

**Santa Cruz
Public Libraries
Joint Powers
Authority**

Santa Cruz, California

Annual Financial Report

For the year ended June 30, 2020

This page intentionally left blank.

Santa Cruz Public Libraries Joint Powers Authority
Basic Financial Statements
For the year ended June 30, 2020

Table of Contents

| | <u>Page</u> |
|---|-------------|
| Independent Auditors' Report | 1-2 |
| Management's Discussion and Analysis (Required Supplementary Information) | 4-8 |
| Basic Financial Statements: | |
| Government-Wide Financial Statements: | |
| Statement of Net Position | 10 |
| Statement of Activities | 11 |
| Fund Financial Statements: | |
| Governmental Fund Financial Statements: | |
| Balance Sheet | 12 |
| Reconciliation of the Governmental Fund Balance Sheet to the Government-Wide Statement of Net Position | 13 |
| Statement of Revenues, Expenditures and Changes in Fund Balance | 14 |
| Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities | 15 |
| Notes to Basic Financial Statements..... | 17-29 |
| Required Supplementary Information: | |
| Budgetary Comparison Schedule - General Fund..... | 31 |
| Budgetary Basis of Accounting | 32 |
| Supplementary Information: | |
| Balance Sheet by Program..... | 34 |
| Schedule of Revenues, Expenditures and Changes in Fund Balances by Program..... | 35 |

This page intentionally left blank.



INDEPENDENT AUDITOR'S REPORT

To the Administrative Board of the
Santa Cruz Public Libraries Joint Powers Authority
Santa Cruz, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of the Santa Cruz Public Libraries Joint Powers Authority, (Authority), as of and for the year ended June 30, 2020, 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. 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.

What inspires you, inspires us. | eidebailly.com

4040 Campbell Ave., Ste. 200 | Menlo Park, CA 94025-1053 | T 650.522.3400 | F 650.645.7393 | EOE

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Authority, as of June 30, 2020, and the respective changes in financial position hereof 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 and the general fund budgetary comparison information 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The balance sheet by program and the schedule of revenues, expenditures and changes in fund balances for the library operating funds (Schedules) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedules are the responsibility of management, were derived from, and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The image shows a handwritten signature in black ink that reads "Eric Sully LLP". The signature is written in a cursive, flowing style.

Menlo Park, California
February 10, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

Management of the Santa Cruz Public Libraries Joint Powers Authority (Authority) provides this Management Discussion and Analysis for readers of the Authority's Basic Financial Statements. This narrative overview and analysis of the financial activities of the Authority is for the fiscal year ended June 30, 2020.

I. Financial Highlights

- **Government-Wide Highlights:**

The assets of the Authority exceeded its liabilities at the close of the fiscal year by \$5,772,872 (*Net Position*). A component of this balance represents \$868,267 of investment in capital assets; however, the remainder of Net Position consists of unrestricted Net Position of \$4,904,605. Unrestricted Net Position represents the amount normally used to meet the Authority's ongoing obligations.

Changes in Net Position - The Authority's total Net Position decreased by \$448,541 in fiscal year 2020 mainly due to decrease in sales tax revenue.

By the end of the fiscal year, the Authority's total assets decreased by \$456,926. Current asset categories that experienced increases during the year include Due from other governments of \$107,795. Current asset categories that experienced decreases during the year include Cash and cash equivalents of \$288,974, Interest receivable of \$19,435 and the Taxes Receivable category of \$111,133.

The Authority's total liabilities sustained a decrease of \$8,385 during the fiscal year primarily due to a decrease in accounts payable.

- **Fund Highlights:**

As of the close of the fiscal year, the Authority's general fund reported a fund balance of \$4,904,605 which is a decrease of \$303,362 when compared with the prior year amount. The fund balance is a measure of whether the Authority will have sufficient resources to meet its near-term obligations.

The Authority's general fund total assets decreased by \$311,747 and the total liabilities decreased by \$8,385 during the fiscal year. The decreases were attributable to a decrease in the Authority's Pooled Cash with the City receiving less sales tax revenue.

II. Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Santa Cruz Public Libraries Joint Powers Authority's basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

II. Overview of the Financial Statements, Continued

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Authority's finances in a manner similar to a private-sector business. The *statement of Net Position* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as *Net Position*.

The *statement of activities* presents information showing how the Authority's Net Position changed during the most recent fiscal year. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., interest on long-term debt due but unpaid at the end of the fiscal year).

The Authority's library services function is principally supported by taxes and intergovernmental revenues, and is therefore considered a *governmental activity*. The government-wide financial statements can be found on pages 10-11 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements can be found on pages 12-13 of this report.

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

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

The Authority has one governmental fund, the general fund, which is used to account for all of its activities.

Notes to the Basic Financial Statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 17-29 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents a section containing *required supplementary information* which includes a budgetary comparison schedule for the general fund to demonstrate compliance with the budget. This section can be found on pages 31-32 of this report.

III. Government-wide Financial Analysis

About 15% of the Authority's Net Position reflects its investment in capital assets, primarily machinery, furnishings, equipment and leasehold improvements. These assets are used to provide services to citizens; consequently, they are not available for future spending. The table below shows the components of the Net Position.

| | 2020 | 2019 |
|----------------------------------|---------------------|---------------------|
| Total assets | <u>\$ 6,008,624</u> | <u>\$ 6,465,550</u> |
| Total liabilities | <u>235,752</u> | <u>244,137</u> |
| Net position | | |
| Net Investment in Capital Assets | 868,267 | 1,013,446 |
| Unrestricted | <u>4,904,605</u> | <u>5,207,967</u> |
| Total net position | <u>\$ 5,772,872</u> | <u>\$ 6,221,413</u> |

The figure in *Unrestricted Net Position* represents the balance in the amounts normally used to meet the Authority's ongoing obligations. At June 30, 2020, the Authority had a balance of \$4,904,605 in unrestricted Net Position which is a decrease of \$303,362 in the balance of \$5,207,967 from the prior fiscal year end.

III. Government-wide Financial Analysis, Continued

Governmental Activities. All the activities of the Authority are governmental, so it has no business-type activities.

**Santa Cruz Public Libraries
Changes in Net Position
Fiscal year ended June 30, 2020**

| | 2020 | 2019 |
|-----------------------------------|---------------------|---------------------|
| General Revenues | | |
| Sales Tax | \$ 8,069,015 | \$ 8,490,130 |
| Unrestricted Investment Earnings | 100,769 | 128,696 |
| Miscellaneous Revenues | 5,356 | 135,437 |
| Total General Revenues | 8,175,140 | 8,754,263 |
| Program Revenues | 6,131,199 | 5,747,909 |
| Total Revenues | 14,306,339 | 14,502,172 |
| Expenses | 14,754,880 | 15,013,636 |
| Change in Net Position | (448,541) | (511,464) |
| Net Position - Beginning of Year | 6,221,413 | 6,732,877 |
| Net Position - End of Year | \$ 5,772,872 | \$ 6,221,413 |

Authority's net position decreased \$448,541 during the fiscal year due to decrease in the Authority's sales tax revenue including other miscellaneous revenue.

IV. Financial Analysis of the Authority's Funds

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the close of the fiscal year, the Authority's general fund reported an ending fund balance of \$4,904,605 which is a decrease of \$303,362 in comparison with the prior year amount. This decrease is primarily due to a decrease in the Authority's sales tax revenue including other miscellaneous revenue.

V. Budgetary Highlights

The final amended budget is more than the original budget for revenues and other financing sources by \$444,862 due to an increase in Other Revenue. These Other Revenue are due to donations that were received.

The final amended budget is more than the original budget for expenditures and other financing uses by \$189,675 primarily due to increases in Personnel Services and Services, Supplies and Other.

The actual revenues and other financing sources were less than the final amended budget by \$504,047. The actual expenditures and other financing uses were less than the final amended budget by \$1,735,348.

VI. Capital Asset and Debt Administration

Capital Assets. As of June 30, 2020, the Authority's investment in capital assets was \$868,267 (net of accumulated depreciation), which is \$145,179 less than the prior year. The decrease was attributed to depreciation. Information about capital assets can be found in note 3.

Long-term Debt. At the end of the current fiscal year, the Authority had no long-term debt outstanding.

VII. Economic Factors and Next Year's Budgets

The library system maintains a healthy and stable financial position. There is adequate, stable and diverse funding to finance ongoing operations, key strategic initiatives and capital projects. Of the Authority's fiscal year 2019-20 revenues (excluding other financing sources), 56% came from a dedicated quarter cent sales tax approved by the voters in 1996. This tax was originally intended to sunset in 2012, but the voters approved making this quarter cent sales tax permanent in 2008. The balance of the Authority's revenues come from local contributions, property tax collected in the County unincorporated areas designated for libraries, bequest income, donations and fees and fines. Sales tax revenues are driven by the general health of the local economy. Sales tax revenue decreased by \$421,115 (about 5%) in fiscal year 2019-20 in line with the improved economy.

During fiscal year 2015-16, the Library Joint Powers Authority continued the transition to a new service model for the library system aimed at changing how services are delivered, improving technology at the branches, building up reserves, and increasing branch hours. In June of 2013, the Board amended the Reserve Policy to replace the 5% operating reserve and future 10% reserve policy with a System Wide Stabilization Arrangement (i.e. Reserve) at a 2-month funded level policy. They also adopted a Library operating fund Surplus Policy in which the Library's last year's audited General Fund surplus (defined as "Net Change in Fund Balance") shall be used for specific purposes defined in the policy to continue to maintain a healthy and stable financial position. The budget for fiscal year 2019-20 builds on the priorities established through the various plans that are now in place: Strategic Plan, Service Model/Staffing Plan, Facilities Master Plan, and Technology Plan.

VIII. Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Libraries, 117 Union Street, Santa Cruz, California, 95060.

BASIC FINANCIAL STATEMENTS

See accompanying notes to the financial statements.

Santa Cruz Public Libraries
Statement of Net Position
June 30, 2020

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| ASSETS: | |
| Current assets: | |
| Cash and cash equivalents | \$ 3,955,743 |
| Interest receivable | 3,668 |
| Taxes receivable | 598,159 |
| Due from other governments | 582,787 |
| Total current assets | <u>5,140,357</u> |
| Noncurrent assets: | |
| Nondepreciable capital assets | 71,353 |
| Depreciable capital assets, net | 796,914 |
| Total noncurrent assets | <u>868,267</u> |
| Total Assets | <u>6,008,624</u> |
| LIABILITIES: | |
| Current liabilities: | |
| Accounts payable and accrued liabilities | 235,752 |
| Total Liabilities | <u>235,752</u> |
| NET POSITION: | |
| Net Investment in capital assets | 868,267 |
| Unrestricted | 4,904,605 |
| Total Net Position | <u>\$ 5,772,872</u> |

See accompanying notes to the financial statements.

Santa Cruz Public Libraries
Statement of Activities
For the Year Ended June 30, 2020

| Functions/Programs | Expenses | Program Revenues Operating Grants and Contributions | Net (Expense) Revenue and Changes in Net Position Governmental Activities |
|---------------------------------|----------------------|--|--|
| Primary government: | | | |
| Library services | \$ 14,754,880 | \$ 6,131,199 | \$ (8,623,681) |
| Total primary government | \$ 14,754,880 | \$ 6,131,199 | (8,623,681) |
| General Revenues: | | | |
| | | | 8,069,015 |
| | | | 100,769 |
| | | | 5,356 |
| | | Total general revenues | 8,175,140 |
| | | Change in Net Position | (448,541) |
| | | Net Position - beginning of year | 6,221,413 |
| | | Net Position - end of year | \$ 5,772,872 |

See accompanying notes to the financial statements.

Santa Cruz Public Libraries
Balance Sheet
Governmental Fund
June 30, 2020

| | <u>General Fund</u> |
|---|---------------------------------------|
| ASSETS: | |
| Cash and cash equivalents | \$ 3,955,743 |
| Interest receivable | 3,668 |
| Taxes receivable | 598,159 |
| Due from other governments | 582,787 |
| | <hr/> |
| Total assets | \$ 5,140,357 |
| | <hr/> <hr/> |
| LIABILITIES AND FUND BALANCES: | |
| Liabilities: | |
| Accounts payable and accrued liabilities | \$ 235,752 |
| Total liabilities | <hr/> 235,752 <hr/> |
| Fund Balances: | |
| Unassigned | 4,904,605 |
| Total fund balance | <hr/> 4,904,605 <hr/> |
| Total liabilities and fund balance | <hr/> \$ 5,140,357 <hr/> <hr/> |

See accompanying notes to the financial statements.

Santa Cruz Public Libraries
Reconciliation of the Governmental Fund Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2020

| | |
|---|----------------------------|
| Total Fund Balance - Total Governmental Fund | \$ 4,904,605 |
| Amounts reported for governmental activities in the Statement of Net Position were different because: | |
| Capital assets used in governmental activities were not current financial resources. | |
| Infrastructure | 579,683 |
| Lease Improvements | 2,037,700 |
| Machinery and equipment | 2,362,771 |
| Software | 3,983 |
| Construction in progress | 71,353 |
| Less accumulated depreciation | <u>(4,187,223)</u> |
| Total capital assets | <u>868,267</u> |
| Net Position of Governmental Activities | <u><u>\$ 5,772,872</u></u> |

See accompanying notes to the financial statements.

Santa Cruz Public Libraries
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the year ended June 30, 2020

| | <u>General Fund</u> |
|---|---------------------|
| REVENUES: | |
| Taxes | \$ 8,069,015 |
| Intergovernmental | 5,737,090 |
| Fines and forfeitures | 94,049 |
| Use of money and property | 100,769 |
| Other revenues | 301,634 |
| Total revenues | <u>14,302,557</u> |
| EXPENDITURES: | |
| Current-Library Services: | |
| Personnel services | 10,247,530 |
| Services, supplies, and other charges | 4,314,156 |
| Capital outlay | 48,015 |
| Total expenditures | <u>14,609,701</u> |
| REVENUES OVER (UNDER) EXPENDITURES | (307,144) |
| OTHER FINANCING SOURCES (USES): | |
| Sale of equipment | 3,782 |
| Total other financing sources (uses) | <u>3,782</u> |
| Net change in fund balance | <u>(303,362)</u> |
| FUND BALANCE: | |
| Beginning of year | 5,207,967 |
| End of year | <u>\$ 4,904,605</u> |

See accompanying notes to the financial statements.

Santa Cruz Public Libraries

Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities

For the year ended June 30, 2020

Net Change in Fund Balance - Total Governmental Funds \$ (303,362)

Amounts reported for governmental activities in the Statement of Activities were different because:

Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated useful lives as depreciation expense. 48,015

Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities, but did not require the use of current financial resources. Therefore, depreciation expense was not reported as an expenditure. (193,194)

Change in Net Position of Governmental Activities \$ (448,541)

See accompanying notes to the financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

Santa Cruz Public Libraries Joint Powers Authority
Notes to Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Santa Cruz Public Libraries Joint Powers Authority (Authority) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

A. Reporting Entity

In May 1996 the County of Santa Cruz (County), City of Santa Cruz (City), City of Watsonville, City of Capitola, and the City of Scotts Valley entered into a joint exercise of powers agreement to provide library services to their respective jurisdictions representing the entire incorporated and unincorporated areas of Santa Cruz County. On November 5, 1996, the voters approved an additional one-quarter percent increase in the sales tax to fund the library system. This revenue is collected by the County Library Financing Authority, and is subsequently passed through to the Authority. In addition to the sales tax funding, under the joint powers agreement, each entity has maintenance of effort requirements based on the respective entities' previous funding levels.

The Authority is a separate entity with a nine member board consisting of two members of the County Board of Supervisors, two members of the City of Santa Cruz City Council, one member each of the City Councils of Capitola and Scotts Valley, and three at-large citizens appointed by the Board. The City of Santa Cruz (the City) administers the library system. All library employees are employees of the City and have the same benefits and retirement programs as all other City employees.

B. Basis of Accounting and Measurement Focus

The accounts of the Authority are organized on the basis of funds. Each fund is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The Authority uses only one fund, General Fund, to record the results of its operations.

Government-Wide Financial Statements

The Authority's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental activities for the Authority.

The government-wide financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Authority's assets and liabilities, including capital assets and related infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Santa Cruz Public Libraries Joint Powers Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Certain types of transactions are reported as program revenues for the Authority in three categories:

- Charges for services (including fines and forfeitures)
- Operating grants and contributions
- Capital grants and contributions

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balance for all governmental funds aggregated. The Authority presented one major governmental fund which is the general fund.

Governmental fund financial statements are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Generally, revenues are considered available if they are collected within 60 days after fiscal year end. If revenues are not subject to accrual, they are recorded when received in cash. The primary revenue sources, which have been treated as susceptible to accrual, are property tax, sales tax, intergovernmental revenues and other taxes. Expenditures are generally recorded in the accounting period in which the related fund liability is incurred.

Unavailable revenues arise when potential revenues do not meet both the "available" criteria for recognition in the current period. Unearned revenues arise when the Authority receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when the recognition criteria is met or when the government has a legal claim to the resources, these unavailable revenues are removed from the balance sheet and the revenues are recognized.

Reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences.

C. Flow Assumptions and Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the Authority's policy is to apply restricted net position first.

Santa Cruz Public Libraries Joint Powers Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Flow Assumptions and Use of Restricted/Unrestricted Net Position, Continued

Fund Balance Flow Assumptions

Sometimes the Authority will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

D. Cash and Cash Equivalents

The Authority's cash is pooled with that of the City.

The City has pooled its cash and investments in order to achieve a higher return on investments while facilitating management of cash. The cash balance in the pooled accounts is available to meet current operating requirements of the Authority. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms. Investment policies and associated risk factors applicable to the Authority are those of the City and are included in the City's basic financial statements.

Highly liquid money market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available. Interest earned on investments is allocated to all funds on the basis of daily cash and investment balances.

Santa Cruz Public Libraries Joint Powers Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Capital Assets

Government-Wide Financial Statements

Capital assets are defined by the Authority as assets having an estimated useful life in excess of one year, and an initial individual cost as follows, depending on the asset type:

| | |
|----------------------------------|-----------|
| Infrastructure | \$ 25,000 |
| Buildings and lease improvements | 10,000 |
| Machinery and equipment | 5,000 |
| Software (if qualified) | 5,000 |

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their acquisition value on the date donated. Assets acquired under capital leases are capitalized in accordance with generally accepted accounting principles. Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's useful life are not capitalized. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

| | |
|----------------------------------|-------------|
| Infrastructure | 5-100 Years |
| Buildings and lease improvements | 15-50 Years |
| Machinery and equipment | 5-20 Years |
| Software | 5 Years |

F. Net Position

In the Government-Wide Financial Statements, Net Position may be classified in the following categories:

Net Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position - This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted Net Position - This amount is all Net Position that do not meet the definition of "net investment in capital assets" or "restricted net position."

Santa Cruz Public Libraries Joint Powers Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Fund Balances

In the Fund Financial Statements, governmental funds report nonspendable fund balances for amounts that are not available for appropriation and restricted fund balances for amounts that are legally restricted by outside parties for use for a specific purpose. In accordance with generally accepted accounting principles, fund balance is reported in classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in government funds. Fund balance is classified into five categories: *nonspendable fund balance*, *restricted fund balance*, *committed fund balance*, *assigned fund balance*, and *unassigned fund balance*.

Nonspendable - This category includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted - This category consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the Authority to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed - This category consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Authority's highest level of decision making authority which is by City Council Resolutions. Formal action taken is with the passage of a simple majority vote at or prior to the last meeting for the applicable fiscal year. It also includes contractual obligations for which existing resources have been committed. Those committed amounts cannot be used for any other purpose unless the Authority removes or changes the specified use by taking the same type of action it employed previously to commit those amounts.

Santa Cruz Public Libraries Joint Powers Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Fund Balances, Continued

Assigned – This category consists of amounts that are constrained by the Authority’s intent to be used for specific purposes, but are neither restricted nor committed. Such intent should be expressed by the Authority or its designated officials, such as the Director of Libraries, to assign amounts to be used. Constraints imposed on the use of assigned amounts can be removed with no formal Authority action.

Unassigned – This category represents amounts that have not been restricted, committed or assigned to specific purposes.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts and the disclosures. Actual results could differ from these estimates and assumptions.

2. CASH AND INVESTMENTS

The Authority had cash and investments balance of \$3,955,743 at June 30, 2020. The Authority’s funds are pooled with the City’s cash and investments in order to generate optimum interest income.

Investments Authorized by the City’s Investment Policy

The investments made by the City treasurer are limited to those allowable under State statutes as incorporated into the City’s Investment Policy, dated June 2020, which is more conservative than that allowed by the State statute.

The scope of the investment policy includes all activities of the City and the following reporting entities:

- City of Santa Cruz
- City of Santa Cruz Successor Agency (Redevelopment)
- Santa Cruz Public Improvement Financing Corporation
- Santa Cruz Public Financing Authority
- Santa Cruz Public Libraries Joint Powers Authority

Santa Cruz Public Libraries Joint Powers Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

2. CASH AND INVESTMENTS, Continued

Under provisions of this policy, the City is authorized to invest in the following types of investments:

- Money market accounts deposited with a nationally or state-chartered bank.
- Bonds issued by the City. Purchases of this type shall not exceed five years to maturity.
- U.S. Treasury bills, notes, bonds, or certificates of indebtedness, or those securities backed by the full faith and credit of the U.S. Government with maturities not to exceed five years.
- Obligations, participations, or other instruments of, or issued by, a Federal agency or a United States government-sponsored enterprise with maturities not to exceed five years.
- Bankers' acceptances with a term not to exceed 180 days' maturity or 40% of the City's portfolio.
- Nonnegotiable and nontransferable certificates of deposit issued by the following types of financial institutions which have branch office locations within Santa Cruz County: a nationally or state-chartered bank, a state or federal credit union, or a federally or state licensed branch of a foreign bank. Purchases may not exceed 30% of the City's portfolio with no more than 5% of the portfolio deposited with a single issuer.
- State of California Local Agency Investment Fund (LAIF) as long as the total amount of City funds invested does not exceed the limit set by LAIF.
- Shares of beneficial interest issued by diversified management companies investing in authorized securities and obligations (e.g., money market mutual funds). Purchases shall not exceed 20% of the portfolio with no more than 10% of the portfolio in a single mutual fund.
- Repurchase agreements with primary dealers of the Federal Reserve with specific terms and conditions. The market value of securities that underlie a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities, and the value shall be adjusted no less than quarterly. Securities that can be pledged for collateral consist only of investments permitted within this policy with a maximum maturity of five years. Purchases shall not exceed 92 days to maturity and 20% of the portfolio.
- The provisions above do not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements. In addition, the provisions above do not apply to the City's section 115 trust which was established and approved by the City council.

Bond proceeds held by fiscal agents to be used only for specific capital outlay, payments of certain long-term debt and maintaining required reserves are invested in accordance with the requirements and restrictions of the City's investment policy unless provided for otherwise by the City Council and as permitted by specific State statutes, applicable City ordinance or resolution, and bond indenture requirements.

Santa Cruz Public Libraries Joint Powers Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

2. CASH AND INVESTMENTS, Continued

Interest Rate Risk

In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to two and one-half (2½) years or less. The Authority's investment in the City Pool has a weighted average maturity of 81 days at June 30, 2020.

Credit Risk

The Authority's value of the share in the pool, which may be withdrawn, is based on the book value of the Authority's percentage participation which is different than the fair value of the Authority's percentage participation in the Pool. The City's Pool is not ruled and registered with the Securities and Exchange Commission. The Pool is under the oversight of the City Council.

Fair Value Hierarchy

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 2 – Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. Level 3 inputs are significant unobservable inputs. Investments in the City Pool are uncategorized as deposits and withdrawals are made on the basis of \$1 and not fair value.

Concentration of Credit Risk

The City's investment policy states that not more than 25% of the portfolio shall be invested in any one entity or any one instrument to protect the City from concentration of credit risk, with the following exceptions: U.S. Treasury Obligations and the external investment pool (LAIF). In addition, purchases of mutual funds must not exceed 20% of the value of the portfolio. Purchases in a single mutual fund may not exceed 10% of the value of the portfolio. The City is in compliance with these provisions of the investment policy.

Santa Cruz Public Libraries Joint Powers Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

3. CAPITAL ASSETS

A. Government-Wide Financial Statements

At June 30, 2020, the Authority's capital assets consisted of the following:

| | Balance June 30, 2019 | Additions | Depositions | Balance June 30, 2020 |
|---|--------------------------|---------------------|-------------|--------------------------|
| Nondepreciable capital assets: | | | | |
| Construction In Progress | \$ 71,353 | \$ - | \$ - | \$ 71,353 |
| Total nondepreciable capital assets | 71,353 | - | - | 71,353 |
| Depreciable capital assets: | | | | |
| Infrastructure | 579,683 | - | - | 579,683 |
| Lease improvements | 2,018,032 | 19,668 | - | 2,037,700 |
| Machinery and equipment | 2,388,373 | 28,347 | (53,949) | 2,362,771 |
| Software | 3,983 | - | - | 3,983 |
| Total depreciable capital assets, at cost | 4,990,071 | 48,015 | (53,949) | 4,984,137 |
| Total capital assets | 5,061,424 | 48,015 | (53,949) | 5,055,490 |
| Less accumulated depreciation: | | | | |
| Infrastructure | (347,844) | (13,188) | - | (361,032) |
| Lease improvements | (1,853,357) | (79,939) | - | (1,933,296) |
| Machinery and equipment | (1,842,794) | (100,067) | 53,949 | (1,888,912) |
| Software | (3,983) | - | - | (3,983) |
| Total accumulated depreciation | (4,047,978) | (193,194) | 53,949 | (4,187,223) |
| Total capital assets, net | \$ 1,013,446 | \$ (145,179) | \$ - | \$ 868,267 |

Purchases of books are recorded as expenditures when acquired and are not included in capital assets. Depreciation expense of the governmental activities for the year ended June 30, 2020 was \$193,194 and is included in the Library Services expense line item on the statement of activities.

4. LONG-TERM DEBT

As of June 30, 2020, the Authority had no outstanding long term debt.

Santa Cruz Public Libraries Joint Powers Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

5. RELATED PARTY TRANSACTIONS

The cities of Santa Cruz and Watsonville and the County of Santa Cruz are required to provide funding to the Santa Cruz County Library Financing Authority in accordance with the maintenance of effort agreement. The net revenues received by the County Library Financing Authority are then passed through to the Library Joint Powers Authority (Authority) and the City of Watsonville based on a prescribed formula. For fiscal year 2020, the Authority's share of the revenues is \$5,715,789 or 77.56%. Distribution of the member contributions are as follows:

| Contributing Member Agencies | County Library Financing Authority Contributions | Less: Miscellaneous Cost | Net Contributions | Library Joint Powers Authority Share 77.56% | City of Watsonville Library Share 22.44% |
|---------------------------------|---|--------------------------------|----------------------|--|---|
| City of Santa Cruz | \$ 1,674,751 | \$ (9,484) | \$ 1,665,267 | \$ 1,308,045 | \$ 357,222 |
| City of Watsonville | 541,684 | (2,744) | 538,940 | 423,330 | 115,610 |
| County of Santa Cruz | 5,072,541 | - | 5,072,541 | 3,984,414 | 1,088,127 |
| Total | \$ 7,288,976 | \$ (12,228) | \$ 7,276,748 | \$ 5,715,789 | \$ 1,560,959 |

6. DUE FROM OTHER GOVERNMENTS

Due from other governments includes funding for Library operations from the County Library Financing Authority. Amounts due are as follows:

| | |
|----------------------|--------------------------|
| County of Santa Cruz | <u>\$ 582,787</u> |
| Total | <u><u>\$ 582,787</u></u> |

7. COMMITMENTS AND CONTINGENCIES

A. Commitments

As of June 30, 2020, the Authority had no outstanding commitments.

B. Contingencies

In the opinion of Authority's management, there were no additional outstanding matters that would have a significant effect on the financial position of the operations of the Authority at June 30, 2020.

Santa Cruz Public Libraries Joint Powers Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

8. RETIREMENT PLANS

Pension Plan

The Authority's uses City employees who are covered under the City's participation in the State of California's Public Employees Retirement System (PERS).

The City contributes to PERS, an agent multiple-employer public employee retirement system, that acts as a common investment and administrative agency for participating public entities within the State of California.

The benefit provisions and all other requirements are established by State statute and City ordinance.

The Authority assumes its share of pension costs based upon rates established by PERS for the City's general employees. No separate pension benefit obligation is calculated for the Authority; accordingly, no obligation is presented herein. Further information regarding the City's participation in PERS may be found in the City's basic financial statements.

9. FUND BALANCE

Under the Authority's fund balance reporting policy, the order of fund balance classification within each fund is determined by the fund's total nonspendable amount and remaining fund balance. All nonspendable funds, such as inventories and prepaid expenditures, must always be classified first, even if this action creates a deficit unassigned fund balance, and classifying funds under the remaining categories is not allowable if the action creates a deficit unassigned fund balance. The Authority's policy established that, unless prohibited by legal requirements, the following fund balance category order should be used when classifying any remaining funds: *restricted, committed, assigned and unassigned*.

The Library Joint Powers Authority has been established as the highest authority for fund balance commitments. The approval of fund balance assignments and the classification of fund balance amounts have been delegated to the Director of Libraries.

In addition, the Board approved an establishment of a stabilization agreement to cover cash flow issues and unexpected expenditures in future fiscal years. The reserve may be used for expenditures in the event of a declaration of a state or federal state of emergency or a local emergency. The amount at June 30, 2020 is \$1,982,478. This amount is included in unassigned fund balance.

The emergency contingency can be used, if any one of the unforeseen and non-recurring events listed below occur that create significant financial difficulty for the City:

- a) Sudden and unexpected significant facility failures that threaten the immediate safety of the City patrons, staff or the community;
- b) Declaration of a State of Emergency by the Governor;
- c) Acts of Terrorism declared by the Governor or the President of the United States; or
- d) Acts of Nature, which are infrequent in occurrence.

Santa Cruz Public Libraries Joint Powers Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

The Authority's total fund balance consist of Unassigned fund balance at the end of June 30, 2020 as follows:

| <u>Fund Balance Category</u> | <u>General Fund</u> |
|------------------------------|---------------------|
| Unassigned | \$ 4,904,605 |
| Unassigned Fund Balance | <u>\$ 4,904,605</u> |

10. AUTHORITY'S FINANCIAL CONDITION

At June 30, 2020, the Authority had unrestricted Net Position of \$4,904,605, a decrease of \$303,362 from the prior year of \$5,207,967 on the Government-Wide Financial Statements. The Authority had a surplus fund balance of \$4,904,605, a decrease of \$303,362 from the prior year balance of \$5,207,967 on the Fund Financial Statements. The total fund balance in the amount of \$4,904,605 is unassigned. The following is the five year trend information of financial condition of the Authority:

Government-Wide Financial Statements

| | Total Net Position | Change \$ | Unrestricted Net Position | Change \$ | Change in Net Position | Change \$ |
|------|-----------------------|--------------|------------------------------|------------|---------------------------|------------|
| 2016 | \$ 6,200,320 | \$ 1,009,043 | \$ 4,777,244 | \$ 859,744 | \$ 1,009,043 | \$ 338,115 |
| 2017 | 6,553,122 | 352,802 | 5,277,857 | 500,613 | 352,802 | (656,241) |
| 2018 | 6,732,877 | 179,755 | 5,577,518 | 299,661 | 179,755 | (173,047) |
| 2019 | 6,221,413 | (511,464) | 5,207,968 | (369,550) | (511,464) | (691,219) |
| 2020 | 5,772,872 | (448,541) | 4,904,605 | (303,363) | (448,541) | 62,923 |

Fund Financial Statements

| | Total Balance (Deficit) | Change \$ |
|------|----------------------------|------------|
| 2016 | \$ 4,777,244 | \$ 859,744 |
| 2017 | 5,277,857 | 500,613 |
| 2018 | 5,577,518 | 299,661 |
| 2019 | 5,207,967 | (369,551) |
| 2020 | 4,904,605 | (303,362) |

Santa Cruz Public Libraries Joint Powers Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

The Authority's financial condition over the last fiscal years had improved, with the exception of fiscal years 2019 and 2020. Fiscal years 2016, 2017, and 2018, the Authority saw an increase of \$1,009,043, \$352,802, and \$179,755 in total Net Position. For fiscal years 2019 and 2020, the total Net Position decreased by \$511,464 and \$448,541, for a total Net Position of \$6,221,413 in 2019 and \$5,772,872 in 2020. For fiscal years 2016, 2017, and 2018, the Authority saw an increase of \$859,744, \$500,613, and \$299,661 in total fund balance. For fiscal years 2019 and 2020, total fund balance decreased by \$369,550 and \$303,363.

Management estimates that the Authority will also end fiscal year 2020-21 with a positive fund balance based on its current budget. The Authority is not anticipating that revenues will increase significantly in fiscal year 2020-21; however, the Authority has continued policies to control expenses, including the implementation of the new service model for the Library.

REQUIRED SUPPLEMENTARY INFORMATION

Santa Cruz Public Libraries
Budgetary Comparison Schedule - General Fund
For the year ended June 30, 2020

| | Budgeted Amounts | | Actual Amounts (GAAP Basis) | Variance with Final Budget Positive (Negative) |
|---|--------------------|--------------------|-----------------------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ 8,311,763 | \$ 8,262,750 | \$ 8,069,015 | \$ (193,735) |
| Intergovernmental | 5,725,273 | 5,747,523 | 5,737,090 | (10,433) |
| Use of money and property | 116,353 | 116,353 | 100,769 | (15,584) |
| Other revenues | 208,353 | 679,978 | 395,683 | (284,295) |
| Total revenues | 14,361,742 | 14,806,604 | 14,302,557 | (504,047) |
| EXPENDITURES: | | | | |
| Current - Library services: | | | | |
| Personnel services | 11,480,842 | 11,144,206 | 10,247,530 | 896,676 |
| Services, supplies, and other charges | 4,526,532 | 4,932,843 | 4,314,156 | 618,687 |
| Capital outlay | 218,000 | 268,000 | 48,015 | 219,985 |
| Total expenditures | 16,225,374 | 16,345,049 | 14,609,701 | 1,735,348 |
| REVENUES OVER (UNDER) | | | | |
| EXPENDITURES | (1,863,632) | (1,538,445) | (307,144) | 1,231,301 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Sale of equipment | - | - | 3,782 | 3,782 |
| Total other financing sources (uses) | - | - | 3,782 | 3,782 |
| NET CHANGE IN FUND BALANCE | (1,863,632) | (1,538,445) | (303,362) | 1,235,083 |
| FUND BALANCES: | | | | |
| Beginning of year | 5,207,967 | 5,207,967 | 5,207,967 | - |
| End of year | \$ 3,344,335 | \$ 3,669,522 | \$ 4,904,605 | \$ 1,235,083 |

See note to required supplementary information.

Santa Cruz Public Libraries
Budgetary Comparison Schedule - General Fund
For the year ended June 30, 2020

1. BUDGETARY BASIS OF ACCOUNTING

An annual budget is adopted by the Authority on or before June 30 for the fiscal year beginning July 1. The annual budget process begins in February with a public hearing, at which time the Board considers service and budget priorities for the following year. The Director of Libraries then prepares a proposed budget, based upon the service priorities and revenue estimates. The proposed budget is made available to the public for review prior to a public hearing in May of each year. At this hearing, the Board can request supplemental information from the Director of Libraries. This supplemental information, plus an update on available financing for the Library System is presented to the Board for review prior to final budget adoption.

Administratively, the Authority's budget is managed under the policies and procedures of the City. The Director of Libraries is authorized to approve appropriation transfers up to a specified amount; however, any new appropriation requires approval by the Authority's Board. Several supplemental appropriations that were necessary during the year are reflected in the final budgeted amounts. Expenditures may not legally exceed appropriations at the fund level.

All annual operating appropriations lapse at fiscal year-end, except for amounts legally encumbered at year end. 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 integration in governmental fund types. Encumbrances outstanding at year-end are reported as reservation of fund balances since they do not constitute expenditures or liabilities, and re-appropriations in the subsequent year provide authority to complete these transactions as expenditures.

In addition, project-length (or non-lapsing) budgets are adopted for capital improvements and other projects, and grant-funded projects or programs that may not be completed within the fiscal year during which the budget appropriation for the project or program originates. Under these circumstances, the appropriation continues until project or program completion, or unless the appropriation is subsequently amended or rescinded by the Authority Board.

Budgets are adopted each year for the General Fund. This budget is prepared on a basis consistent with GAAP.

SUPPLEMENTARY INFORMATION

Santa Cruz Public Libraries
Balance Sheet by Program
Library Operating Funds*
June 30, 2020

| | Library Operating Funds | | | | | Total |
|---|--------------------------|-----------------------|-----------------------------|-------------------------------|----------------------|-------------------------------|
| | Library JPA Operating | Technology Reserve | Felton Branch Reserve | JPA Vehicle Replacement | Library JPA Trust | Library Operating Funds |
| Cash and cash equivalents | \$ 3,466,412 | \$ 5,327 | \$ 1,267 | \$ 464,466 | \$ 18,271 | \$ 3,955,743 |
| Interest receivable | 3,320 | 4 | 1 | 330 | 13 | 3,668 |
| Taxes receivable | 598,159 | - | - | - | - | 598,159 |
| Due from other governments | 582,787 | - | - | - | - | 582,787 |
| Total assets | \$ 4,650,678 | \$ 5,331 | \$ 1,268 | \$ 464,796 | \$ 18,284 | \$ 5,140,357 |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable and other current liabilities | \$ 235,752 | \$ - | \$ - | \$ - | \$ - | \$ 235,752 |
| Total liabilities | 235,752 | - | - | - | - | 235,752 |
| Fund Balances: | | | | | | |
| Unassigned | 4,414,926 | 5,331 | 1,268 | 464,796 | 18,284 | 4,904,605 |
| Total fund balances | 4,414,926 | 5,331 | 1,268 | 464,796 | 18,284 | 4,904,605 |
| Total liabilities and fund balances | \$ 4,650,678 | \$ 5,331 | \$ 1,268 | \$ 464,796 | \$ 18,284 | \$ 5,140,357 |

*The "Library Operating Funds" constitute sub-funds of the General Fund of the Santa Cruz Public Libraries Joint Powers Authority.

Santa Cruz Public Libraries
Schedule of Revenues, Expenditures and Changes in Fund Balances by Program
Library Operating Funds*
For the Year Ended June 30, 2020

| | Library Operating Funds | | | | | Total Library Operating Funds |
|---|--------------------------|-----------------------|-----------------------------|-------------------------------|----------------------|--|
| | Library JPA Operating | Technology Reserve | Felton Branch Reserve | JPA Vehicle Replacement | Library JPA Trust | |
| REVENUES: | | | | | | |
| Sales and use tax | \$ 8,069,015 | \$ - | \$ - | \$ - | \$ - | \$ 8,069,015 |
| Federal grants | 5,000 | - | - | - | - | 5,000 |
| State grants | 14,301 | - | - | - | - | 14,301 |
| Local grants | 2,000 | - | - | - | - | 2,000 |
| Maintenance of effort | 5,715,789 | - | - | - | - | 5,715,789 |
| Investment income | 91,104 | 104 | 25 | 9,174 | 362 | 100,769 |
| Room rentals | 6,960 | - | - | - | - | 6,960 |
| Contributions and donations | 187,264 | - | - | - | - | 187,264 |
| From private trusts | 105,836 | - | - | - | - | 105,836 |
| Other miscellaneous revenues | 95,623 | - | - | - | - | 95,623 |
| Total revenues | 14,292,892 | 104 | 25 | 9,174 | 362 | 14,302,557 |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| Personnel services | 10,247,530 | - | - | - | - | 10,247,530 |
| Services, supplies and Other charges | 4,314,156 | - | - | - | - | 4,314,156 |
| Capital outlay | 48,015 | - | - | - | - | 48,015 |
| Total expenditures | 14,609,701 | - | - | - | - | 14,609,701 |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Sale of equipment | 3,782 | - | - | - | - | 3,782 |
| Total other financing sources (uses) | 3,782 | - | - | - | - | 3,782 |
| Net change in fund balances | (313,027) | 104 | 25 | 9,174 | 362 | (303,362) |
| FUND BALANCES: | | | | | | |
| Beginning of year | 4,727,953 | 5,227 | 1,243 | 455,622 | 17,922 | 5,207,967 |
| End of year | \$ 4,414,926 | \$ 5,331 | \$ 1,268 | \$ 464,796 | \$ 18,284 | \$ 4,904,605 |

*The "Library Operating Funds" constitute sub-funds of the General Fund of the Santa Cruz Public Libraries Joint Powers Authority.