

## PLP Executive Committee Agenda

Friday, May 4, 2018

To begin at the conclusion of the Annual Meeting and Lunch

Santa Clara City Library  
 Northside Branch Library  
 695 Moreland Way  
 Santa Clara, CA 95054

- I. **Adoption of the Agenda** Murphy
- II. **Old Business**
  - A. Approval of the January 31, 2018 Minutes (Action Item) Murphy Attachment 1
  - B. Approval of the March 6, 2018 Minutes (Action Item) Murphy Attachment 2
  - C. PLP Sponsored Regional Networking Events Updates Frost
  - D. Finance
    - 1. Acceptance of PLP FY 2016/17 Audit (Action Item) Yon Attachment 3
- III. **New Business**
  - A. Discussion and Allocation of use of CLSA funds (Action Item) Frost Attachment 4
  - B. PLP FY 2018/19 CLSA Plan of Service Review (to be distributed separately) Frost
  - C. Finance
    - 1. PLP/PLS FY 2018/19 Contract Review Frost Attachment 5
    - 2. PLP FY 2018/19 Draft Budget Discussion Yon Attachment 6
  - D. FY 2018/19 PLP Executive Committee Meeting Schedule Frost Attachment 7
- IV. **Reports**
  - A. State Library Report Coles
  - B. PLP President’s Report Murphy
  - C. PLP CEO’s Report Frost
- V. **Agenda Building and Location for Next Meeting**
- VI. **Public Comment** - (Individuals are allowed three minutes, groups in attendance five minutes. It is System policy to refer matters raised in this forum to staff for further investigation or action if appropriate. The Brown Act prohibits the Executive Committee from discussing or acting on any matter not agendized pursuant to State law.)
- VII. **Adjournment**

**PLP Executive Committee Minutes**

**PLP Office  
Conference Room  
2471 Flores Street  
San Mateo CA 94403**

**January 31, 2018**

**10:00 a.m.**

**Committee:**

Vice-President Heidi Murphy (call-in)  
Jayanti Addleman (call-in)  
Rosanne Macek  
Brad McCulley  
Susan Nemitz  
Derek Wolfgram  
Monique Ziesenhenn

**System Staff:**

Carol Frost, PLP  
Yemila Alvarez, PLP  
Andrew Yon, PLP

**California State Library Liaison**

Janet Coles

The meeting was called to order at 10:05 a.m. by Vice-President Heidi Murphy

- I. **Adoption of the Agenda:** The Agenda was approved as presented (M/S Addleman/McCulley)
- II. **Old Business**
  - A. **Approval of the October 20, 2017 Minutes (Action Item)** The Minutes were approved as distributed (M/S Wolfgram/Ziesenhenn)
  - B. **Review and Approve Funding Requests for PLP Support for Staff Development Initiatives and Activities (Action Item)**  
The Committee reviewed and discussed the funding requests for PLP support for Staff Development for January to June, which exceed the currently allocated \$5,000. (Attachment 2). This includes a request for an additional amount of \$911.75 above the previously allocated \$5,000. There was discussion around whether this program should be allowed to continue to grow organically as needed or continue with the current process of having a set dollar amount and allocating additional funding as needed. The Committee agreed that the projects should continue to be funded as they produce great results for a relatively low funding amount. A motion was made and passed to allocate \$911.75 from the fund balance to cover the proposals, and to direct staff to allocate \$10,000 for next year including a \$5,000 commitment to Palo Alto Library to support their programming in August (M/S Wolfgram/McCulley).

**C. Update Regarding Use of the Remaining CLSA Funds**

A document was presented detailing the state of unencumbered CLSA funding for FY 2017/18, with \$264,000 of CLSA funding that must be expended by June 2020. The Committee discussed possible uses for these funding, including OverDrive, OverDrive Advantage, Zinio, Kanopy and Link+. Depending on the cost of the product, there may be a way to sustain the cost systemwide. There was discussion of NorthNet's completed review of Link+, and their desire to pay for that systemwide with CLSA funds. PLP staff was directed to develop a membership survey of product which could potentially be supported and to present the results at the May meeting for review.

**D. Leadership Development Program Update**

The Committee discussed the PLP Leadership Development program. The Middle Manager cohort has 15 members, and the Executive Group will be suspended for the current year due to having only four confirmed participants. There was discussion around how the program can be revised and reinvigorated going forward. This topic will be discussed at the October meeting.

**E. Update and Approval of Budget Increase for PLP Innovation**

Attachment 3 was presented detailing the final award for the FY 2017/18 Innovation Grants. A motion was made and passed to approve the additional \$1,786.98 of Fund Balance to supplement the \$150,000 to fully fund the 13 innovation projects (M/S Nemitz/McCulley).

**III. New Business**

**A. Discussion of PLP Annual Meeting**

1. The PLP Annual Director's meeting will be held on May 4. San Jose Village Square branch or the Saratoga Library were recommended as locations to pursue. Palo Alto agreed to showcase one of their robots which was partially funded by an Innovation Grant and can talk about their August program. The Committee expressed interest in hearing a panel of industry leaders/competitors from outside the library industry have a moderated discussion about the relevance of libraries, how libraries are their competitors, and what is in store for their industries.
2. Gerry Garzon announced he is retiring, and Heidi Murphy agreed to move from the Vice-President position to the President position until the end of this term. Several Executive Committee members are cycling off the Committee, and a Vice-Chair will need to be identified. The Committee selected a Nominating Committee with Addleman, Murphy, Wolfgram, and Ziesenhenné agreeing to serve as members.

**B. PLP Presence at National Library Legislative Day Washington D.C. on May 7-8, 2018 (not to exceed \$1800 per person) –**

There was discussion around past practices for attendance at this event, and with typical approval being 2 committee members and the CEO. Ziesenhenné mentioned she will be attending in her role as PLA president, but will not require PLP support. McCulley and Addleman agreed to look into their availability, and Wolfgram agreed to serve as backup if either is not available. PLP staff agreed to take on coordination of visits to representatives and to making appointments. The Committee approved Addleman, Frost, and McCulley to attend, with Wolfgram serving as backup if needed for Addleman or McCulley. (M/S Ziesenhenné/Addleman)

- C. The Committee discussed FY 2018/19 LSTA Grants and whether to renew Student Success for a 3<sup>rd</sup> year statewide. All committee members were in favor of renewing. Staff was directed to put a call out to the membership for additional ideas or recommendations for other LSTA grants.

**IV. Reports**

- A. **PLP President's Report** There was no President's report.
- B. **PLP CEO's Report** PLP is responding to the NorthNet RFP for fiscal and administrative support. PLS is in the process of working with Califa to transition them to their own entity. A meeting will be held on Friday, February 2 in Stockton between all chairs of the nine cooperative library systems and the system coordinators to talk about developing a shared vision which will allow for great advocacy at the state level.
- C. **State Library Report** Janet Coles agreed to forward her report in writing

**V. Closed Session Pursuant to Government Code Section 54957: PLS Executive Director/PLP CEO (Action Item)**

The Committee went into closed session and reported that they are in agreement with the PLS Executive Committee and they recommend a step increase for CEO Frost. Accolades were given for leadership and coordination of CEO Frost and PLP's work.

**VI. Agenda Building and Location Selection for Executive Meeting on May 4, 2018 following the Directors' Annual Meeting**

Items to be included on the Agenda for the next meeting include:

- Election of Chair, Vice-Chair and Members at the Annual meeting
- A member asked if we could consider a PLP Resolution for Gerry Garzon and Luis Herrera at the Annual Meeting. Staff will work on this.
- LSTA Grant applications
- Review of FY 2016/17 Audit for the Executive Committee
- Contract between PLS and PLP
- Draft Budget

**VII. Public Comment: None**

**VIII. Adjournment** The meeting was adjourned at 11:16 a.m. (M/S Addleman/Macek)



# Pacific Library Partnership

**PLP Executive Committee Special Meeting Minutes**  
**PLP Offices - Upstairs Conference Room**  
**2471 Flores Street, San Mateo, CA 94403**

**March 6, 2018**  
**12:00 p.m. – 1:00p.m. via Conference Call**

**Committee:**

President, Heidi Murphy  
 Rosanne Macek  
 Brad McCulley  
 Susan Nemitz  
 Derek Wolfgram  
 Monique Ziesenhenn

**System Staff:**

Carol Frost, PLP  
 Andrew Yon, PLP

The meeting was called to order at 12:03 p.m. by President Heidi Murphy

- I. **Adoption of the Agenda:** The Agenda was adopted as presented. (M/S McCulley/Wolfgram)
- II. **New Business**
  - A. **Authorize PLP President to Sign Final Joint Cooperative Letter to State Librarian (item to be distributed separately before meeting)**

The Committee was presented with an original draft of a letter written jointly from the nine cooperative library systems. Frost presented the history of the letter in detail, explaining that at the annual CLA conference, the chairs and vice-chairs of the nine cooperative library systems met along with the system coordinators to discuss the priorities of the nine systems, and to begin a conversation of common ground and shared priorities in order to collectively advocate to the California Library Services Board and the California State Library.

A second meeting was held on February 2nd in Stockton to continue the conversation, with one of the outcomes being a desire for all of the chairs of the systems to write a collective letter to the State Librarian requesting a meeting to establish better communication and dialogue about shared priorities. The revised draft of the letter was presented to the Committee for review with a recommendation that a motion be made allowing that if further revisions are made to finalize a joint letter, the PLP president will still have the authority to sign on to the letter.

The Committee recommended some further language changes to the revised draft. The letter will be updated with the proposed changes and the new draft sent to the other systems for review. A motion was approved to authorize the PLP President to sign the final joint cooperative letter to the State Librarian. (M/S Nemitz/Macek)

It was additionally noted that the State Library has released proposed revisions to the CLSA regulatory language, which will be reviewed at the April CSLB meeting. The proposed language includes a change that the CLSB meetings would occur a minimum of once per year, and that the Chair “may” recognize speakers. Members were encouraged to review the language and discuss whether PLP would like to write a letter to the CLSB regarding these proposed language changes.

- III. **Public Comment:** None
- IV. **Announcements:** Announcements were shared by all.
- V. **Adjournment:** The meeting was adjourned at 12:28pm. (M/S McCulley/Wolfgram)

DRAFT

**PACIFIC LIBRARY PARTNERSHIP**  
**BASIC FINANCIAL STATEMENTS**  
**AND SINGLE AUDIT REPORTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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**Pacific Library Partnership  
 Basic Financial Statements and Single Audit Reports  
 For the year ended June 30, 2017**

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JJACPA, Inc.

A Professional Accounting Services Corp.

## INDEPENDENT AUDITOR'S REPORT

To the Administrative Council of the  
Pacific Library Partnership  
San Mateo, California

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

We have audited the accompanying basic financial statements of the Pacific Library Partnership (PLP) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise PLP's basic financial statements as listed in the table of contents. The prior-year comparative total information presented has been derived from the PLP's 2016 basic financial statements and, in our report dated March 29, 2018 we expressed an unqualified opinion on the those financial statements.

### ***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 and the budgetary comparison information of PLP, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows 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 management's discussion and analysis on pages 3-9 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 PLP's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2018 on our consideration of PLP'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 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 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 PLP's internal control over financial reporting and compliance.

March 29, 2018

*JJACPA, Inc.*  
**JJACPA, Inc.**  
**Dublin, CA**

**Pacific Library Partnership  
Management's Discussion and Analysis  
For the year ended June 30, 2017**

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**Management's Discussion and Analysis**

This section of the Pacific Library Partnership's (PLP) basic financial statements presents management's discussion and analysis of PLP's financial performance during the fiscal year ended June 30, 2017. Since this management's discussion and analysis is designed to focus on current activities, resulting change, and current known facts, please read it in conjunction with PLP's basic financial statements (pages 12 and 13) as well as the footnotes to the financial statements (pages 15 - 23).

**Financial Highlights**

At June 30, 2017, the fourth year of full operation for PLP, net position ended the year at \$2,882,102 which includes capitalization of \$5,360 in capital assets as shown in note 9 as reclassifications and eliminations on page 22.

**Using This Report**

In June 1999, the Governmental Accounting Standards Board (GASB) released Statement No. 34, *Basic Financial Statements -- and Management's Discussion and Analysis -- for State and Local Governments*. Changes in Statement No. 34 require a comprehensive one-line look at the entity as a whole and capitalization of assets and depreciation. The major reconciling items necessary were capitalization and depreciation of capital assets and inclusion of long-term liabilities. PLP has selected the single governmental fund (General Fund) presentation since this reflects the most concise and easily readable presentation for PLP's operations.

The annual financial statements include the Independent Auditor's Report, this management's discussion and analysis, the basic financial statements, and notes to basic financial statements and required supplementary information.

**Pacific Library Partnership**  
**Management's Discussion and Analysis, Continued**  
**For the year ended June 30, 2017**

**Financial Analysis of PLP as a Whole**

	Net Position		Increase (Decrease)	Percent Change
	As of June 30, 2017 and 2016			
	<u>2017</u>	<u>2016</u>		
<b>Assets:</b>				
Current Assets	\$ 4,141,787	\$ 2,290,360	\$ 1,851,427	80.8%
Non-current Assets	<u>5,360</u>	<u>4,400</u>	<u>960</u>	21.8%
<b>Total Assets</b>	<u><u>4,147,147</u></u>	<u><u>2,294,760</u></u>	<u><u>1,852,387</u></u>	80.7%
<b>Liabilities:</b>				
Current Liabilities	<u>1,265,045</u>	<u>1,188,318</u>	<u>76,727</u>	6.5%
Total Liabilities	<u>1,265,045</u>	<u>1,188,318</u>	<u>76,727</u>	6.5%
<b>Net Position:</b>				
Net Investment in Capital Assets	5,360	4,400	960	21.8%
Unrestricted	<u>2,876,742</u>	<u>1,102,042</u>	<u>1,774,700</u>	161.0%
Total Net Position	<u>2,882,102</u>	<u>1,106,442</u>	<u>1,775,660</u>	160.5%
<b>Total Liabilities and Net Position</b>	<u><u>\$ 4,147,147</u></u>	<u><u>\$ 2,294,760</u></u>	<u><u>\$ 1,852,387</u></u>	80.7%

This schedule is prepared from PLP's Statement of Net Position, which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated.

Net position of \$2,882,102 at June 30, 2017 consisted of \$2,876,742 unrestricted amount available for operations and \$5,360 for net investment in capital assets.

**Pacific Library Partnership  
Management's Discussion and Analysis, Continued  
For the year ended June 30, 2017**

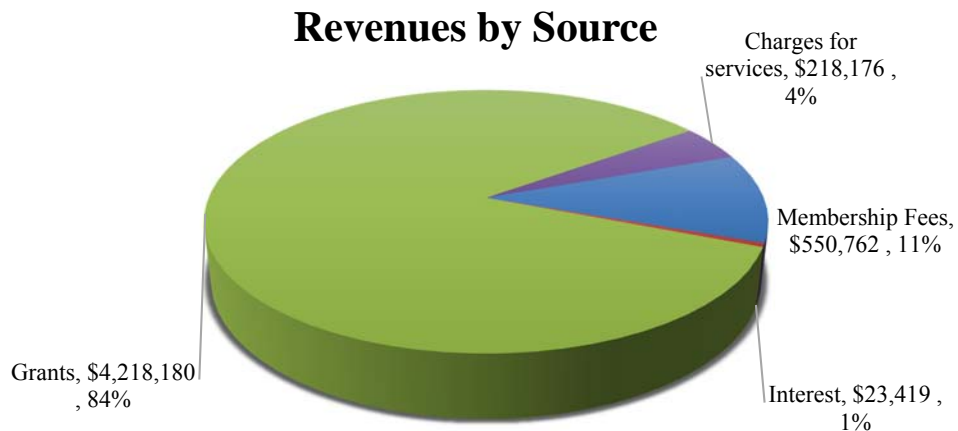
**Financial Analysis of PLP as a Whole, Continued**

**Operating Results  
For the year ended June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
<b>Operating Expenses:</b>	\$ 3,234,878	\$ 2,446,164	\$ 788,714	32.2%
<b>Program Revenue:</b>				
Grants	4,218,180	1,767,478	2,450,702	138.7%
Charges for services	<u>218,176</u>	<u>168,238</u>	<u>49,938</u>	29.7%
Total program revenue	<u>4,436,356</u>	<u>1,935,716</u>	<u>2,500,640</u>	129.2%
<b>Net Operating Expenses</b>	<u>(1,201,478)</u>	<u>510,448</u>	<u>(1,711,926)</u>	-335.4%
<b>General Revenue:</b>				
Membership fees	550,762	550,012	750	0.1%
Interest	<u>23,419</u>	<u>11,054</u>	<u>12,365</u>	111.9%
Total general revenue	<u>574,181</u>	<u>561,066</u>	<u>13,115</u>	2.3%
<b>Increase in net position</b>	1,775,659	50,618	1,725,041	3408.0%
<b>Net Position:</b>				
Beginning of year	1,106,442	1,055,824	50,618	4.8%
End of year	<u>\$ 2,882,102</u>	<u>\$ 1,106,442</u>	<u>\$ 1,775,660</u>	160.5%

In FY2016-17, program revenues were primarily from grants, which consisted of \$4,218,180. General revenues were primarily membership fees and reimbursements from services provided to members.

The following is a graphic illustration of revenues by source for the year ended June 30, 2017:



**Pacific Library Partnership  
Management's Discussion and Analysis, Continued  
For the year ended June 30, 2017**

**Financial Analysis of PLP as a Whole, Continued**

**Operating Expenses  
For the year ended June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Operating Expenses:				
Administration	\$ 805,948	\$ 652,002	\$ 153,946	23.6%
Delivery	383,695	258,082	125,613	48.7%
System operation	164,120	275,385	(111,265)	-40.4%
DPLA Service Hub 14/15	-	63,303	(63,303)	-100.0%
Veterans Connect 14/15	-	9,755	(9,755)	-100.0%
Veterans Connect 15/16	65,159	290,287	(225,128)	-77.6%
Networking California Library 14/15	-	9,513	(9,513)	-100.0%
Literacy Initiatives 15/16	15,138	195,270	(180,132)	-92.2%
PLSEP 15/16	-	71,881	(71,881)	100.0%
Preservation 15/16	-	169,440	(169,440)	100.0%
CAVPP Audio Preservation 15/16	-	280,400	(280,400)	100.0%
CA Library Metrics 15/16	81,900	125,475	(43,575)	100.0%
Get Involved 15/16	-	1,841	(1,841)	100.0%
Read Zone 2015	-	42,651	(42,651)	100.0%
PLSEP FY 16/17	68,049	-	68,049	100.0%
CA Audiovisual Preservation FY 16/17	334,674	-	334,674	100.0%
Preservation Grant FY 16/17	138,394	-	138,394	100.0%
CA Library Metrics FY 16/17	185,363	-	185,363	100.0%
Literacy Initiatives FY 16/17	172,209	-	172,209	100.0%
Veterans Connect FY 16/17	280,435	-	280,435	100.0%
CA Rural Library Initiative FY 16/17	48,422	-	48,422	100.0%
Student Success Initiative FY 16/17	44,650	-	44,650	100.0%
Networking FY 16/17	253,666	-	253,666	100.0%
CA Immigrant FY 16/17	9,750	-	9,750	100.0%
simplyE FY 16-18	67,250	-	67,250	100.0%
ENKI Content FY 16-18	117,015	-	117,015	100.0%
Depreciation	973	879	94	10.7%
	<u>\$ 3,236,810</u>	<u>\$ 2,446,164</u>	<u>\$ 790,646</u>	32.3%

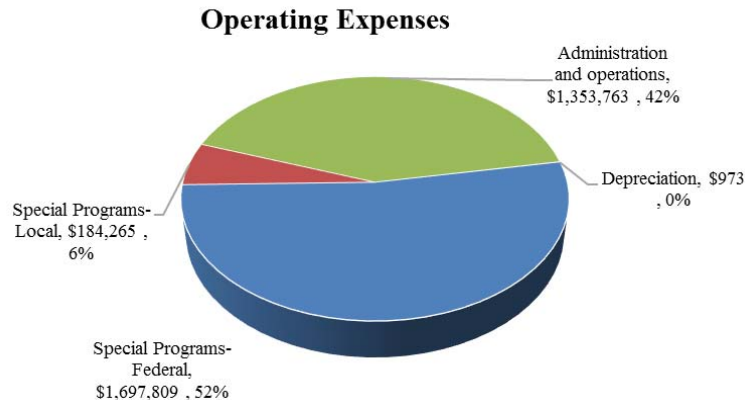
Operating expenses in the amount of \$3,236,810 were split amongst three major categories; administration and delivery operations, grants, and depreciation.



**Pacific Library Partnership  
Management's Discussion and Analysis, Continued  
For the year ended June 30, 2017**

**Financial Analysis of PLP as a Whole, Continued**

The following is a graphic illustration of operating expenses for the year ended June 30, 2017:

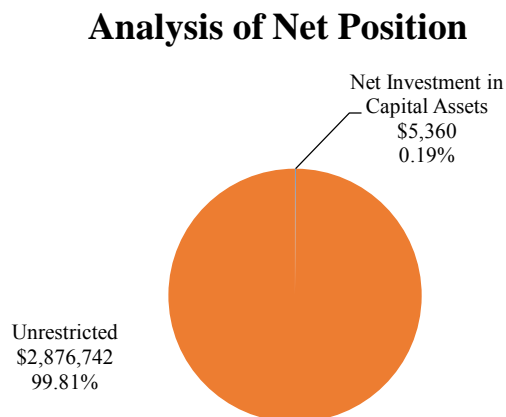


**Analysis of Net Position  
For the year ended June 30, 2017 and 2016**

<b>Net Position</b>	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Net Investment in Capital Assets	\$ 5,360	\$ 4,400	\$ 960	21.8%
Unrestricted	<u>2,876,742</u>	<u>1,102,042</u>	<u>1,774,700</u>	161.0%
<b>Total Net Position</b>	<u>\$ 2,882,102</u>	<u>\$ 1,106,442</u>	<u>\$ 1,775,660</u>	160.5%

The change in net position of \$1,775,660 is primarily due to general revenues from grants exceeding the net program expense for the year.

The following is a graphic illustration of net position for June 30, 2017:



**Pacific Library Partnership  
Management’s Discussion and Analysis, Continued  
For the year ended June 30, 2017**

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**ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES**

In considering PLP’s Budget for FY2017-18, the Administrative Council and management used the following criteria:

The key assumptions in our revenue forecast were:

1. Interest earnings should be approximately the same.
2. State library and membership fees are expected to be approximately the same.

Continuing items specifically addressed in the budget were:

1. Concern over possible State budget reductions, especially in the CLSA and LSTA category, and avoiding further excesses of service costs over revenues.

The adopted budget for the new FY2017-18 was \$1,659,948 and is summarized as follows:

	<u>FY 2017-18</u>	<u>FY 2016-17</u>	<u>Percentage Change</u>
<b>Administration</b>			
System administration	\$ 857,202	\$ 806,514	6.28%
System operations	243,998	223,420	9.21%
<b>Total Administration</b>	<u>1,101,200</u>	<u>1,029,934</u>	6.92%
<b>Membership services</b>			
Communicaions and delivery	558,748	290,343	92.44%
<b>Total Membership Services</b>	<u>558,748</u>	<u>290,343</u>	92.44%
<b>Total Budget</b>	<u>\$ 1,659,948</u>	<u>\$ 1,320,277</u>	25.73%

1. Administration - Shows a combined increase of approximately 6.92%, which is due to other special services.
2. Membership services – Shows a combined increase of approximately 0.92% due to an addition in services as a result of an increase in contractual services for E-resources (ENKI & SimplyE).

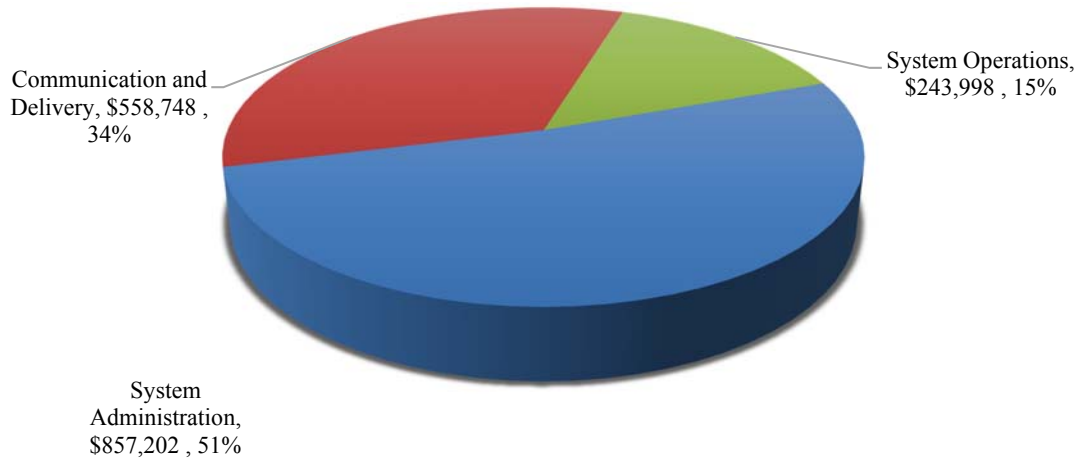
**Pacific Library Partnership  
Management's Discussion and Analysis, Continued  
For the year ended June 30, 2017**

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES, CONTINUED**

The following is a graphic illustration of appropriations for FY2017-18.

**Budgeted Expenditures**



**Contacting PLP**

This financial report is designed to provide our customers and creditors a general overview of PLP's finances and to demonstrate PLP's accountability for the money it receives and is allocated to it. If you have questions about this report, contact the Pacific Library Partnership, 2471 Flores Street, San Mateo, CA 94403, telephone number (650) 349 5538.

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## **BASIC FINANCIAL STATEMENTS**

**Pacific Library Partnership**  
**Governmental Funds Balance Sheet/Statement of Net Position**  
**June 30, 2017**

	<u>Governmental Funds</u>	<u>Adjustments (Note 9)</u>	<u>Statement of Net Position</u>	<u>2016</u>
<b>ASSETS</b>				
<b>Current</b>				
Cash and investments:				
Available for operations	\$ 4,117,950	\$ -	\$ 4,117,950	\$ 2,229,734
Accounts receivable	15,529	-	15,529	57,689
Interest receivable	8,308	-	8,308	2,937
<b>Total current assets</b>	<u>4,141,787</u>	<u>-</u>	<u>4,141,787</u>	<u>2,290,360</u>
<b>Noncurrent</b>				
Capital assets, net of accumulated depreciation	-	5,360	5,360	4,400
<b>Total assets</b>	<u>\$ 4,141,787</u>	<u>\$ 5,360</u>	<u>\$ 4,147,147</u>	<u>\$ 2,294,760</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
<b>Liabilities:</b>				
<b>Current</b>				
Accounts payable and accrued liabilities	\$ 362,914	\$ -	\$ 362,914	\$ 212,075
Unearned revenue	-	902,131	902,131	976,243
<b>Total current liabilities</b>	<u>362,914</u>	<u>902,131</u>	<u>1,265,045</u>	<u>1,188,318</u>
<b>Deferred Inflow:</b>				
Unavailable revenue	902,131	(902,131)	-	-
<b>Total liabilities and deferred inflows</b>	<u>1,265,045</u>	<u>-</u>	<u>1,265,045</u>	<u>1,188,318</u>
<b>Fund balances/Net position:</b>				
Unassigned, reported in:				
General fund	2,876,742	(2,876,742)	-	-
<b>Total fund balances</b>	<u>2,876,742</u>	<u>(2,876,742)</u>	<u>-</u>	<u>-</u>
<b>Total liabilities, deferred inflows and     fund balances</b>	<u>\$ 4,141,787</u>			
<b>NET POSITION</b>				
Net investment in capital assets		5,360	5,360	4,400
Unrestricted		2,876,742	2,876,742	1,102,042
<b>Total net position</b>		<u>\$ 2,882,102</u>	<u>2,882,102</u>	<u>1,106,442</u>
<b>Total liabilities and net position</b>			<u>\$ 4,147,147</u>	<u>\$ 2,294,760</u>

The accompanying notes are an integral part of these basic financial statements

**Pacific Library Partnership**  
**Statement of Governmental Fund Revenues, Expenditures, and**  
**Changes in Fund Balances/Statement of Activities**  
**For the year ended June 30, 2017**

	<u>Governmental Funds</u>	<u>Adjustments (Note 10)</u>	<u>Statement of Activities</u>	<u>2016</u>
<b>EXPENDITURES/EXPENSES:</b>				
Administration and operations	\$ 1,353,764	\$ (1,933)	\$ 1,351,831	\$ 1,185,469
Special programs:				
Federal	1,882,074	-	1,882,074	1,217,165
Local	-	-	-	42,651
Depreciation	-	973	973	879
<b>Total expenditures/expenses</b>	<u>3,235,838</u>	<u>(960)</u>	<u>3,234,878</u>	<u>2,446,164</u>
<b>REVENUES:</b>				
Program revenues:				
Grants	4,218,180	-	4,218,180	1,767,478
Charges for services	218,176	-	218,176	168,238
<b>Total program revenues</b>	<u>4,436,356</u>	<u>-</u>	<u>4,436,356</u>	<u>1,935,716</u>
<b>Net program expense</b>	<u>(1,200,518)</u>	<u>(960)</u>	<u>(1,201,478)</u>	<u>510,448</u>
General revenues:				
Membership fees	550,762	-	550,762	550,012
Interest	23,419	-	23,419	11,054
<b>Total general revenues</b>	<u>574,181</u>	<u>-</u>	<u>574,181</u>	<u>561,066</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<u>1,774,699</u>			
<b>CHANGE IN NET POSITION</b>		<u>960</u>	<u>1,775,659</u>	<u>50,618</u>
<b>FUND BALANCES/NET POSITION:</b>				
Beginning of the year	1,102,042	4,400	1,106,442	1,055,824
End of the year	<u>\$ 2,876,742</u>	<u>\$ 5,360</u>	<u>\$ 2,882,102</u>	<u>\$ 1,106,442</u>

The accompanying notes are an integral part of these basic financial statements

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**Pacific Library Partnership**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2017**

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**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Pacific Library Partnership (“PLP”) is a Joint Powers Agency under Government Code Section 6500 *et. seq.* established on January 9, 2009 which began operations on July 1, 2009 by the Bay Area Library and Information System, Silicon Valley Library System, Monterey Bay Area Cooperative Library System and the Peninsula Library System. PLP is a library services organization which has the powers necessary to establish, improve and extend library services held by its members and those powers designated in Government Code Section 6508. No single member controls PLP. PLP also delivers library materials to members, provides research services and general education workshops, and training seminars for its members.

PLP is governed by an Administrative Council composed of all of the library directors of library agencies therein. Oversight responsibility, the ability to conduct independent financial affairs, issue debt instruments, approve budgets, and otherwise influence operations and account for fiscal matters is exercised by PLP's Administrative Council. PLP is a separate reporting entity for financial reporting purposes and the accompanying basic financial statements reflect the assets, liabilities, fund balances/net position, revenues, and expenditures/expenses of PLP only.

The Peninsula Library System (PLS) acts as fiscal agent and Treasurer/Controller for PLP and acts as the depository and has custody of the money of PLP and performs those duties required by Government Code sections 6505 and 6505.5. More information regarding the contract with PLS is located in Note 5.

The financial statements of PLP have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

In June 1999, the GASB released Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. PLP has selected the single governmental fund (General Fund) presentation since this reflects the most concise and easily readable presentation for PLP’s operations.

**A. Reporting Entity**

As defined by GASB Statement No.39, *The Financial Reporting Entity*, PLP is not financially accountable for any other entity other than itself, nor are there any other entities for which the nature and significance of their relationship with PLP are such that exclusion would cause PLP’s financial statements to be misleading or incomplete.

In addition, based upon the above criteria, PLP is not aware of any entity which would be financially accountable for PLP which would result in PLP being considered a component of the entity.

**Pacific Library Partnership**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

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**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,**  
**Continued**

**B. Basis of Accounting**

The fund-based financial statement columns (Governmental Funds column) on Pages 12 and 13 are accounted for using the modified accrual basis of accounting and reflect balances for PLP's General Fund and Federal Grant Special Revenue Fund. These funds revenues are recognized when they become measurable and available as net current assets. Measurable means the amount of the transaction can be determined and available means the amount is collectible within the current period or soon enough thereafter (generally sixty days) to be used to pay liabilities of the current period. Amounts, which could not be measured or were not available, were not accrued as revenue in the current fiscal year. The Statements of Net Position and Activities columns on Pages 12 and 13 have been prepared on the accrual basis of accounting whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

**C. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**D. Budgets**

Budgets are prepared on the modified accrual basis of accounting, in which capital assets acquired are recorded as expenditures and depreciation is not recorded.

PLP follows these procedures in establishing the budgetary data reflected in the financial statements:

- By June 30, the Finance Committee reviews and recommends to the Administrative Council a proposed operating budget for the year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
- The budget is legally enacted through passage of a motion during an Administrative Council meeting prior to year-end.
- The Finance Committee reviews all budget transfers and revisions, which are then approved by the Chair of the Administrative Council and the Chair of the Finance Committee.
- Formal budgeting is employed as a management control device during the year for the general and special revenue funds.

**Pacific Library Partnership**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

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**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,**  
**Continued**

**D. Budgets, continued**

- Budgets for the General and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

The legal level of a budgetary control, the amount to which budget should not be exceeded, is the program level.

Budgeted amounts are as originally adopted or as amended by the Administrative Council. Individual amendments were not material in relation to the original appropriations.

**E. Cash and Investments**

PLP pools cash and investments from all funds for the purpose of increasing income through investment activities. 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 in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Market value is used as fair value for those securities for which market quotations are readily available.

PLP indirectly participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested a portion of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to changes in interest rates.

**F. Capital Assets**

Capital assets are carried at cost or estimated cost if actual cost was not available. Donated assets are valued at their estimated fair value on the date donated.

Depreciation is calculated on a straight line basis using the following useful life schedule:

Furniture and fixtures	5 to 10 years
Automobiles	5 years
Office equipment	5 to 10 years
Computer equipment	5 to 10 years

**Pacific Library Partnership**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

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**2. CASH AND INVESTMENTS**

The System had the following cash and investments at June 30, 2017:

	FDIC/ SIPC insured	Not rated	Fair Value
Local Agency Investment Fund (LAIF)	\$ -	\$ 3,638,889	\$ 3,638,889
Cash deposits	65,828	-	65,828
Certificate of Deposit	412,983	-	412,983
Petty cash	-	250	250
Total	\$ 478,811	\$ 3,639,139	\$ 4,117,950

**A. Cash Deposits**

The System pools cash from all sources. The System invests excess cash in LAIF. The System maintains a petty cash fund of \$250.

The California Government Code requires California banks and savings and loan associations to secure government cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral is considered to be held in the government’s name.

According to California law, the market value of pledged securities with banking institutions must equal at least 110% of the government’s cash deposits. California law also allows institutions to secure government deposits by pledging first trust deed mortgage notes having a value of 150% of the government’s total cash deposits. The government can waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation.

**B. Investments**

PLP is authorized by State statutes and Administrative Council action to invest in the following:

- United States Treasury notes, bonds, bills or certificates of indebtedness.
- Registered state warrants or treasury notes or bonds of the State of California.
- Bonds, notes, warrants or other evidences of indebtedness of any local agency within the State of California.
- Obligations issued by banks and guaranteed by federal agency or United States government-sponsored enterprise.
- Negotiable certificates of deposit or time deposits placed with commercial banks and/or savings and loan companies.
- Banker's acceptances.
- Commercial paper.
- California Local Agency Investment Fund (LAIF)

**Pacific Library Partnership**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

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**2. CASH AND INVESTMENTS, Continued**

**B. Investments, Continued**

PLP invests in LAIF, an unrated pool, which limits the exposure of Partnership funds to interest rate and credit risk by treating all balances as current.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments were stated at fair value using the aggregate method, which includes any adjustments recorded in interest/investment income.

**C. Investments in External Investment Pools**

PLP's investments with LAIF at June 30, 2017, included a portion of the pool funds invested in structured notes and asset backed securities and similar transactions. These investments may include the following:

- Structured Notes are debt securities (other than asset-backed securities) whose cash-flow characteristics (coupon rate, redemption amount, or stated maturity) depends on one or more indices and/or that have embedded forwards or options.
- Asset-backed Securities, the bulk of which are mortgage-backed securities, entitle their purchaser to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMOs) or credit card receivables.

As of June 30, 2017, LAIF had invested 2.89% of its funds in structured notes and asset-backed securities and similar transactions.

**3. CAPITAL ASSETS**

Changes in capital assets were as follows:

	Balance July 1, 2016	Additions	Adjustments/ Deletions	Balance June 30, 2017
Computer equipment	\$ 19,966	\$ 1,703	\$ (14,789)	\$ 6,880
Total capital assets	19,966	1,703	(14,789)	6,880
Accumulated depreciation	(15,566)	(973)	15,019	(1,520)
Net capital assets	<u>\$ 4,400</u>	<u>\$ 730</u>	<u>\$ 230</u>	<u>\$ 5,360</u>

**Pacific Library Partnership**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

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**4. UNEARNED REVENUE**

PLP records payments for services not yet rendered as unearned revenue. PLP expects to recognize \$902,131 of unearned revenue as earned during FY2016-17.

**5. RELATED PARTY TRANSACTIONS**

PLP contracts with the Peninsula Library System (PLS), as its fiscal agent, for administrative services and/or materials. In compensation for services provided, PLP paid \$587,330 to PLS for the year ended June 30, 2017. These amounts were reported as administration expenses in the Statement of Activities.

**6. FUND BALANCES/NET POSITION**

Fund Balances consist of the following: nonspendable, restricted, committed, assigned and unassigned. Nonspendable fund balance consists of investments that will not convert to cash soon enough to affect the current period. Restricted fund balance consists of resources that are subject to externally enforceable legal restrictions imposed by parties altogether outside the government. Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action of PLP's highest level of decision-making authority. Assigned fund balance consists of amounts where intent is expressed by the governing body itself or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. Unassigned amounts represent deficits in fund balance as reflected by the necessity to show nonspendable and restricted balances in an amount greater than total fund balance. Currently, the PLP uses only the unassigned categories.

<u>Fund Balance</u>	<u>June 30, 2017</u>
Unassigned	<u>\$ 2,876,742</u>
Total Fund Balance	<u><u>\$ 2,876,742</u></u>

Net position consists of restricted and unrestricted amounts. Restricted amounts reflect balances which cannot be influenced by PLP Administrative Council action, such as the investment in capital assets net of any related debt. Unrestricted amounts reflect balances available for current operations.

<u>Net Position</u>	<u>June 30, 2017</u>
Net Investment in Capital Assets	\$ 5,360
Unrestricted	<u>2,876,742</u>
<b>Total</b>	<u><u>\$ 2,882,102</u></u>

**Pacific Library Partnership**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

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**7. INSURANCE**

PLP purchases several insurance policies to protect against catastrophic loss: (1) General Liability and Automobile Liability with \$1,000,000 limit per occurrence and a \$500 deductible. (2) A Master Property Insurance Policy covers PLP's real and personal property on a replacement cost basis with a \$3,705,500 limit and a \$500 deductible.

**8. CONTINGENT LIABILITIES**

PLP participates in several federal and state grant programs. These programs have been audited by PLP's independent auditor in accordance with the provisions of the federal Single Audit Act and applicable state requirements. No cost disallowances were proposed as a result of these audits. However, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures, which may be disallowed by the granting agencies, cannot be determined at this time. PLP expects such amounts, if any, to be immaterial.

**Pacific Library Partnership**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

**9. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND BALANCE SHEETS AND THE STATEMENTS OF NET POSITION**

“Total fund balances” of PLP’s Governmental funds of \$2,876,742 differs from “net position” of governmental activities of \$2,882,102, reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the Governmental funds balance sheets. The effect of the difference is illustrated below:

**Balance Sheet / Statement of Net Position**

	<b>Governmental Funds</b>	<b>Reclassifications and Eliminations<sup>1</sup></b>	<b>Statement of Net Position</b>
<b>Assets:</b>			
Cash and investments:	\$ 4,117,950	\$ -	\$ 4,117,950
Accounts receivable	15,529	-	15,529
Interest receivable	8,308	-	8,308
Capital assets	-	5,360	5,360
<b>Total assets</b>	<u>4,141,787</u>	<u>5,360</u>	<u>4,147,147</u>
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	362,914	-	362,914
Unearned revenue	-	902,131	902,131
<b>Total liabilities</b>	<u>362,914</u>	<u>902,131</u>	<u>1,265,045</u>
<b>Deferred inflows:</b>			
Unavailable revenue	902,131	(902,131)	-
<b>Total deferred inflows:</b>	<u>902,131</u>	<u>(902,131)</u>	<u>-</u>
<b>Fund balances/Net position:</b>			
Total fund balances/net position	<u>2,876,742</u>	<u>5,360</u>	<u>2,882,102</u>
<b>Total liabilities, deferred inflows and fund balances/net position</b>	<u>\$ 4,141,787</u>	<u>\$ 5,360</u>	<u>\$ 4,147,147</u>

<sup>1</sup> When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported in expenditures in governmental funds. However, the statement of net position includes these capital assets among the assets of PLP as a whole. Long-term liabilities such as compensated absences are not due and payable in the current period and therefore they are not reported in the government’s fund balance sheet.



**Pacific Library Partnership**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

**10. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND OPERATING STATEMENTS AND THE STATEMENT OF ACTIVITIES**

The “net change in fund balances” for Governmental funds \$1,774,699 differs from the “change in net position” for governmental activities of \$1,775,659 reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the General fund. The effect of the difference is illustrated below:

**Statement of Revenues, Expenditures, and Changes in  
Fund Balances/Statement of Activities**

	<u>Governmental Funds</u>	<u>Reclassifications and Eliminations<sup>1</sup></u>	<u>Statement of Activities</u>
<b>EXPENDITURES/EXPENSES:</b>			
Administration	\$ 1,353,764	\$ (1,933)	\$ 1,351,831
Special programs:	1,882,074		1,882,074
Depreciation	-	973	973
<b>Total expenditures/expenses</b>	<u>3,235,838</u>	<u>(960)</u>	<u>3,234,878</u>
<b>REVENUES:</b>			
Program revenues:			
Grants	4,218,180	-	4,218,180
Charges for services	218,176	-	218,176
<b>Total program revenues</b>	<u>4,436,356</u>	<u>-</u>	<u>4,436,356</u>
<b>Net program expense</b>	<u>(1,200,518)</u>	<u>(960)</u>	<u>(1,201,478)</u>
General revenues:			
Membership fees	550,762	-	550,762
Interest	23,419	-	23,419
<b>Total general revenues</b>	<u>574,181</u>	<u>-</u>	<u>574,181</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>			
	<u>1,774,699</u>		
<b>CHANGE IN NET POSITION</b>			
		<u>960</u>	<u>1,775,659</u>
<b>FUND BALANCES/NET POSITION:</b>			
Beginning of the year	<u>1,102,042</u>	<u>4,400</u>	<u>1,106,442</u>
End of the year	<u>\$ 2,876,742</u>	<u>\$ 5,360</u>	<u>\$ 2,882,102</u>

<sup>1</sup> Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. The changes to other charges and gifts and donations reflect the capitalization of these assets. Additionally, governmental funds report compensated absences as expenditures while governmental activities recognize the long-term nature as a liability, the change to contracted salaries and benefits reflects the change in the long-term compensated absences liability from the prior year.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**Pacific Library Partnership  
Required Supplementary Information  
For the year ended June 30, 2017**

**Budgetary Comparison Schedule  
General Fund  
For the year ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Budgetary Fund Balance, July 1, 2016</b>	\$ 1,102,042	\$ 1,102,042	\$ 1,102,042	\$ -
<b>Resources (inflows):</b>				
Grants:				
State Library	694,160	694,160	666,996	27,164
Federal	108,269	108,269	200,228	(91,959)
Charges for services:				
Workshop fees	8,000	8,000	7,521	479
Other agencies	135,654	135,654	210,655	(75,001)
Membership fees	550,762	550,762	550,762	-
Interest	7,000	7,000	23,419	(16,419)
Reimbursements	115,417	115,417	-	115,417
<b>Amounts available for appropriation</b>	<u>2,721,304</u>	<u>2,721,304</u>	<u>2,761,623</u>	<u>(40,319)</u>
<b>Changes to appropriations (outflows):</b>				
Administration and operations:				
System administration	806,514	806,514	805,948	566
System operations	223,420	223,420	164,120	59,300
Membership services:				
Communications and delivery	589,328	589,328	383,695	205,633
<b>Total charges to appropriations</b>	<u>1,619,262</u>	<u>1,619,262</u>	<u>1,353,763</u>	<u>265,499</u>
<b>Budgetary fund balance, June 30, 2017</b>	<u>\$ 1,102,042</u>	<u>\$ 1,102,042</u>	<u>\$ 1,407,860</u>	<u>\$ (305,818)</u>

**FEDERAL SUPPLEMENTARY REPORTS**

**Pacific Library Partnership  
Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2017**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identification Number	Federal Expenditures
<b>Institute of Museum and Library Services</b>			
<i>Pass-through programs from the California State Library -</i>			
<u>State Library Program:</u>			
Veteran Connect FY 15/16	45.310	40-8549	65,159
Literacy Initiatives FY 15/16	45.310	40-8548	15,138
CA Library Metrics 15/16	45.310	40-8620	81,900
PLSEP FY 16/17	45.310	40-8654	68,049
CA Audiovisual Preservation FY 16/17	45.310	40-8659	334,674
Preservation Grant FY 16/17	45.310	40-8663	138,394
CA Library Metrics FY 16/17	45.310	40-8662	185,363
Literacy Initiatives FY 16/17	45.310	40-8668	172,209
Veterans Connect FY 16/17	45.310	40-8673	280,435
CA Rural Library Initiative FY 16/17	45.310	40-8664	48,422
Student Success Initiative FY 16/17	45.310	40-8687	44,650
Networking FY 16/17	45.310	40-8710	253,666
CA Immigrant FY 16/17	45.310	40-8729	9,750
<b>Total Institute of Museum and Library Services</b>			1,697,809
<b>Total Federal Expenditures</b>			\$ 1,697,809

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this supplementary information.

**Pacific Library Partnership**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2017**

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**1. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Partnership and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, “*Audits of States, Local Governments, and Non-Profit Organizations.*” Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the Basic financial statements.

**2. DESCRIPTION OF MAJOR PROGRAMS**

**State Library Program – (CFDA #45.310)**

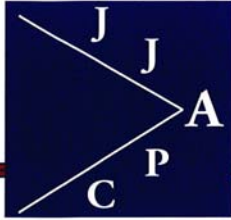
As authorized by the Library Services and Technology Act; Museum and Library Services Act of 1996, Title II, Public Law 104-208, to consolidate Federal library services programs; to stimulate excellence and promote access to learning and information resources in all types of libraries for individuals of all ages; to promote library services that provide all users access to information through State, regional, and international electronic networks; to provide linkages among and between libraries; and to promote targeted library services to people of diverse geographic, cultural, and socioeconomic backgrounds, to individuals with disabilities, and to people with limited functional literacy or information skills.

**3. INDIRECT COST ELECTION**

PLP has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

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JJACPA, Inc.

A Professional Accounting Services Corp.

**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**

**INDEPENDENT AUDITOR'S REPORT**

To the Administrative Council of the  
Pacific Library Partnership  
San Mateo, California

We have audited, in accordance with the auditing standard 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 Pacific Library Partnership (PLP) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise PLP's basic financial statements, and have issued our report thereon dated March 29, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered PLP'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 internal control of PLP's internal control. Accordingly, we do not express an opinion on the effectiveness of PLP'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 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 the 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 considered to be material weaknesses. However, material weaknesses may exist that we have not identified.

## **Compliance and Other Matters**

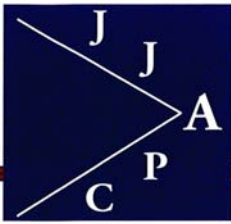
As part of obtaining reasonable assurance about whether PLP's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 result 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.

March 29, 2018

*JJACPA, Inc.*  
**JJACPA, Inc.**  
**Dublin, CA**



**JJACPA, Inc.**

A Professional Accounting Services Corp.

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE**

**INDEPENDENT AUDITOR'S REPORT**

Administrative Council  
Pacific Library Partnership  
San Mateo, California

**Report on Compliance for Each Major Federal Program**

We have audited the Pacific Library Partnership's (PLP) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of PLP's major federal programs for the year ended June 30, 2017. PLP's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each PLP's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about PLP's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of PLP's compliance.

## ***Opinion on Each Major Federal Program***

In our opinion, PLP complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

## **Report on Internal Control Over Compliance**

Management of PLP is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered PLP's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of PLP's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

March 29, 2018

**JGACPA, Inc.**  
**JJACPA, Inc.**  
**Dublin, CA**

**Pacific Library Partnership**  
**Schedule of Findings and Questioned Costs**  
**For the year ended June 30, 2017**

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**Section I – Summary of Auditor’s Results**

*Financial Statements*

Type of auditor’s report issued	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) indentified?	None reported
Noncompliance material to financial statements noted?	No

*Federal Awards*

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)??	No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
45.310	State Library Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	Yes
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**Pacific Library Partnership**  
**Schedule of Findings and Questioned Costs,**  
**continued For the year ended June 30, 2017**

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**Section II – Financial Statement Findings**

No matters were reported.

**Section III – Federal Award Findings and Questioned Costs**

No current year findings or questioned costs.

**Section IV – Status of Prior Year Audit Findings**

There were no prior year audit findings.

**Section V – Corrective Action Plan**

There were neither current year findings nor questioned costs (see Section III above).



**To:** PLP Executive Committee  
**From:** Carol Frost, CEO  
**Subject:** Allocation of CLSA Funds  
**Date:** May 4, 2018

The purpose of this memo is to provide an update on California Library Services Act (CLSA) expenditures to date, and to provide recommendations for future allocations.

### **Status Update on FY 2016/17 CLSA Fund Allocations in Process**

All FY 2016/17 CLSA funds have been allocated. These funds must be spent by June 30, 2019. Below is a summary of allocations and expenditures to date.

#### **SimplyE**

At the June 2017 PLP Executive Committee meeting, up to \$50,000, through June 30, 2019, was allocated for SimplyE. Fourteen PLP libraries have signed up for SimplyE. Califa will charge \$3,000 annually and has just started setting up the libraries, for a total of \$42,000. The libraries include:

Alameda Free Library	Oakland Public Library
Contra Costa County Library	Palo Alto City Library
Berkeley Public Library	Pleasanton Public Library
Monterey Public Library	San Bruno Public Library
San Mateo Public Library	San Francisco Public Library
San Mateo County Library	San Jose Public Library
Mountain View Public Library	Sunnyvale Public Library

#### **PLP Website**

At the October 2017 meeting, \$25,285 was allocated for the PLP website redesign. To date, \$4,750 has been spent to hire a web developer to redesign the website. There may be additional features, and an update for expenditures can be provided at the next meeting.

### **Status Update on FY 2017/18 CLSA Fund Allocations**

There are \$264,005 of unallocated/unspent funds. These funds must be spent by June 30, 2020.

#### **FY 2018/19 CLSA Funds**

The preliminary budget allocation is \$694,827. Of that, \$138,965 is allocated to system administration and \$293,243 is allocated to support, delivery and telecommunications. \$262,619 remains unallocated.

### PLP Survey Regarding CLSA Funds

A survey was sent to PLP libraries for ideas on use of CLSA funds. Sixteen of the 33 public libraries responded, with a total of 18 responses. Below is a summary of the feedback.

1. Is **enki** popular with your patrons? *4 yes; 11 no; and 2 have no opinion*
2. Do you think PLP should continue to pay for an **enki** subscription? *7 yes (6 libraries); 4 no; 6 no opinion*
3. PLP currently has a subscription to **Analytics on Demand**, which expires in December 2018. Do you think we should continue to pay for AOD in 2019? *4 yes I find it useful; 8 yes, I haven't used it but I might; 5 no*
4. If PLP pursued doing **Link+** as a system, and made sure it worked with your ILS, would you be interested? *8 yes; 1 no; 1 no, I would be afraid that it would take too much staff time*
5. Which items would you like to see PLP fund:
  - 10 Provide libraries with money to purchase **Overdrive Advantage Plus** titles
  - 9 Purchase shared **eMagazine** subscription (Zinio, Flipster)
  - 6 Shared eBook Collection using **Bibliotheca CloudLibrary**
  - 5 Purchase a shared **streaming video** product (Kanopy or other)
  - 1 None of these

*Other ideas:*

  - *Parks-Libraries collaboration on backpacks for check-out (we are starting to pilot, would like to see other libraries do it also). Shared homebound service would also be a great thing to try (even just infrastructure for managing it, if not delivery). (Alameda County)*
  - *It's likely limited to MOBAC, but there is interest in getting all of the public libraries here on the same catalog. (Pacific Grove)*
  - *For eMagazines, only interested in Flipster. (Mountain View)*
  - *Tricor deliveries, mobile tech lab, Ebsco/Gale magazine subscription, Hoopla. (Mountain View)*
6. CLSA funds can be allocated towards **network hardware** like routers and switches, and using the funds does not require you to filter. Does your library need funds to support replacing network equipment? *1 yes, we have a dire need and no identified funds (Pacific Grove); 5 yes, we have funds but this would be nice; 12 no*
7. Other Comments:
  - *I think shared digital resources would be fabulous!*
  - *Thank you for soliciting our feedback. Occasionally, in the past, I feel products were purchased that were only useful to a handful of libraries, so it helps to get input from all of the libraries in the system.*
  - *I would be interested in shared resources that would have a lifespan of at least 3 years. It's not good to offer the public resources one year and take them away the next year.*
  - *I'm still without CENIC for my wifi due to equipment config. problems :( so might need to buy a new firewall.*



## Further Discussion of Allocations

Below are additional projects which the PLP Executive Committee may consider funding using CLSA funds. In the past, PLP has demonstrated fiscal equity and has purchased products which can be used by all libraries (such as enki) or has provided disbursements for networking costs by allocating a specific amount by formula.

The PLP Executive Committee may consider continuing on with the fiscal equity distribution (purchasing an item for all public library members, or distributing funds by formula), may consider a menu of services for every library to participate, or may consider funding special projects.

***enki*** ***Between \$0 and \$100,000***

This could be purchased for the entire system, or could be purchased for some of the libraries. Previous years, an enki subscription for all of PLP was \$100,000.

***SimplyE*** ***Between \$0 and \$50,000***

As noted above, PLP has paid for members to join SimplyE. This agreement ends June 30, 2019. There are 32 public library jurisdictions in PLP, and funding is available for half of them to join, with not all of those funds currently being allocated. It is not recommended that any other funds be allocated to SimplyE unless additional PLP libraries wish to join.

***Zinio*** ***\$418,200***

This would work if the titles were purchased in a shared PLP environment. A quote for PLP for 100 titles is \$418,200. As noted in the PLP Survey, Flipster is another consideration. PLP will not provide a consortium-discount. We have not yet spoken with them about how a model would work for shared titles between PLP libraries.

***Special Project for 5 MOBAC Libraries*** ***\$24,800***

Salinas, Monterey County, Monterey City, Pacific Grove, Carmel and San Benito County are interested in having a study done for the feasibility of having one shared ILS. Several of them are on Koha, and Monterey County is on Polaris. The study would include a review of policies and factors to create the shared Koha environment, and would also include a study of participating in Link+. This study meets the CLSA requirements because it involves potential resource sharing among 3 or more libraries.

***Overdrive Advantage Plus*** ***Variable Funds***

This feature allows libraries to share titles virtually with multiple other libraries. A library must belong to a sharing environment for this to work. A total of 19 PLP libraries would be eligible: the 8 public libraries of Peninsula Library System (Burlingame, Daly City, Menlo Park, Redwood City, San Bruno, San Mateo Public, San Mateo County and South San Francisco), as are 11 of the libraries which belong to the Overdrive Northern California Digital Library (Alameda County, Harrison Memorial Library, Monterey Public, Mountain View, Pacific Grove, Palo Alto, Pleasanton, San Benito County, Santa Clara City, Santa Cruz and Watsonville).

***Bibliotheca's cloudLibrary***

***Variable Funds***

Seventeen California Libraries have purchased Bibliotheca's cloudLibrary for digital sharing of eBooks. Each library purchases its own collection, and can share specific sections of their collection by purchasing a consortium license to cloudLibrary. Patrons of the owning library may place holds on their library's collection, but cannot place holds on another library's collection. An item checked out will count as a checkout for the owning and borrowing library, much like a virtual inter-library loan. PLP libraries include Alameda County, Los Gatos and Santa Cruz. Other California libraries include Huntington Beach, San Diego Public, Ontario City and Redondo Beach.

***Broadband***

***Variable Funds***

A disbursement of funds could be given to a jurisdiction to offset costs of allowable expenditures for Broadband needs (hardware and networking costs). Pacific Grove Library has expressed interest in this.

***Ideas Roadshow***

***approximately \$100,000 for PLP***

This new product is a multimedia database that makes research accessible. It consists of 15 scientific subjects, and has 25 authoritative leading researchers in those fields providing insight through in-depth conversations. Consumable data is in the form of videos, audio and print (eBooks and text). This has previously been focused on academics, and is moving into the public sphere. Since no other system has this, we would need to work with State Library staff to confirm eligibility (the other system coordinators believe it should be eligible for CLSA funds).

***Link+***

***Variable Funds***

This Innovative Interfaces resource sharing product works for both Innovative and non-Innovative libraries. There are two annual costs: the Inn-Reach software, and delivery. For non-Innovative customers, there is an additional cost for connection. Several PLP libraries currently use Link+, 8 survey responses were favorable, Los Gatos has expressed interest in exploring joining, and several of the libraries within MOBAC are also considering a study for benefits for Link+. Allocation of CLSA funds could include paying for a study for libraries to join, or an allocation of funds for local costs for libraries interested. Although individual costs for Link+ vary, the range would be approximately \$2,500 to over \$30,000 annually for the Inn-Reach software.

**Future Potential Use of Funds**

At the last California Library Services Board meeting, the Board approved updated language for Communications and Delivery which includes subscription tools which support the assessment of system-wide services to allow libraries to respond to the changing needs of their communities. The language must now go through the approval channel of the state, and at this time there is no update on when that process may be completed. The California State Library's interpretation of this includes subscriptions such as Analytics on Demand. Per the State Library staff, we may not include AOD in our Plan of Service, but should approval happen within FY 2018/19, we could submit a revised Plan of Service and allocate funds to AOD. Total PLP AOD costs through December 2018 are \$157,500.

**California Library Services Act Sections Related to Plan of Service (Revised, Not Approved)**

**Article 1, § 20107, Section 6:** Resource sharing refers to the allowed use of application of one or more participating libraries' resources by three or more participation libraries.

**ARTICLE 7. COMMUNICATION AND DELIVERY**

**§ 20235. Definition of Reporting Terms**

In complying with the reporting requirements of Section 20235 each system shall report the following items using the following definitions with respect to the communication, delivery, and resource sharing programs:

(a) "Message" means the transmission of a discrete body of information from one library to another by means of a telecommunications system to a single individual or institutional addressee. Many separate items of information may be contained in a single message. The same body of information transmitted to several addressees at physically distinct locations constitutes several, not one, messages. Written information physically conveyed by delivery van, U.S. Mail, or other courier services is not considered a "message" for communications and delivery reporting purposes.

(b) "Item delivered" means the physical removal of a discrete item from one library to another by means of a delivery van, U.S. Mail, courier service, or other delivery system or the delivery of digital materials. Reasonable judgement shall be exercised in determining particular "items" status (e.g., a carton containing 10,000 brochures is one - not 10,000 items).

(c) "Frequency/schedule of delivery service" means that specific (daily, twice weekly, weekly, etc.) frequency of delivery service received by member libraries. If not all members receive the same frequency of delivery service, the number of member libraries served on each differing schedule must be reported.

(d) "Other" means that when a system employs communications, or delivery methods, or shared resources, other than those specifically cited on the standard reporting forms, the system must specify the method(s) employed and separately account for the message or delivery volume for each such method. The System must describe the communication, delivery method, or shared resource and the outcome of providing it.

Authority: Section 18724, Education Code. Reference: 18724(d) and 18745, Education Code.

**§20236. Inclusion**

Unless otherwise prohibited by Education Codes 18745-18746, intra-system communication, delivery and resource sharing includes the acquisition or maintenance of technology or digital transmission products required to locate, create, or make accessible digital, virtual, or electronic material, which may also include telecommunication equipment and its installation along with service fees.

Authority: Section 18724, Education Code. Reference: 18724, 18745 and 18746, Education Code.



**To:** PLP Executive Committee  
**From:** Carol Frost, CEO  
**Subject:** FY 2018/19 PLP Contract with PLS for Administrative Services  
**Date:** May 4, 2018

PLP contracts with the Peninsula Library System (PLS) for administrative oversight. The PLS/PLP Contract for FY 2018/19 is \$775,336, which reflects a \$140,304 increase from the previous year's contract of \$635,032. Below are highlights from the proposed contract:

- When the FY 2017/18 budget was approved it included the full cost for the Assistant Director, prorated for 9 months. This FY 2018/19 proposed contract includes 95% of that position, with the remainder being charged to PLS.
- Other factors attributing to the salary cost include a 2% COLA, and \$77,900 of personnel for the NLS contract.
- This proposed contract now also includes .05 FTE time for the IT Director, to reflect the time spent supporting the PLP website, maintaining emails for contract workers and providing technical support for PLP activities.
- This contract also includes \$3,300 for mileage for staff to attend PLP related meetings within PLP and in Sacramento.

The City of San Mateo has passed a local ordinance where the minimum wage will be \$15/hour to be effective January 1, 2019, with an annual increase to \$15 plus CPI on January 1, 2020. An external consultant has been hired to review the PLS salary classifications which will be affected by the increase in the minimum wage, as well as to review any impact which may occur as a result of any salary adjustments.

**PLP/PLS CONTRACT**

July 1, 2018 to June 30, 2019

Scope of Services for PLP and NorthNet Systems

**Administration, Operation & Accounting**

- Oversee the action plan to institute strategic directions
- Coordinate and attend System Executive and Council Meetings
  - \* Prepare and distribute System Executive and Council Meeting agenda packets & minutes
  - \* Make arrangements for System Executive and Council Meetings
  - \* Prepare and submit reports to System Executive and Council Meeting regarding system activities
- Maintain systems member rosters and directories
- Prepare, monitor, and report on CLSA activities, funding and reports in consultation with System Execut
- Represent and advocate for PLP and NLS regionally, statewide and nationally
- Distribute legislative, State Library and federal/IMLS correspondence
- Coordinate with member libraries for delivery needs
- Pursue grant and other funding opportunities
- Administer and evaluate system contracts
- Explore cooperative purchasing opportunities with other systems or regions
- Prepare and monitor systems budget in consultation with System Executive Committees
- Prepare Professional Services and Contractual Services agreements
- Invoice preparation, accounts receivable and payable
- Systems acquisitions and invoice payments
- Systems narrative and financial reporting (grant & non-grant)
- Prepare annual IRS 1099 form for contractors
- Coordinate systems annual Single Audit and Financial Statements
- Prepare annual statements of LAIF interest earned, Statement of Economic Interest, etc.

**Delivery**

Provide delivery service to Silicon Valley Library members **\$26,000**

<b><u>Personnel</u></b>	<b><u>FTE</u></b>	<b><u>Total</u></b>
Chief Executive Officer	0.68	<b>\$150,262</b>
Assistant Director	0.88	<b>\$156,845</b>
Controller	0.60	<b>\$107,551</b>
Office Manager	0.63	<b>\$75,583</b>
Management Analyst	0.46	<b>\$55,932</b>
Account Clerk II	0.25	<b>\$19,655</b>
Account Clerk II	0.72	<b>\$51,401</b>
Secretary	0.50	<b>\$39,105</b>
Office Assistants	0.84	<b>\$13,846</b>
IT Director	0.05	<b>\$7,737</b>
<b>TOTAL PLP &amp; NLS Staffing Support Costs</b>	<b>5.60</b>	<b>\$677,915</b>
<i>(Time included for administering PLP and NorthNet)</i>		
<i>Director &amp; Asst Director prorated auto allowance</i>		<b>\$3,300</b>
<i>Total PLP &amp; NLS Staffing Support &amp; Auto Allow. Costs</i>		<b>\$681,215</b>
<b>10% Overhead</b>		<b>\$68,121</b>
<b>TOTAL PLS/PLP CONTRACT</b>		<b><u>\$775,336</u></b>

**Note: FY 17/18 PLP/PLS Contract**  
**\$553,665 - Admin Staffing Cost**  
**\$26,000 - Delivery**  
**\$55,367- 10% Overhead**

**To: PLP Executive Committee**  
**From: Andrew Yon, Controller**  
**Subject: Discussion of the PLP FY 2018/19 Budget**  
**Date: May 4, 2018**

### **Background**

The purpose of this memo is to provide the PLP Executive Committee with a preview of the PLP FY 2018/19 Budget.

### **Budget Summary**

Below are highlights of the PLP FY 2018/19 budget. The overall budget is \$2,076,999. Several adjustments have been made to the budget to more accurately reflect recurring annual costs which typically have been approved mid-year.

### **Administration**

#### **Revenues:**

- Participation fees of \$550,762 remain the same from the last several years.
- Other Agency revenue from administering the NorthNet library cooperative is lower. NLS issued an RFP earlier this year, which PLP responded to and was awarded. The new contract reflects a baseline of service, and the actual contract will be discussed at their Board meeting in May, which may result in an increase due to additional work to be performed. This would result in a modification of this line item.
- CLSA System Administration funds are similar to last fiscal year.
- Federal Grants have increased \$94,205 due to indirect for administration of grants for the California State Library.

#### **Expenditures:**

- The only significant increase from last year is Contractual Services, which reflects the increase in the PLS/PLP contract (this is discussed in a separate memo). This also includes the contract for Jane Light in leading the PLP Executive and Middle Management Leadership groups.
- Travel/Meetings has been modified to now include the past several years' practice of allocating \$5,400 towards the National Legislative Day in Washington DC. Adding it to this line item more accurately reflects the true annual costs of Travel, rather than adding it mid-year.
- Workshop Expenses reflects the \$10,000 approved at the January Executive Committee meeting for support for PLP Staff Development initiatives and activities. The \$5,000 allocated to the Palo Alto event in August will come from this line item.

### Communication and Delivery

- The CLSA allocation is similar to the previous fiscal year.
- The FY 2018/19 CLSA Communication and Delivery allocation is \$555,862, which includes \$262,619 unallocated funds.
- There are \$264,005 unallocated CLSA FY 2017/18 funds

### System Operations

- The Workshop Fees revenue reflects the revenue generated from the PLP Staff Development Committee's Spring Fling and Future of Libraries workshops, as well as the revenue from the PLP Executive and Middle Management Leadership groups. It is reduced from last Fiscal Year, as that included the funds for the support for PLP Staff Development initiatives and activities. That has now been moved to the Administration program budget.

### Fund Balance:

- The PLP Fund Balance is estimated to be \$1,066,500.

### Operating Reserve:

- The Operating Reserve Fund is equal to three months of the administrative costs. For Fiscal Year 2016/17, the Operating Reserve was set to 313,383. This was not changed in FY 2017/18. For FY 2018/19, three months of Operating Reserve would be \$238,221.

### Grants

- Grants will be included in the CLSA Annual Report.

### FY 18/19 PLP PROPOSED BUDGET SUMMARY

	Admin	Delivery	System Operation	TOTAL
<b>Revenue</b>				
Interest Income			\$38,000	\$38,000
Other Agencies	\$158,633	\$2,000		\$160,633
Member Fees	\$347,938		\$256,246	\$604,184
Workshop Fees			\$8,000	\$8,000
State Grant-CLSA	\$151,315	\$555,862		\$707,177
State Grant-LSTA	\$295,000	\$264,005		\$559,005
Fund Balance				\$0
<b>Total Revenue</b>	<b>\$952,886</b>	<b>\$821,867</b>	<b>\$302,246</b>	<b>\$2,076,999</b>
<b>Expenditure</b>				
Health Benefits	\$9,000			\$9,000
Communications		\$5,000		\$5,000
Mileage	\$300			\$300
Equipment Maintenance	\$4,800			\$4,800
Printing	\$4,000			\$4,000
Professional Services	\$40,000			\$40,000
Contractual Services	\$855,336	\$808,867	\$278,826	\$1,943,029
Office Expense	\$4,500	\$2,000		\$6,500
Postage		\$6,000		\$6,000
Library Materials				\$0
General Insurance	\$3,000			\$3,000
Membership Fees/Dues	\$4,500		\$15,420	\$19,920
Travel & Meetings	\$14,900			\$14,900
Education & Training	\$800			\$800
Subscriptions	\$500			\$500
Service Fees	\$400			\$400
Workshop Expenses	\$10,000		\$8,000	\$18,000
Computer Equipment	\$0			\$0
Lease Equipment	\$850			\$850
<b>Total Expenditure</b>	<b>\$952,886</b>	<b>\$821,867</b>	<b>\$302,246</b>	<b>\$2,076,999</b>
<b>Fund Balance</b>				
	<b>FY17/18</b>			
<b>Beginning Fund Balance</b>	<b>\$1,106,442</b>			
<b>Estimated Ending Fund Balance</b>	<b>\$1,066,500</b>			
<b>Reserve</b>				
	<b>FY16/17</b>			
<b>Operating Reserve</b>	<b>\$313,383</b>			



**PACIFIC LIBRARY PARTNERSHIP  
FY 2018-19 PROPOSED BUDGET**

**ADMINISTRATION (920)**

<u>GL Acct</u>	<u>Revenues</u>	Adopted FY 17/18	Proposed FY 18/19	Note
3601	Other Agencies	9,000	15,700	BALIS for Retirees (\$9K) -BALIS Reserve
		171,783	142,933	NorthNet Contract
3661	Member Fees	\$326,764	\$347,938	PLP Membership Fees (Prorated)
3667	State Grant-CLSA	139,187	138,965	CLSA System Administration Funds
	State Grant-CLSA	9,673	12,350	CLSA indirect from SimplyE and Shared eBook with Library Owned Content grants
		200,795	295,000	LSTA Grants-Indirect Costs Prior & Current Year
3668	Federal Grant			
	<b>Total Revenues</b>	<b>\$857,202</b>	<b>\$952,886</b>	<b>11.16%</b>
	<b><u>Expenditures</u></b>			
4105	Health benefits	\$9,000	\$9,000	BALIS retirees-pay from BALIS Reserves
4216	Mileage	300	300	
4217	Equipment Maintenance	4,800	4,800	copier, MIP Accounting Maint. & Support
4218	Printing	4,000	4,000	directory, letterhead
4219	Professional services	40,000	40,000	attorney fees, consultants, audit
4220	Contractual Services	772,552	855,336	PLS Contract \$775,336 Coordinator for NorthNet \$50,000 Other consultation services \$30,000
4230	Office Expense	4,500	4,500	Gale -Analytics On Demand Renewal 12/2018
4238	Library Books/Materials			(\$0) CLSA Funds
4301	General Insurance	3,000	3,000	Professional Liability Insurance-PLP Boards
4302	Member Fees/Dues	4,500	4,500	CLA, ALA , Baynet & other membership fees
		9,500	14,900	Annual Conferences (\$9.5K); Nat'l Legislature Day (\$5.4K)
4303	Travel/Meetings			
4304	Education & Training	800	800	
4305	Subscriptions	500	500	
4373	Service Fees	400	400	Credit card and banking fees
4434	Workshop Expenses	0	10,000	System-wide Non-Fee Trainings
4567	Computer Equipment	2,500	0	
4585	Lease Equipment	850	850	Postage meter
	<b>Total Expenditure</b>	<b>\$857,202</b>	<b>\$952,886</b>	<b>11.16%</b>

**PACIFIC LIBRARY PARTNERSHIP  
FY 2018-19 PROPOSED BUDGET**

**CLSA COMMUNICATIONS & DELIVERY (924)**

<u>GL Acct</u>	<u>Revenues</u>	<b>Adopted FY 17/18</b>	<b>Proposed FY 18/19</b>	<b>Note</b>
3601	Other Agencies	\$2,000	\$2,000	MOBAC Add'l Delivery Service
3667	State Library-CLSA	556,748	555,862	CLSA C & D (\$293,243); eResources (\$262,619)
		150,000	264,005	
3668	State Library-LSTA Grant			Roll-over Unallocated FY 17/18 CLSA Funds
	<b>Total Revenues</b>	<b>\$708,748</b>	<b>\$821,867</b>	<b>15.96%</b>
<b><u>EXPENDITURES</u></b>				
4212	Communication	\$5,000	\$5,000	PLP 800 Number; Fax; Landlines
4230	Office Expenses	2,000	2,000	Delivery Supplies ( tags, labels, etc)
4233	Postage	5,500	6,000	UPS & FEDEX
4238	Library Materials	150,000	-	<i>FY17/18 SimplyE &amp; Enki</i>
<b>4220</b>	Contractual Services	546,248	193,000	Delivery contracts
	<b>Systems Delivery</b>		<b>615,867</b>	Unallocated CLSA Funds
	BALIS	\$50,000		
	MOBAC	59,000		
	PLS (CLSA Fund)	58,000		
	SVLS	26,000		
	<b>Total Systems Delivery</b>	<b>\$193,000</b>		
<b>FY 18/19 CLSA Unallocated Funds</b>				<b>\$615,867</b>
<b>Total Expenditure</b>		<b>\$708,748</b>	<b>\$821,867</b>	<b>15.96%</b>

**PACIFIC LIBRARY PARTNERSHIP  
FY 2018-19 PROPOSED BUDGET**

**SYSTEM OPERATION (928)**

<u>GL Acct</u>	<u>Revenues</u>	<b>Adopted FY 17/18</b>	<b>Proposed FY 18/19</b>	<b>Note</b>
3510	Interest Income	12,000	38,000	Investments Interest Income (LAIF & CD)
3661	Member Fees	223,998	256,246	PLP Membership Fees (Prorated)
		\$8,000	\$8,000	Spring Fling & Future of Libraries, Exec & Mid-Mgmt Training
3663	Workshop Fees			
3000	Fund Balance	72,672	-	
	<b>Total Revenues</b>	<b>\$316,670</b>	<b>\$302,246</b>	<b>-4.55%</b>
4220	Contractual Services	\$311,324	\$278,826	Innovation grants (\$150K); Unallocated membership fees (\$128,826)
4302	Membership Fees	15,420	15,420	Califa membership for members
		13,912	8,000	Staff Development Fee-Based Training (\$8,000)-Future of Libraries, Mid-Mgmt Training
4434	Workshop Expenses			
	<b>Total Expenditure</b>	<b>\$340,656</b>	<b>\$302,246</b>	<b>-11.28%</b>

## **FY 2018/19 PLP Executive Committee Meeting Schedule**

Wednesday, June 27, 2018, 10 a.m. (call-in meeting)

Friday, October 19, 2018, 1 p.m.

Wednesday, January 30, 2019, 10 a.m.

Friday, May 11, 2019, at the conclusion of the PLP Annual Director's Meeting

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