.62%	40.06%

\* Fiscal year ended June 30, 2018 was the first year of implementation of GASB Statement No. 75, therefore only two years of information is shown.

**LIBRARY JOINT POWERS AUTHORITY OF  
SANTA CLARA COUNTY**  
 (A Component Unit of the County of Santa Clara, California)  
 Required Supplementary Information (Unaudited)  
 Schedule of Authority's OPEB Contributions  
 Last Three Fiscal Years \*

Fiscal Year Ended	<b>2019</b>	<b>2018</b>	<b>2017</b>
Actuarial determined contributions (ADC)	\$ 2,046,832	\$ 1,954,538	\$ 2,354,510
Contributions in relation to the ADC	(1,860,656)	(2,578,090)	(2,239,319)
Contribution deficiency (excess)	<b>\$ 186,176</b>	<b>\$ (623,552)</b>	<b>\$ 115,191</b>
Covered-employee payroll	\$ 17,092,636	\$ 17,152,030	\$ 16,111,449
Contributions as a percentage of covered-employee payroll	10.89%	15.03%	13.90%

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year ended June 30, 2019 were as follows:

Actuarially determined contribution for the year.....	June 30, 2019
Actuarial valuation date.....	June 30, 2018
Actuarial cost method.....	Entry age normal
Asset valuation method.....	Actuarial value of assets
Inflation.....	2.50%
Salary increases.....	Increase of 3.25% to 15.95% depending on age, service and type of employment.
Payroll growth.....	2.75%
Investment rate of return.....	7.00%
Healthcare cost trend rate.....	Medicare and Non-Medicare cost trend rate of 6.5% and 7%, respectively for initial year, graded down by 0.25% per year until 4.50% ultimate rate is reached. Medicare Part B cost trend rate of 4.0%.
Mortality and other actuarial assumptions.....	CalPERS 2014 experience study report using data for the period from 1997 to 2011.

\* Fiscal year ended June 30, 2018 was the first year of implementation of GASB Statement No. 75, therefore only three years of information is shown.

**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***

Governing Board of the  
Library Joint Powers Authority of Santa Clara County  
Campbell, 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 governmental activity and the major fund of the Library Joint Powers Authority of Santa Clara County (Authority), a component unit of the County of Santa Clara (County), California, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated April 17, 2020.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Authority'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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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. 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 Authority'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*.

***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.

*Macias Gini & O'Connell LLP*

Walnut Creek, California

April 17, 2020



## JOINT POWERS AUTHORITY BOARD TRANSMITTAL

**DATE:** June 25, 2020

**TO:** Joint Powers Authority Board

**FROM:** Jennifer Weeks, County Librarian

**SUBJECT:** **Adopt the Fiscal Year 2020-21 Santa Clara County Library District Budget**

### **RECOMMENDED ACTIONS**

It is recommended that the Board adopt the Fiscal Year 2020-2021 Final Budget.

### **BACKGROUND/REASONS FOR RECOMMENDATION**

There is no change from the budget previously reviewed by the JPA Board in April. This action represents final budget approval.

The COVID-19 crisis creates a great deal of uncertainty related to the Library District's revenue, 96% of which is related to various property tax streams. It is impossible to know at this point in time the extent of any such reductions going forward, and the length that these reductions could continue.

One of the unknowns is tied to State actions that could put millions of dollars of Library District property tax revenues at risk – a proposed retroactive calculation change to excess Educational Revenue Augmentation Funds ("ERAF"). As of this writing, this proposal has not yet been approved, and the level of impact is not yet known.

Thankfully, the Library Joint Powers Authority Board ("Board") established an "Economic Uncertainty Reserve" to mitigate this type of circumstance; and due to additional allocations over the years, this reserve has increased to \$17,000,000. Nevertheless, rather than dipping into these reserves at this time, Library staff recommends rolling over Fiscal Year 2019-20 budget savings into Fiscal Year 2020-21 to shore up any funding gaps expected at this time, and to save the Economic Uncertainty Reserve for any further reductions in revenue, potentially including any impacts due to the states ERAF decision identified above.

The current expected funding gap is principally a result of a \$4.1 million (8.0%) reduction in property tax revenue (based on the latest information from the County Controller's office before this crisis began) and a \$2.8 million (7.7%) increase in Salaries and Benefits due to the expected conclusion of

union contract negotiations. Again, these figures remain very fluid as the current COVID-19 picture changes weekly, daily, and hourly. Nevertheless, the Library District's budget goal is to ensure fiscal sustainability; and to that end, fiscal staff will remain ever vigilant, reducing extra help hours and extra hours for part-time staff, thoughtfully considering staff positions and limiting expenditures where possible, and forestalling any new programs or services until the economic picture becomes clearer.

As mentioned on page 11 of this budget document, the Library District will continue to reserve the following amounts for future use:

- \$6,678,000 Capital Maintenance Reserve (for major capital maintenance needs expected over the next ten years.)
- \$1,230,000 Technology Reserve (for the remaining funding in the JPA adopted Three Year Technology Plan)
- \$17,000,000 Economic Uncertainty Reserve
- \$7,800,000 1344 Dell Avenue Capital Program

As a result, the Library District remains well-positioned to confront this uncertain future with prudently planned fiscal resources.

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**Santa Clara County Library District - Fiscal Year 2020-2021**  
**REQUESTED BUDGET SUMMARY**

**Estimated Revenue:**

Property Taxes	47,343,720
State Sources	53,523
Special Tax	5,996,705
City/ County Contribution	618,458
Fines & Fees	550,000
Other	<u>1,264,716</u>
<b>TOTAL Current Revenue</b>	<b><u>55,827,122</u></b>

Transfer from Cap. & IT Res.	5,944,000
2019-20 Budget Rollover	<u>5,563,971</u>

**TOTAL    \$67,335,093**

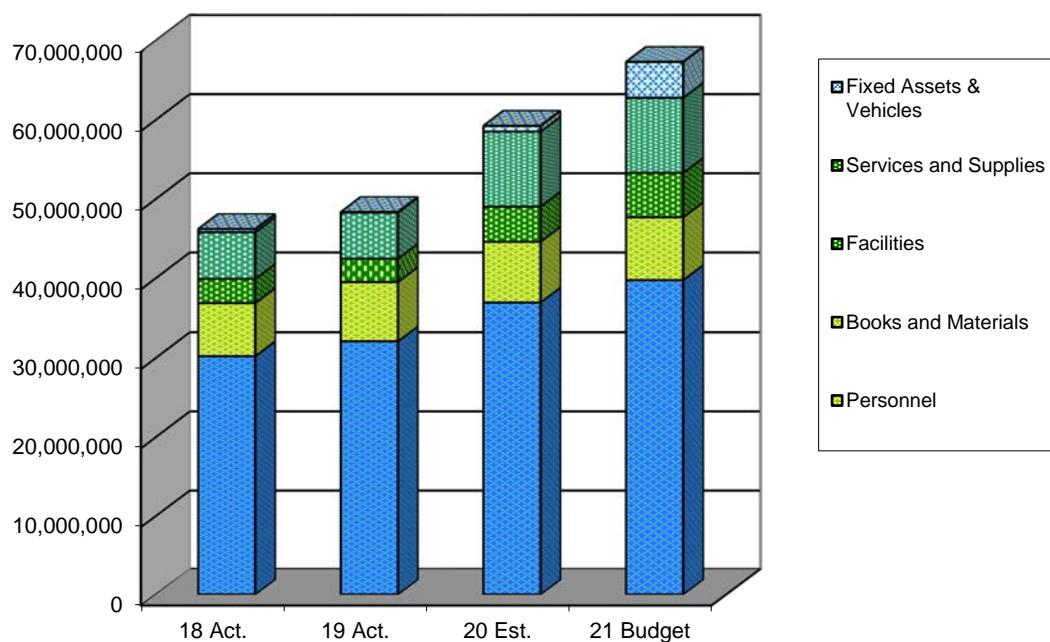
**Requested Expenditures:**

Personnel	39,788,096
Books and Materials	7,927,451
Facilities	5,616,311
Services and Supplies	<u>9,481,098</u>
<b>TOTAL Operating Budget</b>	<b><u>62,812,957</u></b>

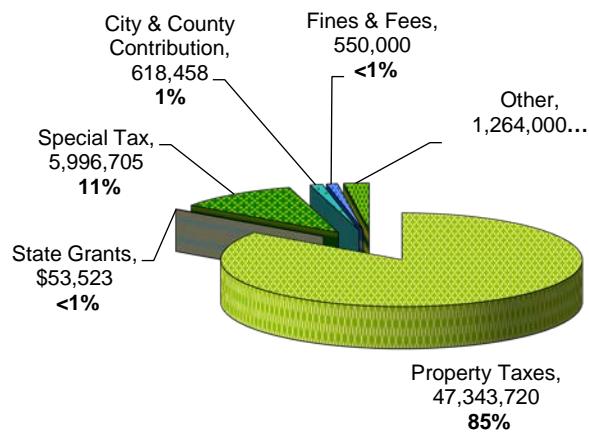
Fixed Assets & Vehicles      4,522,136

**TOTAL    \$67,335,093**

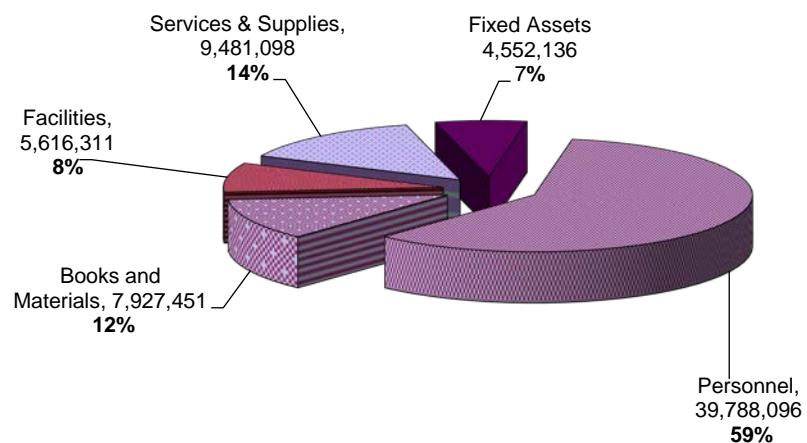
**Four-Year Expenditure Trend**



### Fiscal Year 2020-2021 Library Revenue



### Fiscal Year 2020-2021 Library Expenditures



**Santa Clara County Library Budget**  
**Fiscal Year 2020 - 2021**  
**Four-Year Recap of Revenue & Expenses**

	FY 17-18 Actual	FY 18-19 Actual	FY 19-20 Approved	FY 19-20 Estimated	FY 20-21 Budget
<b>REVENUE</b>					
Property Taxes	40,852,344	46,805,141	49,355,136	51,459,074	47,343,720
State Grants	81,383	180,635	53,523	53,523	53,523
Special Tax	5,824,974	5,855,190	5,895,434	5,895,434	5,996,705
City & County Contribution	1,935,997	1,999,495	618,458	618,458	618,458
Fines & Fees	526,435	575,570	482,000	550,000	550,000
Other	1,493,675	1,716,483	990,728	1,238,470	1,264,716
<b>TOTAL</b>	<b>50,714,808</b>	<b>57,132,513</b>	<b>57,395,279</b>	<b>59,814,959</b>	<b>55,827,122</b>
Transfer from Cap. & IT Reserves	0	0	2,095,000	2,095,000	5,944,000
Transfer from Prior Year	0	0	<u>2,945,000</u>	<u>2,945,000</u>	<u>5,563,971</u>
<b>TOTAL FINANCING AVAILABLE</b>	<b>50,714,808</b>	<b>57,132,513</b>	<b>62,435,279</b>	<b>64,854,959</b>	<b>67,335,093</b>

**EXPENSES**

Personnel	30,257,567	32,128,919	36,958,430	36,958,430	39,788,096
Books and Materials	6,614,473	7,406,012	7,661,386	7,661,385	7,927,451
Facilities	3,060,989	2,960,093	5,857,898	4,444,838	5,616,311
Services and Supplies	5,892,548	5,815,801	9,894,412	9,477,560	9,481,098
Fixed Assets & Vehicles	394,306	62,706	1,592,294	720,294	4,522,136
<b>TOTAL</b>	<b>46,219,883</b>	<b>48,373,531</b>	<b>61,964,420</b>	<b>59,262,506</b>	<b>67,335,093</b>

## Fiscal Year 2020-2021

### REVENUE PROJECTION

REVENUE SOURCE	FY 18-19 Actual	FY 19-20 Budget	FY 19-20 Projected	FY 20-21 Budget	Variance from Approved
Supplemental Roll	\$ 1,310,964	\$ 753,502	\$ 950,445	\$ 824,445	\$ 70,943
Property Tax - Current Secured	29,742,754	31,118,653	31,380,691	31,847,691	729,038
Property Tax - RDA Distribution	1,530,950	1,471,000	1,662,178	1,662,178	191,178
Property Tax - Current Unsecured	2,358,889	2,312,130	2,263,100	2,220,300	-91,830
ERAF Reimbursements	6,411,965	8,071,000	9,334,000	4,667,000	-3,404,000
Property Tax - Unitary Roll	913,559	873,851	885,106	885,106	11,255
Property Tax- VLF in lieu	3,498,239	3,696,000	3,735,554	3,989,000	293,000
RDA- Property Tax Pass-thru	1,037,821	1,059,000	1,248,000	1,248,000	189,000
Subtotal All Property Tax	\$46,805,141	\$49,355,136	\$51,459,074	\$47,343,720	-\$2,011,416
Library Fees and Charges	\$ 264,023	\$ 232,000	\$ 250,000	\$ 250,000	\$ 18,000
Library Overdue Fines	311,547	250,000	300,000	300,000	50,000
Interest Earnings	778,414	500,000	750,000	750,000	250,000
Homeowner Prop. Tax Relief	142,483	142,768	140,510	139,222	(3,546)
State LSCA	98,791	53,523	53,523	53,523	0
Other State Grants	81,844	0	0	0	0
Contributions from Cities	1,718,082	567,458	567,458	567,458	0
Special Tax - CFD	5,855,190	5,895,434	5,895,434	5,996,705	101,271
Other Library Services	34,981	21,250	21,250	21,250	0
Contributions & Donations	437,620	0	0	0	0
Passport Fees	191,976	286,710	286,710	314,244	27,534
Misc. Income	94,583	10,000	10,000	10,000	0
Transfer from County	281,413	51,000	51,000	51,000	0
Federal Medicare Credit	36,426	30,000	30,000	30,000	0
Subtotal All Other Sources	\$10,327,372	\$8,040,143	\$8,355,885	\$8,483,402	\$443,259
TOTAL	57,132,513	\$57,395,279	\$59,814,959	\$55,827,122	-\$1,568,157
Budget Rollover from Prior Year	\$0	\$2,095,000	\$2,095,000	\$5,563,971	\$3,468,971
Transfer from Cap. & IT Reserves	\$0	\$2,945,000	\$2,945,000	\$5,944,000	\$2,999,000
GRAND TOTAL	\$57,132,513	\$62,435,279	\$64,854,959	\$67,335,093	\$4,899,814

Overall property taxes in FY 2020-2021 are forecasted to decrease 8% from the projected FY 2019-2020 amounts based on estimates from the County Controller's Office, primarily due to an expected 50% decrease in ERAF reimbursements. All other revenue sources remain relatively flat, with the exception of interest earnings, which have increased due in part to the increased amounts in the Library District's designated reserves.. The "Budget Rollover from Prior Year" represents specific projects budgeted in 2019-20 that will not be accomplished until 2020-21, as well as an additional \$3 million in overall savings. The "Transfer from Reserves" represents FY 2019-2020 projects for which funding was set aside by the JPA Board in its approval of the Technology and Capital Maintenance Plans.

## **FISCAL YEAR 2020-2021 PERSONNEL REQUEST**

The proposed personnel budget of \$39,958,430 reflects a \$2.8 million increase from the original JPA-approved Fiscal Year 2019-20 personnel budget associated with the following personnel actions:

- A 4.15% increase (\$1.5 million) in combined contract-negotiated salary and benefit increases
- \$849,000 for the establishment of the new Library Circulation Aide positions (approved by the JPA Board on October 24, 2019)
- \$447,000 in living wage increases for Library clerical positions in parity with the newly established Library Circulation Aide positions.

No new positions are being added at this time, and vacant positions are only being filled after thoughtful consideration, balancing the needs of the community while preparing for further potential revenue reductions.

**Personnel Budget**  
**FY 2020-2021**

**Expenditure & Revenue Recap**

2020-21	Traditional	CFD	Local/Gifts	Passport	Transfer	TOTAL
<b>REVENUES</b>						
	\$48,948,715	\$5,996,705	\$567,458	\$314,244	\$11,507,971	\$67,335,093
<b>EXPENDITURES</b>						
Operating	\$8,039,438.49				\$7,057,971	\$15,097,409
Capital	\$72,136				\$4,450,000	\$4,522,136
Books, Etc.	\$6,728,110	\$1,199,341	\$0			\$7,927,451
Personnel	\$34,109,030	\$4,797,364	\$567,458	\$314,244		\$39,788,096
<b>TOTAL</b>	<b>\$48,948,715</b>	<b>\$5,996,705</b>	<b>\$567,458</b>	<b>\$314,244</b>	<b>\$11,507,971</b>	<b>\$67,335,093</b>

**Community Facilities District Recap**

CFD REVENUES	Personnel	Books
Campbell	581,559	\$465,248
Cupertino	761,892	\$609,513
Gilroy	731,636	\$585,309
Los Altos/Wo	505,332	\$404,266
Milpitas	1,110,090	\$888,072
Morgan Hill	624,978	\$499,983
Saratoga/MS	437,386	\$349,909
Subtotal	4,752,874	\$3,802,299
Bookmobile*		\$566,963
Unincorporated*	1,243,832	\$70,000
<b>Total</b>	<b>\$5,996,705</b>	<b>\$4,797,364</b>
		<b>\$1,199,547</b>

**Salary and Benefit Recap**

PERSONNEL	Formula Share	Traditional by Platform	Reminder by Formula	100% CFD Return	Unincorp CFD by formula	Passport Fees	Specific Place \$ (City/NCLA)	FY21 TOTAL	FY20 Budgeted	Change from FY20
Campbell	11.04%	\$1,446,381	\$1,143,219	\$465,248	\$47,265			\$3,102,113	\$2,874,067	\$228,046
Cupertino	21.78%	\$2,338,463	\$2,254,843	\$609,513	\$93,224	\$104,748	\$117,000	\$5,517,791	\$5,133,469	\$384,322
Gilroy	10.38%	\$1,222,655	\$1,074,324	\$585,309	\$44,417			\$2,926,705	\$2,735,901	\$190,804
Los Altos/Woodland	16.22%	\$1,987,321	\$1,680,001	\$404,266	\$69,458	\$104,748	\$289,834	\$4,535,628	\$4,224,602	\$311,026
Milpitas	18.14%	\$1,922,875	\$1,878,840	\$888,072	\$77,679	\$104,748	\$160,624	\$5,032,837	\$4,562,291	\$470,546
Morgan Hill	9.86%	\$1,282,523	\$1,021,081	\$499,983	\$42,216			\$2,845,802	\$2,686,857	\$158,945
Saratoga	12.58%	\$1,625,846	\$1,302,336	\$349,909	\$53,844			\$3,331,934	\$3,095,840	\$236,094
Sub-Total Libraries	100%	\$11,826,062	\$10,354,644	\$3,802,299	\$428,102	\$314,244	\$567,458	\$27,292,811	\$25,313,027	\$1,979,784
Headquarters The Reading Program Bookmobile		\$11,504,882 \$423,437			\$566,963			\$11,504,882 \$423,437 \$566,963	\$10,707,597 \$419,535 \$518,267	\$797,285 \$3,902 \$48,696
<b>GRAND TOTAL</b>		<b>\$23,754,382</b>	<b>\$10,354,644</b>	<b>\$3,802,299</b>	<b>\$995,065</b>	<b>\$314,244</b>	<b>\$567,458</b>	<b>\$39,788,093</b>	<b>\$36,958,426</b>	<b>\$2,829,667</b>

**Santa Clara County Library District**  
**FTE from FY 2010-2011 to FY 2020-2021**

The following totals included benefited positions, extra help positions and allocations of extra hours for part-time employees:

<b>Headquarters</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Administration	6.0	6.0	6.0	6.5	6.5	6.5	6.5	8.5	9.5	13.0	14.0
Business Office	14.8	13.9	14.0	13.5	13.6	14.2	14.6	15.1	16.1	18.1	20.1
Public Services	5.3	5.6	6.2	6.2	6.2	7.4	7.4	7.4	6.5	8.5	8.5
Computer Support	6.9	7.3	7.1	7.1	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Tech & Digital Svcs	18.4	16.8	16.7	16.7	16.7	16.7	17.7	18.7	19.7	19.7	18.7
<b>Subtotal</b>	<b>51.3</b>	<b>49.5</b>	<b>50.0</b>	<b>50.0</b>	<b>50.0</b>	<b>51.8</b>	<b>53.2</b>	<b>56.8</b>	<b>58.8</b>	<b>66.3</b>	<b>68.3</b>
<b>Percent of total</b>	<b>19.2%</b>	<b>19.5%</b>	<b>19.6%</b>	<b>20.0%</b>	<b>19.9%</b>	<b>20.0%</b>	<b>19.9%</b>	<b>19.8%</b>	<b>19.9%</b>	<b>20.0%</b>	<b>19.9%</b>
<b>Direct Service</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2019/20</b>
Centr. Pub. Svc.	5.5	5.5	5.5	6.9	6.9	6.9	9.4	9.0	9.0	13.0	13.0
Bookmobile	3.4	3.3	3.2	3.2	3.2	3.2	3.7	4.5	5.0	5.0	5.0
Campbell	22.3	20.6	21.3	20.7	21.0	21.3	22.2	23.2	23.2	27.2	28.2
Cupertino	39.3	37.8	40.8	38.8	39.4	39.8	40.4	41.9	43.8	49.7	51.7
Gilroy	20.9	20.4	21.1	20.5	20.6	20.9	21.0	22.0	22.4	25.4	26.9
Literacy	2.5	2.5	2.9	2.9	2.9	2.9	3.1	3.0	3.5	3.5	3.5
Los Altos	31.7	30.0	29.7	28.8	28.8	30.1	30.6	32.3	32.3	34.5	36.0
Woodland	4.1	4.1	4.1	4.1	4.1	4.8	4.8	5.0	5.9	5.9	5.9
Milpitas	40.0	37.7	32.6	30.9	31.1	33.1	33.7	41.4	43.3	44.0	46.0
Morgan Hill	20.8	19.5	20.3	20.0	20.0	20.8	21.4	21.9	22.5	26.9	26.7
Saratoga	25.2	22.9	23.9	23.4	23.6	23.9	24.4	25.2	25.7	30.1	31.6
<b>Subtotal</b>	<b>215.4</b>	<b>204.1</b>	<b>205.3</b>	<b>200.1</b>	<b>201.5</b>	<b>207.6</b>	<b>214.7</b>	<b>229.3</b>	<b>236.5</b>	<b>265.2</b>	<b>274.6</b>
<b>Percent of total</b>	<b>80.8%</b>	<b>80.5%</b>	<b>80.4%</b>	<b>80.0%</b>	<b>80.1%</b>	<b>80.0%</b>	<b>80.1%</b>	<b>80.2%</b>	<b>80.1%</b>	<b>80.0%</b>	<b>80.1%</b>
<b>Total FTE</b>	<b>266.8</b>	<b>253.6</b>	<b>255.2</b>	<b>250.1</b>	<b>251.5</b>	<b>259.5</b>	<b>268.0</b>	<b>286.0</b>	<b>295.3</b>	<b>331.6</b>	<b>342.8</b>

	<b>2019/20</b>	<b>2020/21</b>
<b>Benefited FTE:</b>	<b>273.8</b>	<b>285.3</b>
<b>Extra Help FTE:</b>	<b>33.7</b>	<b>33.7</b>
<b>Extra Hours FTE:</b>	<b>24.1</b>	<b>23.9</b>
<b>TOTAL:</b>	<b>331.6</b>	<b>342.8</b>

**Fiscal Year 2020-2021 Facilities, Services and Supplies Request**

EXPENDITURE CATEGORY	FY 18-19 ACTUAL	FY 19-20 Budget (Adj)	FY 19-20 Projected	FY 20-21 Proposed Budget	Change
Safety Shoes	4,000	3,250	3,250	3,250	0
Communications & Phone	128,672	303,560	136,000	565,750	262,190
Communications & Phone- Co.	10,421	14,122	14,122	7,987	(6,135)
Insurance Premiums	122,275	142,358	142,358	186,859	44,501
Insurance- Internal	98,066	95,383	95,383	81,206	(14,177)
Maintenance- Equipment	790,370	978,534	730,000	922,984	(55,550)
Maintenance- Structures	760,744	3,477,161	1,872,161	2,886,390	(590,771)
Membership Dues & Fees	50,598	55,000	55,000	55,000	0
Office Expense	597,553	734,607	734,607	600,000	(134,607)
Postage Expense-External	17,325	200,000	75,000	200,000	0
Postage Expense- Internal	9,396	12,338	12,338	10,008	(2,330)
Printing- External	105,757	249,478	150,000	200,390	(49,088)
PC Software	649,490	1,084,487	884,487	1,331,721	247,234
Education Exp.- Other	0	75,000	0	75,000	0
Workshops, Conf. & Seminars	34,993	30,000	30,000	30,000	0
Professional Services	955,529	2,515,322	2,465,322	1,819,400	(695,922)
SCC Library Foundation	494	10,000	10,000	10,000	0
Silicon Valley Reads	10,000	10,000	10,000	10,000	0
Data Proc. Servc.- External	55,398	70,200	60,000	60,000	(10,200)
IT Services.- Internal	388,432	409,441	409,441	544,928	135,487
Legal Services	54,315	55,000	25,000	55,000	0
Property Tax Admin Fee	0	30,930	30,930	31,858	928
Lease- Equipment- Other	257,008	253,495	253,495	218,000	(35,495)
Rent & Lease Building & Improve.	363,685	365,355	365,355	367,119	1,764
Small Tools & Instru.	111,850	145,000	145,000	173,750	28,750
Furniture	431,988	561,459	561,459	0	(561,459)
PC Hardware	394,804	2,835,235	2,035,235	1,607,000	(1,228,235)
Service Staff Meetings	9	10,000	10,000	10,000	0
Incentives and Promotions	16,713	50,000	50,000	50,000	0
Summer Reading Marketing	52,148	20,532	20,532	15,000	(5,532)
Library Materials	7,406,012	7,656,385	7,661,385	7,927,451	271,066
County Overhead	1,036,111	1,101,459	1,101,459	1,252,620	151,161
Fuel	3,584	2,622	2,622	4,745	2,123
Garage Fleet Services	22,147	21,513	21,513	25,744	4,231
Mileage	24,284	27,500	30,500	30,500	3,000
Automobile Services	71,872	59,829	44,829	45,000	(14,829)
Local Meals and Meetings	287	5,000	5,000	5,000	0
Business Travel	57,257	72,200	60,000	72,200	0
Utilities	1,074,182	1,258,000	1,258,000	1,521,000	263,000
Misc. Expenses -- Other	14,148	12,000	12,000	12,000	0
<b>TOTAL</b>	<b>\$16,181,907</b>	<b>\$25,003,755</b>	<b>\$21,583,783</b>	<b>\$23,024,861</b>	<b>(1,988,894)</b>

**Facilities, Services and Supplies Summary:**

The most dramatic increases from the prior year include \$262,190 in "Communications & Phone" for VoIP maintenance, \$247,234 in "PC Software" for online catalog and website subscriptions, \$271,066 in "Library Materials" for increased e-book and electronic materials purchases, and \$263,000 for anticipated utility cost increases. All major reductions are associated with one-time projects complete in 2019-20.

**Books and Materials Budget**  
**FY 2020-2021**

**Expenditure & Revenue Recap**

2020-21	Traditional	CFD	Local/Gifts	Passports	Transfer	TOTAL
<b>REVENUES</b>						
	\$48,948,715	\$5,996,705	\$567,458	\$314,244	\$11,507,971	\$67,335,093
<b>EXPENDITURES</b>						
Operating	\$8,039,438	\$0	\$0	\$0	\$7,057,971	\$15,097,409
Capital	\$72,136	\$0	\$0	\$0	\$4,450,000	\$4,522,136
Books, Etc.	\$6,728,110	\$1,199,341	\$0	\$0	\$0	\$7,927,451
Personnel	\$34,109,030	\$4,797,364	\$567,458	\$314,244	\$0	\$39,788,096
<b>TOTAL</b>	<b>\$48,948,714</b>	<b>\$5,996,705</b>	<b>\$567,458</b>	<b>\$314,244</b>	<b>\$11,507,971</b>	<b>\$67,335,093</b>

**Community Facilities District Recap**

CFD REVENUES	Personnel	Books
Campbell	\$581,559	\$465,248
Cupertino	\$761,892	\$609,513
Gilroy	\$731,636	\$585,309
Los Altos/Wo	\$505,332	\$404,266
Milpitas	\$1,110,090	\$888,072
Morgan Hill	\$624,978	\$499,983
Saratoga/MS	\$437,386	\$349,909
Subtotal	\$4,752,874	\$3,802,299
Bookmobile	\$0	\$566,963
Unincorporated*	\$1,243,832	\$428,102
<b>Total</b>	<b>\$5,996,705</b>	<b>\$4,797,364</b>
		\$1,199,341

**Books and Materials Recap**

MATERIALS**	Formula Share	Traditional by Formula	CFD Return	Unincorp CFD by formula	Specific Place \$ (City/NCLA)	FY21 TOTAL	FY20 Budgeted	Change from FY20
Campbell	11.04%	\$725,382	\$116,312	\$19,737		\$861,431	\$822,813	\$38,618
Cupertino	21.78%	\$1,430,717	\$152,378	\$38,928		\$1,622,024	\$1,589,494	\$32,530
Gilroy	10.38%	\$681,668	\$146,327	\$18,548		\$846,543	\$820,831	\$25,712
Los Altos/Woodland	16.22%	\$1,065,975	\$101,066	\$29,004		\$1,196,045	\$1,159,041	\$37,004
Milpitas	18.14%	\$1,192,140	\$222,018	\$32,437		\$1,446,595	\$1,340,969	\$105,626
Morgan Hill	9.86%	\$647,884	\$124,996	\$17,628		\$790,508	\$787,118	\$3,390
Saratoga	12.58%	\$826,343	\$87,477	\$22,484		\$936,304	\$913,117	\$23,187
Sub-Total Libraries	100%	\$6,570,108	\$950,575	\$178,766	\$0	\$7,699,451	\$7,433,383	\$266,068
Bookmobile Headquarters		\$158,000		\$70,000		\$70,000	\$158,000	
<b>GRAND TOTAL</b>		<b>\$6,728,108</b>	<b>\$950,575</b>	<b>\$248,766</b>	<b>\$0</b>	<b>\$7,927,451</b>		

\*Bookmobile expenses are deducted from the Unincorporated Revenues before applying formula to Unincorporated CFD

## **FIXED ASSET and VEHICLE REQUEST**

Fiscal Year 2020-2021

## Fixed Assets

The following fixed asset requests will be funded with unspent funding from FY 2019-20 (\$72,136) and a transfer from the Technology Reserve (\$4,450,000):

## **Automated Material Handling System**

This funding replacement of the automated materials handling machines throughout the library district.

**Book Lending Services** \$300,000

This funding will be used to pilot book lending services for the library system.

## **Smart Devices for Public Use**

This funding supports the loaning of “smart” devices to respond to patron needs.

**Outreach Vehicle** \$72,136

This funding will be used to purchase a gas-powered outreach vehicle for the library system.

**Total Fixed Asset Request:** \$4,522,136

## BUDGETED RESERVES Fiscal Year 2020-2021

### **Capital Maintenance (Building) Reserve**

The designated Building Reserve serves to identify funding for future significant building repair and maintenance obligations. The amount requested to be transferred from this reserve in Fiscal Year 2020-21 is \$619,000 for the following projects:

Cupertino Carpet Replacement: \$300,000  
Cupertino Front Door/Lobby Upgrade: \$85,000  
Saratoga Audio-Visual Equipment: \$55,000  
Cupertino Energy Audit Upgrades: \$50,000  
Morgan Hill Audio-Visual Equipment \$50,000  
Miscellaneous Emergency Work: \$50,000  
Saratoga Flat Roof Coating: \$29,000

The current balance in this reserve: \$7,297,000

### **Reserve for Future Operation (Technology)**

The Board established this designated reserve to accrue financing for large, costly computer system upgrades and equipment replacement. In January 2019, the JPA Board considered the three-year comprehensive plan for technology replacement and upgrade and designated funds for technology improvements through 2022. The amount requested to be transferred from this reserve in Fiscal Year 2020-21 is \$5,325,000. It is needed to pay for the items detailed in the Fixed Asset request and certain Services and Supplies items.

The current balance in this reserve: \$6,555,000

Reserves Recap: The *estimated* status of reserves/fund balance, following adoption of the FY 2020-21 Budget, is as follows.

<u>FUND 0025</u>	
\$ 6,678,000	Capital Maintenance Reserve
1,230,000	Technology Reserve
17,000,000	Fund Balance- Economic Uncertainty Designation
7,800,000	1344 Dell Avenue Capital Program
\$ 6,205,080	Undesignated Fund Balance

## **REBUDGET OF UNSPENT FISCAL YEAR 2019-2020 FUNDS**

### **Fiscal Year 2020-2021**

The following projects and purchases, budgeted in Fiscal Year 2019-2020, will not be completed before June 30, 2020 and need to be rebudgeted to Fiscal Year 2020-2021:

- \$800,000 for Updated Community Room Audio-Visual Equipment;
- \$460,000 for Los Altos Community Library Roof;
- \$245,000 for Campbell Community Library Roof ;
- \$205,000 for Saratoga Community Library Roof Restoration;
- \$200,000 for Campbell Library Interior Space;
- \$200,000 for Gilroy Community Library Interior Space;
- \$200,000 for Morgan Hill Community Library Interior Space;
- \$72,136 for Outreach Vehicle;
- \$50,000 for Link+ Catalog Subscription;
- \$45,000 for Cupertino Library Automatic Doors;
- \$35,000 for Morgan Hill Community Library Interior Painting;
- \$15,000 for Campbell Library Automatic Doors;

**Total amount rebudgeted from Fiscal Year 2019-2020: \$2,527,136.**

**Santa Clara County Library Formula 2020-2021**

<b>Library</b>	<b>Population 1-1-19</b>	<b>Percent</b>	<b>Assessed Valuation</b>	<b>Percent</b>	<b>Circulation</b>	<b>Percent</b>	<b>Formula Share</b>	<b>FY 19- 20</b>
<b>Campbell</b>	43,250		11,063,771,091					
Unincorporated	8,532		2,333,012,736					
Redevelopment			-1,254,679,897					
RDA Pass-thru			1,254,679,897					
RDA Dissolution			<u>0</u>					
	51,782	13.263%	13,396,783,827	10.817%	857,166	9.042%	<b>11.04%</b>	10.89%
<b>Cupertino</b>	59,879		26,012,581,858					
Unincorporated	4,039		<u>686,462,595</u>					
	63,918	16.371%	26,699,044,453	21.558%	2,597,500	27.399%	<b>21.78%</b>	22.12%
<b>Gilroy</b>	55,928		9,291,636,386					
Unincorporated	7,725		<u>1,621,587,864</u>					
	63,653	16.303%	10,913,224,250	8.812%	569,811	6.010%	<b>10.38%</b>	10.42%
<b>Los Altos</b>	31,190		16,809,016,557					
Los Altos Hills	8,785		8,516,992,968					
Unincorporated	4,323		<u>1,476,614,645</u>					
	44,298	11.346%	26,802,624,170	21.642%	1,487,071	15.686%	<b>16.22%</b>	16.27%
<b>Milpitas</b>	76,231		19,999,026,460					
Unincorporated	315		96,008,755					
Redevelopment			-8,121,160,168					
RDA Pass-thru			1,111,181,847					
RDA Dissolution			<u>2,910,301,790</u>					
	76,546	19.606%	15,995,358,683	12.916%	2,077,463	21.913%	<b>18.14%</b>	17.37%
<b>Morgan Hill</b>	45,742		10,229,924,020					
Unincorporated	7,694		2,549,032,433					
Redevelopment			-3,475,863,228					
RDA Pass-thru			520,440,601					
RDA Dissolution			<u>914,654,249</u>					
	53,436	13.687%	10,738,188,076	8.671%	685,054	7.226%	<b>9.86%</b>	10.23%
<b>Saratoga</b>	31,407		16,167,288,519					
Monte Sereno	3,787		2,295,001,653					
Unincorporated	1,598		<u>838,156,427</u>					
	36,792	9.424%	19,300,446,599	15.584%	1,206,275	12.724%	<b>12.58%</b>	12.70%
Percentages are based on assigned								
	Population		Assessed Valuation		Circulation			
Total	444,567		139,415,716,133		10,122,079			
Assigned	390,424		123,845,670,059		9,480,340			
Cities	356,199		120,385,239,512					
Unincorporated	34,225		9,600,875,455					
Unassigned	54,143		9,429,601,166		641,739 (Bookmobile, HQ)			
Redevelopment			-6,140,444,909					
Total Unincorp	88,368		19,030,476,621					

## FUNDING FORMULA PARAMETER ADJUSTMENTS Fiscal Year 2020-2021

At the October 27, 2016 JPA Board meeting, the Board adopted the following funding formula parameters to the existing funding formula, beginning in Fiscal Year 2017-18:

When a community's relative percentage of assessed valuation and/or "public service transactions"<sup>1</sup> exceeds their Community Library's funding formula share by more than 5%, increase these Community Libraries' staffing and library materials budgets to an amount that would be realized if these differences were limited to 5%, subject to available annual funding from excess fund balance.

<sup>1</sup>"Public Service Transactions" include circulation of library materials, program attendance, reference questions, and computer sessions.

	Test 1: Assessed Valuation			Test 2: Public Service Transactions		
	Assessed Valuation		Difference	Public Service Transactions		Difference
	Percentage	Formula Percentage		Percentage	Formula Percentage	
<b>Campbell</b>	10.817%	11.04%	-0.223%	9.618%	11.04%	-1.422%
<b>Cupertino</b>	21.558%	21.78%	-0.218%	27.764%	21.78%	5.987%
<b>Gilroy</b>	8.812%	10.38%	-1.563%	7.032%	10.38%	-3.343%
<b>Los Altos</b>	21.642%	16.22%	5.417%	16.242%	16.22%	0.017%
<b>Milpitas</b>	12.916%	18.14%	-5.229%	22.670%	18.14%	4.525%
<b>Morgan Hill</b>	8.671%	9.86%	-1.190%	7.904%	9.86%	-1.957%
<b>Saratoga</b>	15.584%	12.58%	3.007%	13.113%	12.58%	0.536%

In the Fiscal Year 2020-21 Funding Formula, there are two instances in which one-time adjustments could be made.

- 1) Los Altos' relative share of assessed valuation is 21.642%, while the formula share is 16.22% -- a difference of 5.417%. If this difference were limited to 5%, Los Altos libraries would receive an additional \$45,001 for staffing and \$28,166 for materials.
- 2) Cupertino's relative share of Public Services Transactions is 27.764%, while the formula share is 21.78% -- a difference of 5.987%. If this difference were limited to 5%, Cupertino Community Library would receive an additional \$106,468 for staffing and \$66,638 for materials.

Upon approval from the JPA Board, the 2020-21 Personnel Budget and Books & Materials Budget will be adjusted accordingly.



## JOINT POWERS AUTHORITY BOARD TRANSMITTAL

**DATE:** June 25, 2020

**TO:** Joint Powers Authority Board

**FROM:** Jennifer Weeks, County Librarian

**SUBJECT:** **Ratify Appointment of Nominating Committee**

### **RECOMMENDED ACTIONS**

It is recommended that the Joint Powers Authority Board ratify the Chair's appointments to the 2020 Nominating Committee.

The Nominating Committee members are Chair Mike Wasserman, Vice Chair Lynette Lee Eng and at least 1 additional JPA member. Chair Mike Wasserman will ask for volunteers at the JPA meeting.

### **BACKGROUND/REASONS FOR RECOMMENDATION**

According to the Bylaws, "A nominating committee of at least three JPA Board Members including the Chair and Vice Chair is responsible for presenting a slate of officers at the last regular JPA meeting of the calendar year."