



Joint Powers Authority Operations Committee

George Rodericks, Atherton (Vice Chair)
Afshin Oskoui, Belmont
Clay Holstine, Brisbane
Patrick Heisinger, East Palo Alto
Stefan Chatwin, Foster City
Matthew Chidester, Half Moon Bay (Chair)

Hannah Moran, Millbrae
Kevin Woodhouse, Pacifica
Jeremy Dennis, Portola Valley
Crystal Mui, San Carlos
Justin Mates, San Mateo County
Kevin Bryant, Woodside

**San Mateo County Library Joint Powers Authority
Operations Committee Agenda
January 31, 2023, 1:30 p.m. Teleconference Meeting**

COVID-19 ADVISORY NOTICE

Meetings of the Joint Powers Authority Operations Committee will be held by teleconference only pursuant to Government Code Section 54953(e). No physical location will be available for these meetings. However, members of the public will be able to participate in the meetings remotely via the Zoom platform by using the link below.

PUBLIC PARTICIPATION

Members of the public may join this videoconference meeting through Zoom by clicking the following link:

<https://SMCL.zoom.us/j/91945638827?pwd=bm1MK3M3YUlkOWdVMXZhZzg0MmRWZz09>

Or Telephone: +1 669 900 6833 Meeting ID: 919 4563 8827 Password: 942249

In addition, members of the public may also email written public comments in advance of the meeting to bermudez@smcl.org. Your email should include the specific agenda item on which you are commenting or note that your comment concerns an item not on the agenda or on the consent agenda. The Committee will make reasonable efforts to read into the record all emails received before the meeting. All emailed written comments, regardless of when received, will be included in the administrative record.

ADA Accommodation Requests: Individuals who require special assistance or a disability-related accommodation to participate in this meeting may contact Priscilla Bermudez before 8:00 a.m. the day of the meeting by sending an email to bermudez@smcl.org.

I. Call to Order	Action
II. Authorize Continued Use of Virtual Meetings	Action
III. Public Comments	Information
IV. Consent Agenda	Action
A. Approval of the November 8, 2022 Minutes	
B. Unapproved Minutes of the November 14, 2022 Governing Board Meeting	
C. Financial Audit Report for FY 2021-22	
V. FY 2022-23 Mid-Year Financial Report	Action
VI. Director's Report	Information
VII. Operations Committee Members Announcements	Information
VIII. Adjournment	Action

2023 Operations Committee Meetings: May 9, June 6, September 12, November 7

2023 Governing Board Meetings: February 6, May 15, June 12, September 18, November 13



To: JPA Operations Committee
From: Anne-Marie Despain, Director of Library Services
Date: January 26, 2023
Meeting: January 31, 2023
Re: Authorize Continued Use of Virtual Meetings

Background

On September 16, 2021, Governor Newsom signed into law Assembly Bill 361 (AB 361) which sets forth remote meeting requirements and procedures for local legislative bodies during a proclaimed state of emergency. Specifically, AB 361 allows a local legislative body to continue holding remote meetings between October 1, 2021 and January 1, 2024 under the following circumstances:

- Automatically whenever the legislative body holds a meeting during a proclaimed state of emergency, and state or local officials have imposed or recommended measures to promote social distancing; or
- When the legislative body holds a meeting during a proclaimed state of emergency for the purpose of determining, by majority vote, whether as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees; or
- When the legislative body holds a meeting during a proclaimed state of emergency and has determined, by majority vote that, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

Once the Operations Committee complies with AB 361, traditional Brown Act rules for remote meetings are suspended—specifically, requirements that (a) the Commission make available a physical location to observe the meeting or to make public comment and (b) teleconference locations each have posted notices or agendas, be accessible to the public, and be identified by address on the agenda. In addition, the following procedures apply to the remote meetings:

- AB 361 forbids agencies from requiring public comment to be submitted in advance and requires an opportunity to address the public/Committee in real time.
- AB 361 regulates, for the first time, the rules and procedures for opening and closing a public comment period for agenda items. Specifically, a reasonable time for indicating a desire to comment (i.e., to use the “raise hand” feature in Zoom) must be provided.

- AB 361 prohibits agencies from taking action on agenda items when there is a disruption to the teleconference proceedings or technical failure on the agency's end which prevents members of the public from making comments, until public access is restored, and creates a cause of action to challenge agency actions taken during a disruption to public access.
- Notwithstanding Brown Act prohibitions on requiring attendees to register their names as a condition of meeting attendance, AB 361 expressly authorizes agencies to use third-party teleconference platforms that require registration (i.e., Zoom requiring an attendee to include their email).

Discussion

Under AB 361, the Operations Committee's ability to hold remote meetings is not automatically extended and, in order to continue holding remote meetings for the next 30 days, the Operations Committee must determine, by majority vote that, as a result of the proclaimed state emergency, meeting in person would present imminent risks to the health or safety of attendees. Therefore, it is recommended that the Operations Committee invoke the provisions of AB 361 for its November 2022 and February 2023 meetings.

Recently, Governor Newsom announced that the COVID-19 State of Emergency will end on February 28, 2023. While AB 361 does not sunset until December 31, 2024, the Governor would need to declare another State of Emergency for Brown Act bodies to be able to return to an all-virtual meeting format. This is not expected to occur.

The newly passed legislation, AB 2449 changes the current rules under which members of Brown Act bodies can attend meetings remotely. However, a majority of the Operations Committee members would be required to attend meetings in person and the options for remote attendance are quite limited, and to plan and allow for such options would cause a significant administrative burden.

Thus, with reasonable certainty, starting on March 1, 2023, Brown Act bodies will be required to meet in person once again. Members of those bodies would only have the option to attend meetings remotely under the stricter provisions of AB 2449 or traditional Brown Act teleconference requirements.

Fiscal Impact

There is no fiscal impact associated with the continued use of virtual JPA Operations Committee meetings.

Recommendation

Approve the continued use of virtual JPA Operations Committee meetings, as a result of the continuing COVID-19 State of Emergency and based on findings that meeting in person would present risks to the health or safety of attendees.



San Mateo County Libraries Joint Powers Authority
Operations Committee Meeting
Minutes of November 8, 2022

Board Members Present:

George Rodericks, Atherton (Vice Chair)
Afshin Oskoui, Belmont
Clay Holstine, Brisbane
Patrick Heisinger, East Palo Alto
Stefan Chatwin, Foster City
Matthew Chidester, Half Moon Bay (Chair)
Hannah Moran, Millbrae
Kevin Woodhouse, Pacifica
Jeremy Dennis, Portola Valley
Crystal Mui, San Carlos
Justin Mates, San Mateo County
Kevin Bryant, Woodside

Staff Present:

Anne-Marie Despain
Danae Ramirez
Carine Risley
Priscilla Bermudez

-
- I. Call to Order. The meeting was called to order at 1:34 p.m. Chair Chidester introduced and welcomed new Operations Committee member Hannah Moran, Acting Recreation Director for Millbrae.
 - II. Authorize Continued Use of Virtual Meetings. Staff is recommending that as a result of the continuing COVID-19 pandemic and findings that meeting in person would present risks to the health and safety of attendees, that the committee invoke the provisions of AB 361 and continue to meet virtually.

Motion: Approve continued use of virtual JPA Operations Committee meetings.
Passed (MSP: Oskoui/Woodhouse).
 - III. Public Comments. None.
 - IV. Consent Agenda. The Consent Agenda included the September 13, 2022 Minutes, Unapproved Minutes of the September 19, 2022 Governing Board Meeting, Approval of the Procurement Policy and Approval of the Regular Meeting Schedule for 2023. Member Holstine asked if a hybrid option would be available for 2023 meetings. Chair Chidester confirmed the next meeting would be virtual and more information regarding hybrid options or alternative meeting locations would be forthcoming.

Motion: Approve the Consent Agenda without changes. Passed (MSP: Holstine/Woodhouse).

- V. Library Workforce Report. Deputy Director Ramirez provided an overview of the Library Workforce Report. Accomplishments include opening new libraries, providing 140 additional service hours to the public each week, and expanding services and collections. Deputy Director Ramirez also emphasized how the organization is working to support the well-being of employees and plans to promote professional growth opportunities to retain and develop staff. Member Oskoui thanked staff for putting together the report as requested at the September meeting.
- VI. Director's Report. Director Despain shared highlights from the Director's Report including: Atherton Library's receipt of the AIA's Climate Action Award; status of makerspace projects, the purchase and updating of furniture for all locations; and the outcome of the state library infrastructure grant applications. Director Despain also called attention to changes to the 2023 Library Holidays and Closure dates, personnel updates, and first quarter statistics. Chair Chidester asked about the utilization of the free printing and afterschool programming— staff will provide this information when enough relevant data is available.
- VII. Operations Committee Member Announcements. Director Despain invited Operations Committee members to attend the November 14 Governing Board meeting at Atherton Library to honor outgoing Governing Board members.
- VIII. Adjournment. The meeting adjourned at 2:00 p.m.



San Mateo County Libraries Joint Powers Authority
Governing Board Meeting
Minutes of November 14, 2022

Board Members Present:

Elizabeth Lewis, Atherton
Charles Stone, Belmont
Sanjay Gehani, Foster City
Reuben Holoher, Millbrae
Mike O' Neill, Pacifica
Maryann Moise Derwin, Portola Valley
Sara McDowell, San Carlos (Chair)
Carole Groom, San Mateo County
Dick Brown, Woodside

Staff Present:

Anne-Marie Despain
Danae Ramirez
Carine Risley
Lindsey Freeland
Priscilla Bermudez

Others Present:

Matthew Chidester, Operations
Committee Chair
Justin Mates, San Mateo County
George Rodericks, Atherton
Tygarjas Bigstyk, Pacifica

I. Call to Order. The meeting was called to order at 8:23 a.m. by Chair McDowell.

II. Public Comments. None.

III. Consent Agenda. The Consent Agenda included the Approval of the September 19, 2022, Approval of the Procurement Policy and Approval of the Regular Meeting Schedule for 2023.

Motion: Approve the Consent Agenda without changes. Passed (MSP: Stone/Gehani).

IV. Library Workforce Report. Deputy Director Ramirez provided an overview of the Library Workforce Report. Accomplishments include opening new libraries, providing 140 additional service hours to the public each week, and expanding services and collections. Deputy Director Ramirez also emphasized how the organization is working to support the well-being of employees and plans to promote professional growth opportunities to retain and develop staff. Member Stone asked if staff have thought of creative hiring solutions to promote retention. Deputy Director Ramirez shared some current strategies that are being implementing such as highlighting benefits that the County offers, promoting opportunities on social media and job boards, and engaging in more in-person outreach. Member Brown asked if there has been an increase in hiring more staff with language skills. Deputy Director Ramirez confirmed that 37% percent of permanent staff speak a language other than English.

- V. Director's Report. Director Despain shared highlights from the Director's Report including the Atherton Library's receipt of the AIA's Climate Action Award; updates on library improvements involving renovation projects, makerspace projects and the addition of furniture for all locations; and the outcome of the state library infrastructure grant applications. Director Despain also called attention to changes to the 2023 Library Holidays and Closure dates, personnel updates and first quarter statistics.
- VI. Governing Board Member Announcements. Member Derwin shared about her experience hosting the Author Talk with *How the Other Half Eats* author Priya Fielding-Singh on November 7. Member Stone shared that he attended the Author Talk featuring Huân Phan author of *To Distant Shores* at the Belmont Library on November 12. Chair McDowell announced that she will be bringing forward an agenda item at the San Carlos city council meeting to write a letter to state legislatures requesting flexibility for regional boards like the Governing Board to meet remotely and offered to share the letter with other members that are interested once it's finalized.
- VII. Recognition of Outgoing Members. Chair McDowell and Director Despain recognized outgoing members Sanjay Gehani (1 year), Regina Wallace-Jones (4 years), Reuben Holober (9 years), Charles Stone (9 years), Mike O'Neill (10 years), Carole Groom (14 years) and Maryann Derwin (17 years). Chair McDowell thanked each outgoing member and shared their accomplishments and impact, members shared remarks and gratitude, and each was presented with a Certificate of Appreciation commemorating their years of service on the Board.
- VIII. Adjournment and Tour of Atherton Library. The meeting adjourned at 9:08 a.m.



To: JPA Operations Committee
From: Anne-Marie Despain, Director of Library Services
Lindsey Freeland, Financial Services Manager
Date: January 26, 2023
Meeting: January 31, 2023
Re: Financial Audit Report for FY 2021-22

Background

San Mateo County Libraries contract with a qualified independent Certified Public Accountant to annually audit the financial statements from the prior year. An audit of financial statements includes testing of internal controls as well as identification of matters relevant to the Library's responsibility in overseeing financial procedures and reporting.

Discussion

JJACPA, Inc., has completed the audit for the Library's basic financial statements for the year ended June 30, 2022. Attached are their following reports: 1) Communication with those Charged with Governance and Communication of Internal Control Related Matters and 2) Basic Financial Statements for the Year Ended June 30, 2022.

Highlights of the Communication of Internal Control Related Matters are noted below:

- There were no matters uncovered which would require reporting under professional accounting standards about 1) the methods used to account for significant unusual transactions and 2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance.
- There were no identified deficiencies in internal controls considered to be material weaknesses. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.
- As part of obtaining reasonable assurance about whether the Library's financial statements are free from material misstatement, tests performed of its legal and regulatory compliance disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Highlights of the Basic Financial Statements for the Year Ended June 30, 2022, are noted below:

- The financial statements of the Library have been prepared in conformity with accounting principles generally accepted in the United States. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In accordance with GASB Statement No. 34, the Library has selected the single governmental fund (General Fund) presentation since this reflects the most concise and easily readable presentation for the Library's operations.
- At June 30, 2022, the Library's net position increased to \$39,488,555 from \$34,694,198 in 2021, as shown in the Governmental Funds Balance Sheet/Statement of Net Position on Page 13.
- Operating expenses decreased \$2,544,868 principally because in the prior year, FY 2020-21, expenses were inflated by the one-time advancement to the Town of Atherton to support construction of their new library.
- General revenues increased by \$2,744,957 principally from increases to secured property taxes and Excess ERAF. Program revenues decreased by \$1,889,553 primarily because the Town of Atherton's second repayment of loan did not occur until FY 2022-23, so there is no repayment reflected in FY 2021-22. In FY 2020-21, payment was transferred by fiscal year end, in the amount of \$1,951,424.
- Additionally, the year was marked with a number of significant accomplishments and system improvements reflecting the Library's values and priorities and highlighted on pages 3-5 of the report.

Fiscal Impact

There is no fiscal impact associated with accepting this report.

Recommendation

Recommend Library JPA Operations Committee accept the Financial Audit Report for FY 2021-22.

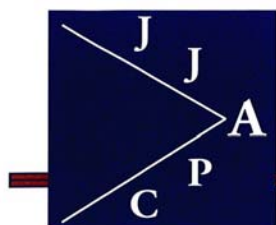
Attachments

1. Communication with Those Charged with Governance and Communication of Internal Control Related Matters, June 30, 2022
2. Basic Financial Statements for the Year Ended June 30, 2022

SAN MATEO COUNTY LIBRARY JPA

**COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE AND
COMMUNICATION OF INTERNAL CONTROL RELATED MATTERS**

JUNE 30, 2022



JJACPA, Inc.

A Professional Accounting Services Corp.

January 19, 2023

To the Governing Board
San Mateo County Library
San Mateo, California

We have audited the basic financial statements of the San Mateo County Library as of and for the year ended June 30, 2022, and have issued our report thereon dated January 19, 2023. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated September 19, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the San Mateo County Library solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

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

Compliance with All Ethics Requirements Regarding Independence

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

Planned Scope and Timing of the Audit

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

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by San Mateo County Library is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2021-22. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are useful lives of capital assets ("useful lives").

Management's estimate of the useful lives is based on experience with and observation of capital assets, by category (e.g. infrastructure) as well as industry standards, when applicable (i.e. buildings). We evaluated the key factors and assumptions used to develop the useful lives and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the San Mateo County Library's financial statements relate to commitments and contingencies.

Significant Difficulties Encountered during the Audit

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

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Management has corrected all identified misstatements.

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

Disagreements with Management

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

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter January 19, 2023.

Management's Consultations with Other Accountants

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

Other Significant Findings or Issues

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

Communication of Internal Control Related Matters

In planning and performing our audit of the financial statements of San Mateo County Library as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered San Mateo County Library's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of San Mateo County Library's internal control over financial reporting.

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

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

These communications are intended solely for the information and use of the Governing Board and management of the San Mateo County Library and are not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Joseph J. Arch, CPA

JOSEPH J. ARCH, CPA
President/CEO
JJACPA, INC.

SAN MATEO COUNTY LIBRARY
JOINT POWERS AUTHORITY
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2022

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San Mateo County Library Joint Powers Authority
Basic Financial Statements
For the year ended June 30, 2022

Table of Contents

	<u>Page</u>
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	3
Basic Financial Statements:	
Governmental Funds Balance Sheet/Statement of Net Position	13
Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance/ Statement of Activities	14
Notes to Basic Financial Statements	15
Required Supplementary Information.....	29
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.....	31

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INDEPENDENT AUDITOR'S REPORT

To the Governing Board of the
San Mateo County Library Joint Powers Authority
San Mateo, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the major fund of the San Mateo County Library Joint Powers Authority (Library), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Library, as of June 30, 2022, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–11 and 29 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2023 on our consideration of the Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Library's internal control over financial reporting and compliance.

January 19, 2023

JJACPA, Inc.
JJACPA, Inc.
Dublin, CA

San Mateo County Library Joint Powers Authority

Management's Discussion and Analysis

For the year ended June 30, 2022

Management's Discussion and Analysis

This section of the San Mateo County Library Joint Powers Authority's (Library) basic financial statements presents management's discussion and analysis of the Library's financial performance during the fiscal year ended June 30, 2022. 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 the Library's basic financial statements (pages 13 and 14) and the footnotes (pages 15 - 25).

Financial Highlights & Accomplishments

At June 30, 2022, the Library's net position increased to \$39,488,555 from \$34,694,198 in 2021, which includes additions of \$801,205 and deletions of \$9,890 in capital assets, all shown in the Governmental Funds Balance Sheet/Statement of Net Position on Page 13. Additionally, changes to net position resulted from the following items shown in the Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balances/Statement of Activities on Page 14:

- Operating expenses decreased \$2,544,868 principally because in the prior year, FY 2020-21, expenses were inflated by the one-time advancement to the Town of Atherton to support construction of their new library (\$5,391,725).
- Program revenues decreased by \$1,889,553 primarily because the Town of Atherton's second repayment of loan did not occur until FY 2022-23, so there is no repayment reflected in FY 2021-22. In FY 2020-21, payment was transferred by fiscal year end, in the amount of \$1,951,424. General revenues increased by \$2,744,957 principally from increases to secured property taxes and Excess ERAF.

The year was marked with a number of significant accomplishments and system improvements reflecting the Library's values and priorities. Some of these include:

Vital Support

- Extended weekend and evening hours at all locations, providing more in-person opportunities and equitable access to library services.
- Distributed over 25,000 COVID-19 test kits and 10,000 masks to our communities.
- Expanded our free meals service to North Fair Oaks Library, increasing the number of meals delivered and people supported with this essential service.
- Increased job resource offerings through new eResources to provide access to thousands of work and business-related educational courses and tips on how to build a resume, job seek, interview and more.
- Launched a dedicated mental health awareness webpage to highlight our free mental health resources, including yoga, meditation, tai chi, and access to Calm, a mindfulness app.
- Provided the public with important information about rental assistance, small business grants, COVID-19 testing and more – amplifying the County's efforts to support residents during the pandemic.

San Mateo County Library Joint Powers Authority
Management's Discussion and Analysis
For the year ended June 30, 2022

Financial Highlights & Accomplishments – continued

Community Impact

- Received the highest national award by Library Journal by being named a 5-Star Library, which highlights our commitment to serving our patrons and the value our communities place on our library services.
- Selected to be a Charter Member of the New Face of Library Makerspaces Collective, a national initiative that prioritizes inclusive community-building and supports libraries in creating makerspaces and programs.
- Created a new program, Equity Through Art, in partnership with the County's Office of Equity and Social Justice, to highlight the complex history of Black, Indigenous, People of Color in San Mateo County.
- Launched a new Empower Card to simplify and expand student access to library resources. Empower Cards seamlessly connect students of all ages to powerful learning tools for use in the classroom or at home.
- Prioritized programming that reflects diverse backgrounds and experiences, strengthening partnerships with the San Mateo Pride Center and the Center for Independence of Individuals with Disabilities, and picked up new programs such as Jazz & Friends Community Readings supporting trans and nonbinary youth.
- Launched a new mobile app, enhancing the digital San Mateo County Libraries experience. The new app allows patrons to check out and return books themselves using personal mobile devices.

Exploration and Growth

- Began offering California State Parks passes for checkout as part of a statewide program. Along with the passes, backpacks with other useful items including binoculars and identification guides were also provided.
- Supported community members in reaching personal goals such as reading a book, working on a high school diploma or taking the citizenship test through our adult literacy tutoring programs.
- Expanded our in-person ESL conversation club and LEAMOS learning circle, a program that supports Spanish-speakers in learning to read and write in their native language, to the North Fair Oaks Library.
- Reached 976 rising K-3rd graders across seven school districts during The Big Life Inspiring Summers program, which helps prevent the loss of learning that can happen over the summer. On average, youth gained 1.5 months in literacy and a half month in math skills.
- Staff-developed STEAM (science, technology, arts, and math) programming was provided at all of our libraries where it was much appreciated and celebrated by families.
- Provided middle school students free Saturday field trips focused on environmentalism with hands-on activities in partnership with Sustainable Future Outdoor Academy. The free outings provided many children an alternative to the traditional outdoor education trips they may have missed due to the pandemic.
- Offered outdoor storytimes as a safer way for little ones to reconnect in person. Families quickly adapted with us, ready to take in stories in our beautiful outdoor spaces and nearby neighborhood parks.

**San Mateo County Library Joint Powers Authority
Management's Discussion and Analysis, Continued
For the year ended June 30, 2022**

Financial Highlights & Accomplishments – continued

Inviting Spaces

- Opened the new, 7,670 square-foot Brisbane Library. The space includes a Makerspace and Community Room, dedicated Children's Room and Garden, Teen Space, Quiet Room and History Room. This beautiful building also won a AIASF People's Choice Design Award.
- Opened the new, 9,600 square-foot Atherton Library. With its dedicated children's, teen and adult areas, makerspace, digital lab and Willie Mays room, the library was created with every age in mind. The expansive layout, large picture windows and inviting spaces are the perfect location to enjoy a variety of programs.
- Engaged with our communities by participating in local events in connection with schools and nonprofits and by hosting booths at community street fairs and other community gatherings.

San Mateo County Library Joint Powers Authority
Management's Discussion and Analysis, Continued
For the year ended June 30, 2022

Using This Report

In December 1998, the Governmental Accounting Standards Board (GASB) released statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, which revised the reporting of property tax revenue. In June 1999, 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 presentation for the entity as a whole and conversion of fund based information to this entity wide perspective. The major reconciling items necessary were capitalization and depreciation of capital assets and recording of long-term compensated absences. The Library has selected the single governmental fund (General Fund) presentation since this reflects the most concise and easily readable presentation for the Library'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.

Financial Analysis of the Library as a Whole

Net Position As of June 30, 2022 and 2021				
	2022	2021	Increase (Decrease)	Percent Change
Assets:				
Current assets	\$ 53,965,062	\$ 44,467,508	\$ 9,497,554	21.4%
Non-current assets	1,960,027	1,435,225	524,802	36.6%
Total assets	55,925,089	45,902,733	10,022,356	21.8%
Liabilities				
Current liabilities	15,840,996	10,591,263	5,249,733	49.6%
Non-current liabilities	595,538	617,272	(21,734)	-3.5%
Total liabilities	16,436,534	11,208,535	5,227,999	46.6%
Net position:				
Net investment in capital assets	1,960,027	1,435,225	524,802	36.6%
Unrestricted	37,528,528	33,258,973	4,269,555	12.8%
Total net position	<u>\$ 39,488,555</u>	<u>\$ 34,694,198</u>	<u>\$ 4,794,357</u>	13.8%

This schedule is prepared from the Library's Statement of Net Position (page 13), which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated.

Net position at June 30, 2022, increased to \$39,488,555 from \$34,694,198 in 2021 primarily due to increases in secured property tax funds, including Excess ERAF. The Library had compensated absences of \$595,538 at year-end. Current liabilities consisted of accounts payable with the accompanying sales tax payable as well as accrued payroll for contracted salaries and benefits.

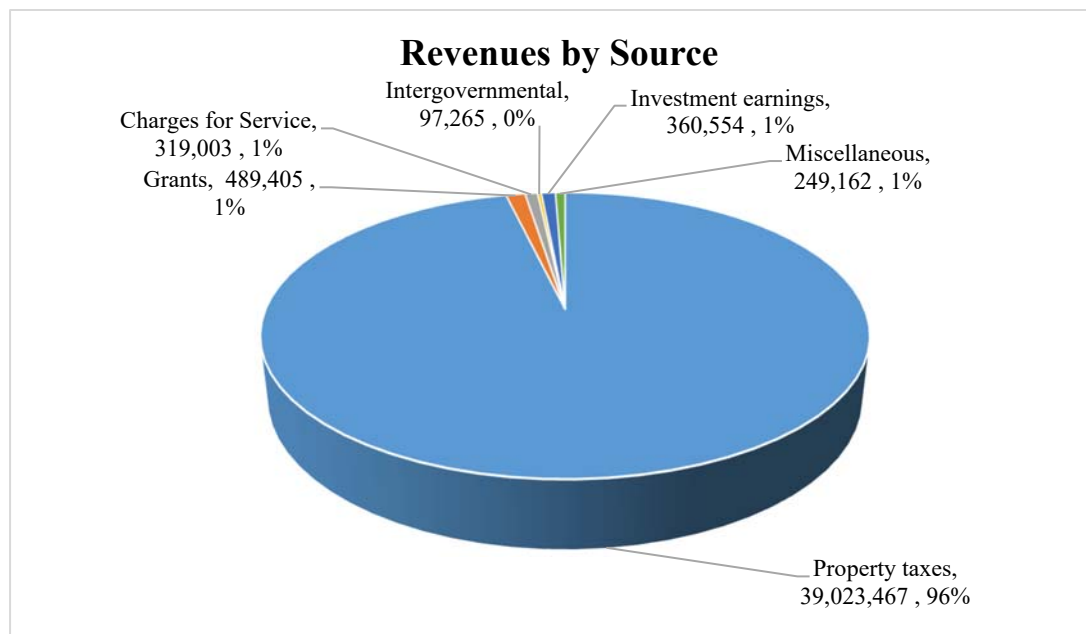
San Mateo County Library Joint Powers Authority
Management's Discussion and Analysis, Continued
For the year ended June 30, 2022

Financial Analysis of the Library as a Whole – continued

	2022	2021	Increase (Decrease)	Percent Change
Operating expenses	\$ 35,744,499	\$ 38,289,367	\$ (2,544,868)	-6.6%
Program revenue:				
Intergovernmental	97,265	96,939	326	0.3%
Grants	489,405	2,496,761	(2,007,356)	-80.4%
Charges for services	319,003	201,526	117,477	58.3%
Total program revenue	905,673	2,795,226	(1,889,553)	-67.6%
Net operating expenses	34,838,826	35,494,141	(655,315)	-1.8%
General revenue:				
Property taxes	39,023,467	35,868,574	3,154,893	8.8%
Investment earnings	360,554	462,307	(101,753)	-22.0%
Miscellaneous	249,162	557,345	(308,183)	-55.3%
Total general revenue	39,633,183	36,888,226	2,744,957	7.4%
Increase in net position	4,794,357	1,394,085	3,400,272	243.9%
Net position:				
Beginning of the year	34,694,198	33,300,113	1,394,085	4.2%
End of the year	<u>\$ 39,488,555</u>	<u>\$ 34,694,198</u>	<u>\$ 4,794,357</u>	13.8%

Program revenues decreased by \$1,889,553 primarily because the Town of Atherton's second repayment of loan did not occur until FY 2022-23, so there is no repayment reflected in FY 2021-22. In FY 2020-21, payment was transferred by fiscal year end, in the amount of \$1,951,424. General revenues increased by \$2,744,957 principally from increases to secured property taxes and Excess ERAF.

The following is a graphic illustration of revenues by source for the year ended June 30, 2022:



San Mateo County Library Joint Powers Authority
Management's Discussion and Analysis, Continued
For the year ended June 30, 2022

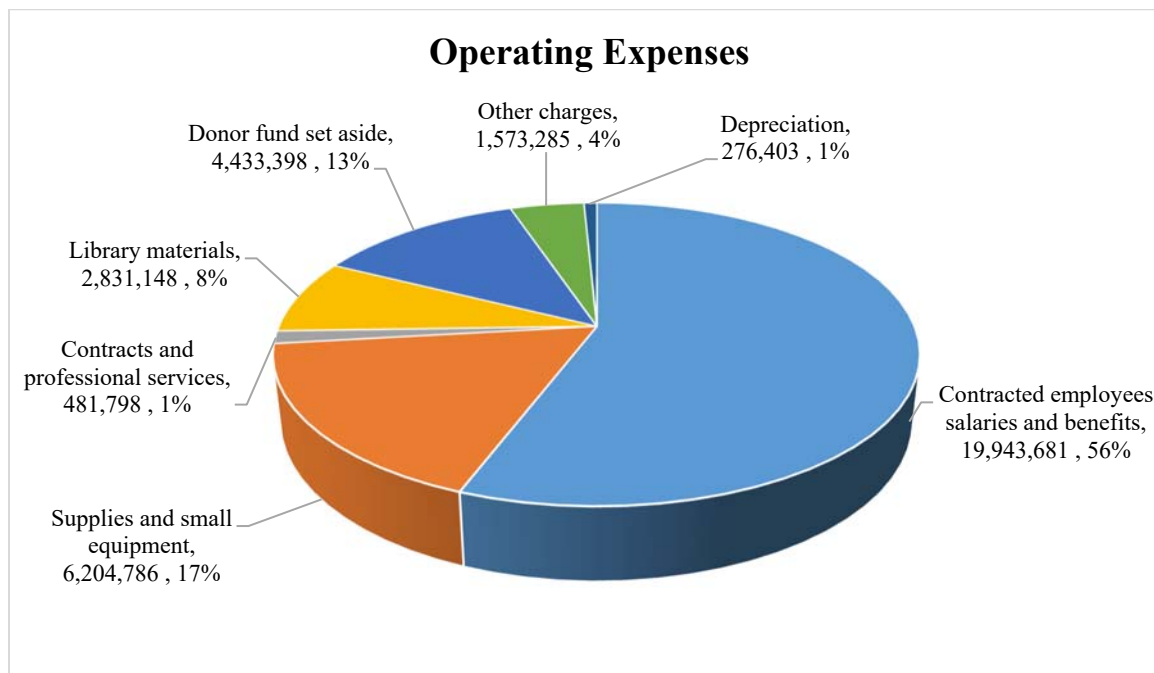
Financial Analysis of the Library as a Whole – continued

Operating Expenses
For the years ended June 30, 2022 and 2021

	2022	2021	Increase (Decrease)	Percent Change
Operating expense:				
Contracted employees salaries and benefits	\$ 19,943,681	\$ 17,733,967	\$ 2,209,714	12.5%
Supplies and small equipment	6,204,786	11,009,547	(4,804,761)	-43.6%
Contracts and professional services	481,798	450,720	31,078	6.9%
Library materials	2,831,148	2,734,715	96,433	3.5%
Donor fund set aside	4,433,398	4,257,571	175,827	4.1%
Other charges	1,573,285	1,887,749	(314,464)	-16.7%
Depreciation	276,403	215,098	61,305	28.5%
Total operating expenses	\$ 35,744,499	\$ 38,289,367	\$ (2,544,868)	-6.6%
Net investment in capital assets	\$ 1,960,027	\$ 1,435,225	\$ 524,802	36.6%

Operating expenses decreased \$2,544,868 principally because in the prior year, FY 2020-21, expenses were inflated by the one-time advancement to the Town of Atherton to support construction of their new library (\$5,391,725).

The following is a graphic illustration of operating expenses for June 30, 2022:



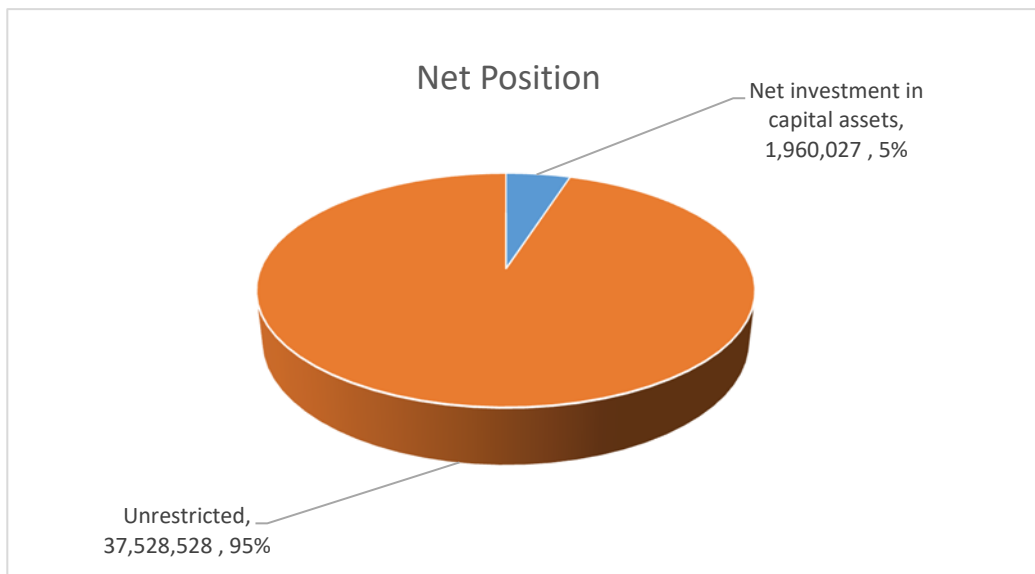
**San Mateo County Library Joint Powers Authority
Management's Discussion and Analysis, Continued
For the year ended June 30, 2022**

Financial Analysis of the Library as a Whole – continued

Analysis of Net Position As of June 30, 2022 and 2021				
	2022	2021	Increase (Decrease)	Percent Change
Net Position:				
Net investment in capital assets	\$ 1,960,027	\$ 1,435,225	\$ 524,802	36.6%
Unrestricted	37,528,528	33,258,973	4,269,555	12.8%
Total	<u>\$ 39,488,555</u>	<u>\$ 34,694,198</u>	<u>\$ 4,794,357</u>	13.8%

The \$4,794,367 increase in net position is primarily due to increases in secured property taxes, including Excess ERAF.

The following is a graphic illustration of net position as of June 30, 2022:



ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the Library budget for fiscal year 2022-2023, the Governing Board and management used the following criteria:

The key assumptions in the revenue forecast were:

Secured property tax revenues are expected to increase at a rate of 4% based on actual receipts in the current year and growth in prices and appraised property values. Library revenue from secured property taxes (taxes assessed against real property) is estimated at \$27.1 million, and unsecured taxes (taxes on aircraft and commercial equipment largely generated from businesses at San Francisco International Airport) are estimated at \$1.2 million.

Continued State transfer of excess Educational Revenue Augmentation Fund (ERAF) revenue is estimated at \$5.0 million.

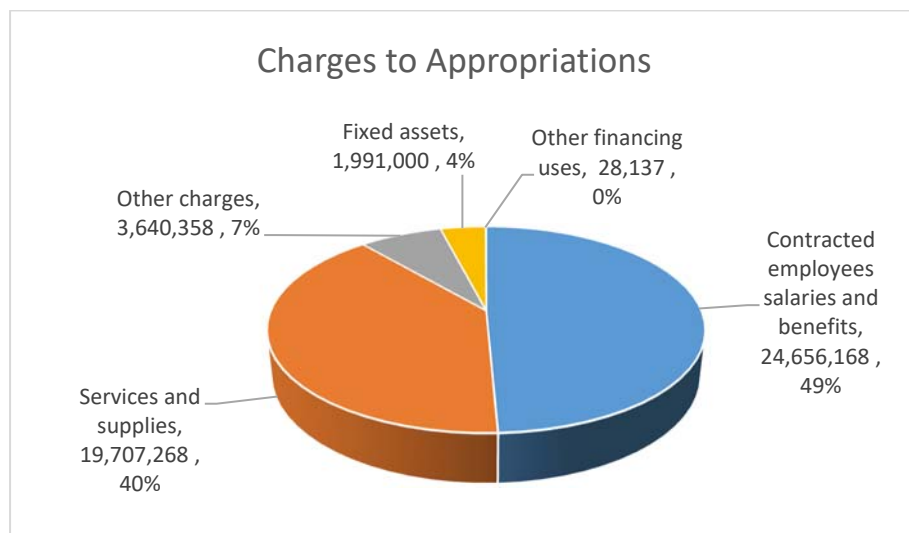
San Mateo County Library Joint Powers Authority
Management's Discussion and Analysis, Continued
For the year ended June 30, 2022

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES - continued

The adopted budget for the new fiscal year 2022-22 was \$72,053,116, including reserves of \$27,152,280, and is summarized as follows:

	FY 2022-23	FY 2021-22	Increase (Decrease)	Percentage change
Contracted employees salaries and benefits	\$ 24,656,168	\$ 21,923,337	\$ 2,732,831	12.5%
Services and Supplies	19,707,268	17,636,402	2,070,866	11.7%
Other charges	3,640,358	3,618,604	21,754	0.6%
Fixed Assets	1,991,000	1,691,506	299,494	17.7%
Other Financing Uses	28,137	30,987	(2,850)	-9.2%
Total budget	\$ 50,022,931	\$ 44,900,836	\$ 5,122,095	11.4%

1. Contracted employee's salaries and benefits – Shows an increase of 12.5% primarily due to the addition of 11 new positions and County negotiated salary and benefit increases.
2. Services and Supplies – Shows an increase of 11.7% primarily due to significant allocations for one-time projects, including furniture and shelving updates for facilities, construction of new makerspaces, and enhancements to the collections budget.
3. Other charges – Shows an increase of 0.6% primarily due to small adjustments to County service charges.
4. Fixed Assets – Shows an increase of 17.7% due to significant one-projects, including purchasing three library lending machines, a makermobile, a new bookmobile, and other IT projects.
5. Other Financing Uses – Shows a decrease of 9.2% due to adjustments in County facility charges.



**San Mateo County Library Joint Powers Authority
Management's Discussion and Analysis, Continued
For the year ended June 30, 2022**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES - continued

Contacting the Library

This financial report is designed to provide customers and creditors with a general overview of the Library's finances and to demonstrate the Library's accountability for the money it receives and is allocated to it. For questions about this report, contact Lindsey Freeland, Financial Services Manager with San Mateo County Libraries, freeland@smcl.org, (650) 312-5236. Inquiries by mail can be sent to the San Mateo County Library Joint Powers Authority, Attention Finance, 125 Lessingia Court, San Mateo, CA 94402.

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San Mateo County Library Joint Powers Authority
Governmental Funds Balance Sheet/Statement of Net Position
June 30, 2022
(With comparative totals for June 30, 2021)

	General Fund	Adjustments (Note 5)	Statement of Net Position	2021
ASSETS				
Cash and investments	\$ 44,570,903	\$ -	\$ 44,570,903	\$ 39,612,192
Cash and investments - restricted	9,278,334	-	9,278,334	4,765,835
Interest receivable	114,630	-	114,630	89,481
Other receivables	1,195	-	1,195	-
Capital assets, net of accumulated depreciation	-	1,960,027	1,960,027	1,435,225
Total assets	\$ 53,965,062	\$ 1,960,027	\$ 55,925,089	\$ 45,902,733
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts and sales tax payable	\$ 891,357	\$ -	\$ 891,357	\$ 889,308
Other current liabilities	4,433,398	-	4,433,398	3,897,742
Eligible donor fund set aside	9,278,334	-	9,278,334	4,765,835
Accrued payroll	1,237,907	-	1,237,907	1,038,378
Compensated absences	-	595,538	595,538	617,272
Total liabilities	15,840,996	595,538	16,436,534	11,208,535
Fund balances/Net position:				
Nonspendable	2,070	(2,070)	-	-
Committed	38,121,996	(38,121,996)	-	-
Total fund balances	38,124,066	(38,124,066)	-	-
Total liabilities and fund balances	\$ 53,965,062			
NET POSITION				
Net investment in capital assets		1,960,027	1,960,027	1,435,225
Unrestricted		37,528,528	37,528,528	33,258,973
Total net position		\$ 39,488,555	39,488,555	34,694,198
Total liabilities and net position			\$ 55,925,089	\$ 45,902,733

The accompanying notes are an integral part of these financial statements

San Mateo County Library Joint Powers Authority
Statement of Governmental Fund Revenues, Expenditures, and
Changes in Fund Balances/Statement of Activities
For the year ended June 30, 2022
(With comparative totals for the year ended June 30, 2021)

	General Fund	Adjustments (Note 6)	Statement of Activities	2021
EXPENDITURES/EXPENSES:				
Contracted employees salaries and benefits	\$ 19,965,415	\$ (21,734)	\$ 19,943,681	17,733,967
Supplies and small equipment	6,204,786	-	6,204,786	11,009,547
Contracts and professional services	481,798	-	481,798	450,720
Library materials	2,831,148	-	2,831,148	2,734,715
Donor fund set aside	4,433,398	-	4,433,398	4,257,571
Other charges	1,573,285	-	1,573,285	1,887,749
Capital outlay	801,205	(801,205)	-	-
Depreciation	-	276,403	276,403	215,098
Total expenditures/expenses	36,291,035	(546,536)	35,744,499	38,289,367
REVENUES:				
Program revenues:				
Intergovernmental	97,265	-	97,265	96,939
Grants	489,405	-	489,405	2,496,761
Charges for services	319,003	-	319,003	201,526
Total program revenues	905,673	-	905,673	2,795,226
Net program expenses	35,385,362	(546,536)	34,838,826	35,494,141
General revenues:				
Property taxes	39,023,467	-	39,023,467	35,868,574
Investment earnings	360,554	-	360,554	462,307
Miscellaneous	249,162	-	249,162	557,345
Total general revenues	39,633,183	-	39,633,183	36,888,226
REVENUES OVER (UNDER)				
EXPENDITURES	4,247,821			
CHANGE IN NET POSITION		546,536	4,794,357	1,394,085
FUND BALANCES/NET POSITION:				
Beginning of the year	33,876,245	817,953	34,694,198	33,300,113
End of the year	<u>\$ 38,124,066</u>	<u>\$ 1,364,489</u>	<u>\$ 39,488,555</u>	<u>\$ 34,694,198</u>

The accompanying notes are an integral part of these financial statements

San Mateo County Library Joint Powers Authority
Notes to Basic Financial Statements
For the year ended June 30, 2022

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The San Mateo County Library Joint Powers Authority (Library) is a Joint Exercise of Powers Agency, which is a library service organization comprised of the cities of Atherton, Belmont, Brisbane, East Palo Alto, Foster City, Half Moon Bay, Millbrae, Pacifica, Portola Valley, San Carlos, and Woodside and the County of San Mateo. The Library was formed on January 11, 1999, under Government Code Section 6500 et. seq. A restated Joint Powers Agreement was approved by the Governing Board and its member agencies and took effect as of May 31, 2004, to clarify various administrative, property, and service issues, which were not included in the original agreement. The agreement was updated again in December 2018 to reflect changes pertaining to the manner in which County tax revenues are allocated to the JPA members.

The Library is governed by a Board consisting of representatives from each member entity. Oversight responsibility, the ability to conduct independent financial affairs, issue debt instruments, approve budgets, sign contracts, and otherwise influence operations and account for fiscal matters is exercised by the Library's Governing Board. The Library is a separate reporting entity for financial reporting purposes and the accompanying financial statements reflect the assets, liabilities, fund balances/net position, revenues, and expenditures/expenses of the Library only.

The financial statements of the Library 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. When applicable, certain prior year amounts have been reclassified to conform to current year presentation. The following is a summary of the more significant policies:

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

A. Reporting Entity

As defined by GASB Statement No. 39, *The Financial Reporting Entity*, the Library 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 the Library are such that exclusion would cause the Library's financial statements to be misleading or incomplete. In addition, based upon the above criteria, the Library is not aware of any entity which would be financially accountable for the Library which would result in the Library being considered a component of the entity.

San Mateo County Library Joint Powers Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

B. Basis of Accounting

The fund-based financial statement columns (General Fund column) on Pages 13 and 14 are accounted for using the modified accrual basis of accounting. These fund 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 13 and 14 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.

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.

C. 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.

The legal budget is the same as the operating budget in total. Total expenditures may not exceed the budgeted expenditures without approval of the Library's Governing Board. The budget lapses at the end of each fiscal year.

Estimated revenues and recommended appropriations are shown and supported by detailed documentation at each administrative level within the Library. The Library follows these procedures in establishing the budgetary data reflected in the financial statements:

- By June 30, the Operations Committee reviews and recommends to the Governing Board 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 a Governing Board meeting prior to year-end.
- The Operations Committee reviews all budget transfers and revisions, which are then approved by the Governing Board.

San Mateo County Library Joint Powers Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

C. Budgets – continued

- Formal budgeting is employed as a management control device during the year for the Library's single fund the General Fund.
- Budgets for the General Fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

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

D. Property Taxes

The State of California (State) Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed one percent (1%) of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100% of market value as defined by Article XIII A and may be adjusted by no more than two percent (2%) per year unless the property is sold, transferred, or improved. The State Legislature has determined the method of distribution of receipts from a one percent (1%) tax levy among the counties, cities, school districts, and other districts.

San Mateo County assesses, bills for, and collects property taxes as follows:

	<u>Secured</u>	<u>Unsecured</u>
Lien dates	January 1	January 1
Levy dates	July 1	July 1
Due dates	50% on November 1 and 50% on March 1	July 1
Delinquent as of	December 10 (for November) and April 10 (for March)	August 31

The term "unsecured" refers to taxes on personal property other than real estate, land, and buildings. These taxes are secured by liens on the property being taxed.

Property taxes levied are recorded as revenue when received in the fiscal year of levy because of the adoption of the "alternate method of property tax distribution," known as the Teeter Plan, by the Library and the County of San Mateo (County). The Teeter Plan authorizes the Controller of the County to allocate 100% of the secured property taxes billed, but not yet paid. The County remits tax monies to the Library in three installments, as follows:

50%	remitted on December 14
40%	remitted on April 16
10%	remitted on June 28

San Mateo County Library Joint Powers Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

E. Cash and Investments

The Library 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.

The Library participates directly 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. Net Investment in 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 equipment – 5 to 10 years

2. CASH AND INVESTMENTS

The Library had the following cash and investments at June 30, 2022:

	Not rated	Fair Value
San Mateo County Treasury	\$ 42,365,689	\$ 42,365,689
San Mateo County Treasury- restricted	9,278,334	9,278,334
California Local Agency Investment Fund (LAIF)	2,203,144	2,203,144
Petty Cash	2,070	2,070
Total	<u>\$ 53,849,237</u>	<u>\$ 53,849,237</u>
Presentation in Statement of Net Position:		
Cash and investments	\$ 44,570,903	
Cash and investments- restricted	<u>9,278,334</u>	
	<u>\$ 53,849,237</u>	

San Mateo County Library Joint Powers Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

2. CASH AND INVESTMENTS - continued

A. Cash Deposits

The Library pools cash from all sources. The Library invests excess cash in the San Mateo County Treasury and LAIF investment pools, which at June 30, 2022, approximated fair value of \$44,568,833. The Libraries maintain petty cash totaling of \$2,070 overall. The restricted cash and investments balance represents the amount held under the donor city provision.

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. The County has waived these collateralization requirements.

The County Treasurer maintains a cash and investment pool, on behalf of the Library, as their custodian, which includes cash balances and authorized investments for all Library funds, which is invested to enhance interest earnings. The pooled interest earned is allocated quarterly to the Library based on average daily cash and investment balance.

B. Investments

The Library is authorized by State statutes and Governing Board 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.

San Mateo County Library Joint Powers Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

2. CASH AND INVESTMENTS - continued

B. Investments – continued

- California Local Agency Investment Fund (LAIF).
- San Mateo County Treasury

The Library's practice has been to limit investments to LAIF and the San Mateo County Treasury, an unrated investment pool, which limits the exposure of Library 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

The Library's investments with the County at June 30, 2022, 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, 2022, the Library had \$2,203,144 invested directly in LAIF. The LAIF investment pool consisted of derivative products in the form of asset-backed securities in the amount of \$2,051.660 million and \$2,350.000 million in floating rate securities, each of these investment types representing 1.14% and 0.74% of the total LAIF investment pool, respectively. The current average life of the LAIF portfolio as of June 30, 2022 was 311 days.

As of June 30, 2022, the Library also had \$42,365,486 invested directly in the County investment pool. The County investment pool currently holds \$87,716,212 in asset-backed securities, and \$22,000,000 in floating rate securities, each of these investment types representing 1.23%, and 0.30%, of the total County investment pool, respectively. The current average maturity of the portfolio is 1.45 years with an average duration of 1.39 years.

San Mateo County Library Joint Powers Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

3. CAPITAL ASSETS

Changes in capital assets were as follows:

	July 1, 2021	Additions	Retirements	June 30, 2022
Furniture and equipment	\$ 2,305,909	\$ 801,205	\$ (9,890)	\$ 3,097,224
Accumulated depreciation	(870,684)	(276,403)	9,890	(1,137,197)
Total fixed assets	<u>\$ 1,435,225</u>	<u>\$ 524,802</u>	<u>\$ -</u>	<u>\$ 1,960,027</u>

During the fiscal year, the Library added \$276,403 and deleted \$9,890 in equipment.

4. 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 the Library'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 Library uses only the nonspendable and committed categories.

Nonspendable		\$ 2,070
Committed for:		
Capital Projects	33,119,926	
Contingencies - Stabilization	<u>5,000,000</u>	<u>38,119,926</u>
		<u>\$ 38,121,996</u>

- *Nonspendable*: Represents amounts set aside for petty cash and change funds.
- *Capital Projects*: Represents amounts set aside for future capital purchases.
- *Contingencies – Stabilization*: Represents remaining amounts set aside by the Library's Governing Board to be used in the event of sudden, unanticipated revenue loss or expenditure requirements.

Net position consists of restricted and unrestricted amounts. Restricted amounts reflect balances which cannot be influenced by Library Governing Board action, such as the net investment in capital assets. Unrestricted amounts reflect balances available for current operations.

San Mateo County Library Joint Powers Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

4. FUND BALANCES/NET POSITION - continued

	<u>Net Position</u>
Net investment in capital assets	\$ 1,960,027
Unrestricted	<u>37,528,528</u>
Total	<u><u>\$ 39,488,555</u></u>

5. EXPLANATION OF DIFFERENCES BETWEEN THE GENERAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION

“Total fund balances” of the Library’s General fund (\$38,124,066) differs from “net position” of governmental activities (\$39,488,555) reported in the Statement of Net Position on page 13. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the General fund balance sheet. The effect of the difference is illustrated below:

Balance Sheet/Statement of Net Position

	<u>General Fund</u>	<u>Reclassifications and Eliminations ¹</u>	<u>Statement of Net Position</u>
Assets:			
Cash and investments	\$ 44,570,903	\$ -	\$ 44,570,903
Cash and investments- restricted	9,278,334	-	9,278,334
Interest receivable	114,630	-	114,630
Other receivables	1,195	-	1,195
Capital assets	-	1,960,027	1,960,027
Total assets	<u><u>\$ 53,965,062</u></u>	<u><u>\$ 1,960,027</u></u>	<u><u>\$ 55,925,089</u></u>
Liabilities:			
Accounts payable	\$ 891,357	\$ -	\$ 891,357
Other current liabilities	4,433,398	-	4,433,398
Eligible donor fund set aside	9,278,334	-	9,278,334
Accrued payroll	1,237,907	-	1,237,907
Compensated absences	-	595,538	595,538
Total liabilities	<u>15,840,996</u>	<u>595,538</u>	<u>16,436,534</u>
Fund Balances/Net Position:			
Total fund balances/net position	<u>38,124,066</u>	<u>1,364,489</u>	<u>39,488,555</u>
Total liabilities and fund balances/net position	<u><u>\$ 53,965,062</u></u>	<u><u>\$ 1,960,027</u></u>	<u><u>\$ 55,925,089</u></u>

¹ 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 the Library 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 sheets.

San Mateo County Library Joint Powers Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

6. EXPLANATION OF DIFFERENCES BETWEEN GENERAL FUND OPERATING STATEMENTS AND THE STATEMENT OF ACTIVITIES

The “net change in fund balances” for the General fund \$4,247,821 differs from the “change in net position” for governmental activities \$4,794,357 reported in the Statement of Activities on page 14. 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			
	General Fund	Reclassifications and Eliminations ¹	Statement of Activities
EXPENDITURES/EXPENSES:			
Contracted employees salaries and benefits	\$ 19,965,415	\$ (21,734)	\$ 19,943,681
Supplies and small equipment	6,204,786	-	6,204,786
Contracts and professional services	481,798	-	481,798
Library materials	2,831,148	-	2,831,148
Donor fund set aside	4,433,398	-	4,433,398
Other charges	1,573,285	-	1,573,285
Capital outlay	801,205	(801,205)	-
Depreciation	-	276,403	276,403
Total expenditures/expenses	36,291,035	(546,536)	35,744,499
REVENUES:			
Program revenues:			
Intergovernmental	97,265	-	97,265
Grants	489,405	-	489,405
Charges for services	319,003	-	319,003
Total program revenues	905,673	-	905,673
Net program expense	35,385,362	(546,536)	34,838,826
General revenues:			
Property taxes	39,023,467	-	39,023,467
Investment earnings	360,554	-	360,554
Miscellaneous	249,162	-	249,162
Total general revenues	39,633,183	-	39,633,183
REVENUES OVER (UNDER)			
EXPENDITURES	4,247,821		
CHANGE IN NET POSITION		546,536	4,794,357
FUND BALANCES/NET POSITION:			
Beginning of the year	33,876,245	817,953	34,694,198
End of the year	\$ 38,124,066	\$ 1,364,489	\$ 39,488,555

¹ 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 capital outlay 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.

San Mateo County Library Joint Powers Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

7. RELATED PARTY TRANSACTIONS

The Library contracts with the County of San Mateo (County) to provide some administrative, accounting, personnel, and facilities maintenance services. Under these arrangements, the Library pays the County the cost of services provided. During the year ended June 30, 2022, the Library paid the County \$1,207,204 in services charges. \$174,184 for administrative and support services, \$231,503 for insurance and \$313,593 for facilities maintenance services.

Section VI. D. of the San Mateo County Library JPA Agreement states the following, "In the event that the allocated library service revenue for a member city exceeds the amount required to maintain the minimum library service for that member, such excess funds shall, after deduction of any activities approved by the Governing Board for library related expenditures within that city, be restricted and held by the JPA for library related activities within that member city including but are not limited to, facility maintenance, facility remodeling or expansion, increased service hours, or increased material and equipment purchases, as mutually agreed by the Library JPA and the city council of that member city." In accordance with the excess fund provision, and as approved by the Library JPA Governing Board, at the end of each fiscal year, funds in excess of the amount required to operate a branch are distributed and held by the Library in separate library accounts or Trust Funds. The funds are segregated from the Library's general operating budget where they accrue interest.

As of June 30, 2022, the amounts set aside are as follows: Atherton Library \$1,555,974, Portola Valley Library \$1,345,022, San Carlos Library \$1,930,100, and Woodside Library \$4,447,237, representing a combined total of \$9,278,334 as shown as a charge to excess fund payments on the statement of revenues, expenditures and changes in net position/statement of activities.

As of June 30, 2022 excess County Free Library property taxes with a combined balance of \$1,383,372 remain in accounts currently held by each excess fund city and are to be depleted first before accessing any funds held in the Library's Trust Funds. These amounts are as follows: Atherton Library \$512,545, Woodside Library \$3,501, Portola Valley Library \$47,009 and San Carlos Library \$820,317.

In order to secure agreement by the Library JPA, member cities that qualify as an excess fund City and are interested in utilizing excess County Free Library property taxes to support public library related activities, provide information to the JPA Governing Board in order to obtain approval for the proposed uses of this revenue for the upcoming fiscal year.

San Mateo County Library Joint Powers Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

8. PANDEMIC EFFECTS

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Library JPA is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the Library JPA's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Library JPA's employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Library JPA's financial position and changes in net position, fund balance and cash flows is uncertain, and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

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REQUIRED SUPPLEMENTARY INFORMATION

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San Mateo County Library Joint Powers Authority
Required Supplementary Information
For the year ended June 30, 2022

Budgetary Comparison Schedule
General Fund
For the year ended June 30, 2022

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget Positive (Negative)
Budgetary fund balance, July 1, 2021	\$ 33,876,245	\$ 33,876,245	\$ 33,876,245	\$ -
Resources (inflows):				
Intergovernmental revenue	178,000	178,000	97,265	(80,735)
Interfund revenue	466,853	466,853	489,405	22,552
Charges for services	24,000	24,000	319,003	295,003
Taxes	36,100,144	36,100,144	39,023,467	2,923,323
Use of money and property	395,542	395,542	360,554	(34,988)
Miscellaneous revenue	1,012,332	1,012,332	249,162	(763,170)
Total revenues	38,176,871	38,176,871	40,538,856	2,361,985
Amounts available for appropriation	72,053,116	72,053,116	74,415,101	2,361,985
Charges to appropriations (outflows):				
Salaries and benefits	21,923,337	21,923,337	19,965,415	1,957,922
Supplies and small equipment	17,636,402	17,636,402	13,951,130	3,685,272
Other charges	3,649,591	3,649,591	1,573,285	2,076,306
Capital outlay	1,691,506	1,691,506	801,205	890,301
Total charges to appropriations	44,900,836	44,900,836	36,291,035	8,609,801
Budgetary fund balance, June 30, 2022	\$ 27,152,280	\$ 27,152,280	\$ 38,124,066	\$ 10,971,786

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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 Governing Board of the
San Mateo County Library Joint Powers Authority
San Mateo, California

We have audited, 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, the financial statements of the governmental activities and the major fund of San Mateo County Library as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, and have issued our report thereon dated January 19, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Library's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

January 19, 2023

JJACPA, Inc.

**JJACPA, Inc.
Dublin, CA**



To: JPA Operations Committee
From: Anne-Marie Despain, Director of Library Services
Lindsey Freeland, Financial Services Manager
Date: January 26, 2023
Meeting: January 31, 2023
Re: FY 2022-23 Mid-Year Financial Report

Background

The FY 2022-23 Mid-Year Financial Report provides the Operations Committee and Governing Board with information about the status of the financial condition of San Mateo County Libraries for the current year. The report includes year-end estimates, identification of significant issues which may impact the upcoming budget, and budget development recommendations for FY 2023-24.

Discussion

The FY 2022-23 Adopted Budget, approved in September 2022, totals \$77,818,179 and distributes resources designed to meet performance and service objectives. Expenditures in the budget contain all operational functions including ongoing operations and one-time projects totaling \$50 million and Reserves of \$27.8 million. Due to the leadership provided by the JPA Governing Board and Operations Committee and sound fiscal stewardship, our financial condition continues to be strong.

Current Year Financial Status

Using historical trends, projections, and actual activity in the current fiscal year, the Library is estimated to realize 111% of projected revenue and spend 95% of budgeted expenditures. The change in revenue of \$4,258,641 is primarily due to secured property taxes and Excess ERAF, which are expected to exceed budgeted amounts. In addition, a repayment on the advancement of funds to support the construction of Atherton's new library of \$931,924 was received, but not budgeted.

Expenditure savings are estimated to be \$2,374,959, primarily attributable to salary and benefit savings due to staffing vacancies as well as savings in services and supplies and fixed assets due to supply chain impacts to project and purchasing timelines.

The FY 2022-23 Adopted Budget anticipated \$27.8 million in Reserves to carry over to FY 2023-24 Fund Balance. At Mid-Year, we now estimate a Year-End Fund Balance of \$34,428,848 representing excess revenue, expenditure savings, and budgeted Reserves.

The following table provides a breakdown of projected year-end revenues and expenditures.

FY 2022-23 Mid-Year Estimate Summary

	FY 2022-23 Adopted Budget	FY 2022-23 Year-End Estimate	FY 2022-23 Year-End Variance	% of Budget Realized/ Spent
Revenues				
Taxes	37,752,120	41,071,210	3,319,090	109%
Use of Money and Property	371,216	371,216	0	100%
Intergovernmental Revenue	184,500	1,116,424	931,924	605%
Charges for Services	0	7,627	7,627	0%
Interfund Revenue	653,293	653,293	0	100%
Miscellaneous Revenue	732,985	732,985	0	100%
Total Revenue	39,694,114	43,952,755	4,258,641	111%
Fund Balance	38,124,065	38,124,065	0	
Total Sources	77,818,179	82,076,820	4,258,641	
Expenditures				
Salaries and Benefits	24,656,168	23,661,696	994,472	96%
Services and Supplies	19,707,268	19,222,768	484,500	98%
Other Charges	3,640,358	3,640,358	0	100%
Fixed Assets	1,991,000	1,095,013	895,987	55%
Other Financing Uses	28,137	28,137	0	100%
Net Appropriations	50,022,931	47,647,972	2,374,959	95%
Operating Reserves	4,524,868	4,524,868	0	
Capital Reserves	23,270,380	23,270,380	0	
Total Reserves	27,795,248	27,795,248	0	
Total Requirements	77,818,179	75,443,220	2,374,959	

FY 2022-23 Year-End Fund Balance Estimate: **34,428,848**
(FY 2022-23 Budgeted Reserves + Estimated FY 2022-23 Year-End Variance)

FY 2023-24 Budget Assumptions

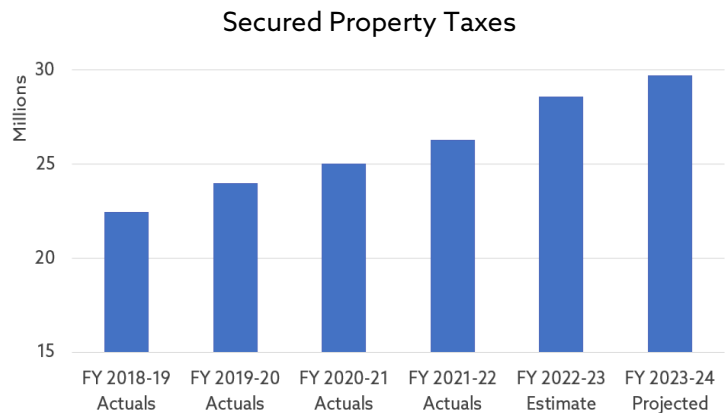
December marks the point at which we begin to evaluate current trends and conditions which may affect the development of the budget. The most significant factors which influence Library operations include property tax revenues and personnel costs. The following revenue and expenditure assumptions are based on current economic indicators, historical trends, negotiated agreements and potential legislative changes which may influence development of the budget. Significant sources of revenue are addressed followed by a summary of major operating costs.

Revenue Assumptions

County Free Library Property Taxes

Property tax revenues are the Library's primary source of funding. The system is entitled to receive a small portion of the property tax collected within the boundaries of the Library service area. Approximately 280,000 people live within the boundaries of the Library's legal taxing district, which covers 351 square miles.

Secured property tax revenues (taxes assessed against real property) have shown strong growth over the past decade and are expected to increase 4% in FY 2023-24. Unsecured property taxes (taxes on aircraft and commercial equipment largely generated from businesses at San Francisco International Airport) are expected to be budgeted at similar levels as FY 2022-23.

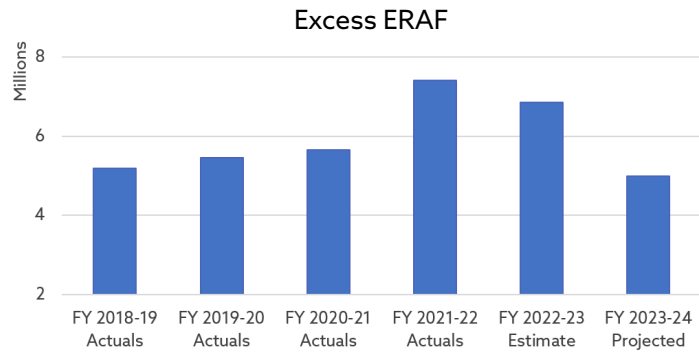


Excess Educational Revenue Augmentation Fund (ERAF)

Pursuant to Revenue and Taxation Code 97.2 and 97.3, property tax contributions made by local governments to the ERAF in excess of State-mandated school funding levels are returned to the local governmental entity that made the contribution. Due to the potential unpredictability of this funding, the JPA Governing Board has authorized the use of excess ERAF for one-time expenditures. Amounts not appropriated for one-time purposes are set aside in Reserves.

Excess ERAF has continued to exhibit growth year over year. We do estimate a slight decline in overall excess ERAF received in FY 2022-23, but that is due to additional

prior year reserves being paid out by the County Controller in FY 2021-22, not due to an actual decrease in the annual ERAF amount. In keeping with our conservative practices in budgeting excess ERAF, next year we anticipate budgeting at approximately \$5 million.



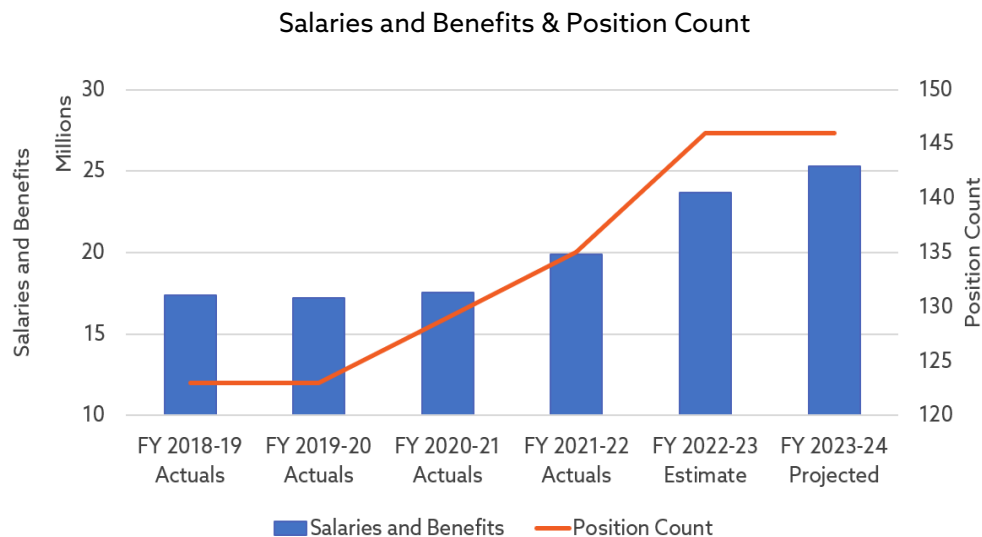
Measure K

Measure A, a half-cent sales tax designed to support general county services and functions, was approved by voters in November 2012. Measure K, approved by the voters in November 2016, extended the half-cent sales tax for an additional 20 years. The Library is expected to continue to receive an allocation of Measure K funds of approximately \$1.5 million to support Summer Learning, Raising and Reader, and Big Lift Inspiring Summers in FY 2023-24.

Expenditure Assumptions

Salaries and Benefits

At FY 2022-23 Mid-Year, the Library estimates that it will spend \$23,661,696 for salaries and benefits. Salaries and benefits represent the most significant ongoing operational cost for the Library. After not adding any new positions for many years, the Library increased position count over the last few years to provide sufficient staff for expanding operations, including assuming operations for the North Fair Oaks Library and opening expanded spaces in Atherton and Brisbane. The Library currently has 146 permanent positions.



All library staff are employees of the County of San Mateo. All non-management regular and extra-help employees are represented by SEIU Local 521, the County's second largest union. Effective October 1, 2023, employees will receive a 4% cost of living adjustment, which is the final increase included in the current SEIU agreement. The FY 2023-24 salary and benefit budget projections will include this increase.

Services and Supplies

The Library will continue to restrict the use of County Free Library revenue as outlined in the Second Amended JPA Agreement. Preliminary estimates for FY 2023-24 would require that amounts of approximately \$2 million be set aside and withheld from general operations.

The JPA Agreement includes a provision to split excess funds 50%-50% between the Library JPA and member city in the fiscal year following the completion and opening of the new Atherton Library, which will go into effect for the first time this fiscal year. Any identified excess funds, after deduction of any activities approved by the Governing Board for library related expenditures within a member city expended during the fiscal year, shall be split equally between the Library JPA and the member city to which the funds are attributable.

Costs associated with support provided by the Peninsula Library System, including delivery, management of the shared online library catalog, and costs related to databases and maintenance agreements, are estimated at \$1.5 million.

Other Charges

County service charges for human resources, IT, accounting, facilities, and vehicles are anticipated to increase next fiscal year by 1%. The contribution to Daly City for services provided on behalf of residents of unincorporated Broadmoor and Colma is estimated at \$350,000.

Library Reserves

The Library utilizes Reserves it has built up over time, primarily through the accumulation of excess ERAF, to support significant one-time projects, often in response to changes and service innovations made in the industry and community needs.

Based on service priorities and past direction from the JPA Governing Board, the FY 2023-24 Recommended Budget will continue to include proposals to support one-time purchases and projects for literacy efforts, collection enhancements, technology advancements, major system projects and costs associated with interior furnishings and equipment due to decisions made by member cities to build and/or remodel library facilities.

FY 2023-24 Budget Development Recommendations

Staff recommends moving forward with development of the FY 2023-24 Budget based on the following recommendations:

- Continue to operate at existing levels based on projected property tax revenue which is anticipated to offset the anticipated increases in ongoing personnel costs.
- Place an emphasis on developing services and programs that support and align with Strategic Plan goals and annual priorities.
- Strategically use Excess ERAF and Reserves to advance priorities, innovate, and support exceptional service.

The Library looks forward to fulfilling on our current year priorities and working with the JPA Governing Board and Operations Committee to establish ambitious goals and utilize resources to strengthen our communities in the new year.

Fiscal Impact

There is no fiscal impact associated with accepting this report. JPA Operations Committee and Governing Board input and direction will be used to prepare the FY 2023-24 Budget.

Recommendation

Recommend Library JPA Operations Committee accept the report and direct staff to move forward with development of the FY 2023-24 Budget.



To: JPA Operations Committee
From: Anne-Marie Despain, Director of Library Services
Date: January 26, 2023
Meeting: January 31, 2023
Re: Director's Report

This report summarizes significant library operations and program activities that have occurred since the last meeting of the Operations Committee. Services and activities are aligned with our Strategic Plan Goals.

We cultivate an active presence and create spaces that support discovery, enrich lives, and uplift the community.

Five Star Library

San Mateo County Libraries has been recognized once again by Library Journal's annual list of top-rated star libraries! This is our second year receiving a 5-star rating, the highest level possible, representing the top 1% of all public libraries in the United States. For 2022—based on 2020 data—5,359 public libraries received LJ Index scores, and 258 received Stars. Among peer libraries we ranked 10th nationwide and 2nd in California. [Read more here](#). A wonderful way to end the year and begin 2023!

Atherton Library LEED Certification

Exciting news— we learned that the Atherton Library has achieved LEED Gold, a certification offered under the U.S. Green Building Council's Leadership in Energy and Environmental Design program. The new Atherton Library opened its doors last June and was designed with a commitment to green building practices, the building design includes daylighting, natural ventilation, highly efficient building systems and materials, and access to open spaces -reducing the need for artificial lighting, cooling, and heating.



East Palo Alto Library Project

In December, U.S. Representative Jackie Speier announced that she secured federal funding for 15 improvement projects throughout San Mateo County. We were excited to learn that East Palo Alto will receive \$1.5 million for the new library project! We are grateful for the countless years and all the hard work that U.S. Rep. Speier has put into improving our nation and region. Story at: [Jackie Speier announces major funding for San Mateo County, Daily Journal, December 28, 2022](#)

City Staff is in the process of completing several due diligence tasks required prior to the acquisition of the site adjacent to the EPACenter Arts for the future development of the new library. Land acquisition is expected to be completed in early 2023. City staff will begin to move forward with issuing a Request for Proposals for architectural services to produce design and construction documents for the new library.

2022 Top Circulating Titles

Staff worked tirelessly this year to connect and inspire our community members with the written word. See the blog post with top lists [here](#), highlights below.

Adult Books: both fiction and nonfiction titles are equally popular for adult collections. The most popular new nonfiction titles include [Atomic Habits: Tiny Changes, Remarkable Results](#) by James Clear, [The Art of Discarding: How to Get Rid of Clutter and Find Joy](#) by Nagisa Tatsumi, and [The Bread Collection: Artisan Baking for the Bread Enthusiast](#) by Brian Hart Hoffman. The most popular new fiction titles include [The Thursday Murder Club](#) by Richard Osman, [Juror #3](#) by James Patterson and Nancy Allen, and [The Midnight Library](#) by Matt Haig.



Children's Books: picture books and easy reader titles have been the most popular. Titles from the Curious George and Biscuit series have the highest circulation for early readers with [Curious George Goes to the Beach](#), [Curious George Goes to a Chocolate Factory](#), [Biscuit Visits the Big City](#), and [Biscuit Wins a Prize](#). Fiction and nonfiction titles are equally popular among older readers with Joan Holub and Suzanne Williams Goddess Girls series having the highest circulation for fiction with the titles [Aphrodite the Beauty](#) and [Aphrodite the Diva](#). The most popular children's nonfiction titles include [After the Dinosaurs: Mammoths and Fossil Mammals](#) and [Dolphin Talk: Whistles, Clicks, and Clapping Jaws](#).

Storm Impacts

We would like to recognize our staff for their hard work and dedication to our communities during the recent inclement weather. As public service employees, library staff are called upon to deliver essential services and support our communities in times of emergency. One of our challenging responsibilities is to make the determination of if and when conditions warrant closure of our library facilities. As an essential service, we keep our doors open to the public, even during trying times.

With a few exceptions, the majority of our libraries continued to operate and offer valuable, appreciated services during the recent storms. None of our facilities sustained major damage and early closures were due to power outages. Staff worked to put together a [storm resources blog](#) for San Mateo County residents, with suggestions for where to pick up sandbags, how to find storm shelters, information about calling 2-1-1, and a reminder to sign up for SMC Alert.

We are proud of our continuing commitment to keep our spaces staffed and open to welcome our community members to learn, to see other people, to receive meals, and engage in activities during difficult circumstances. Some of our locations saw record numbers of visitors, with new library cards issued and meaningful connections being formed.

We understand community needs and promote meaningful library services as solutions.

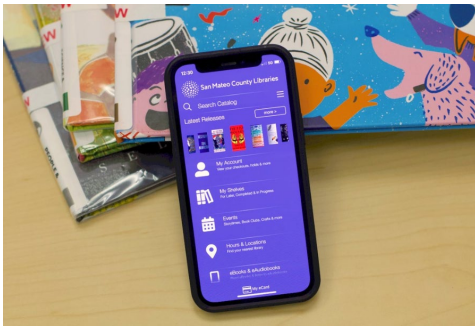
Half Moon Bay Community Resources

As our community continues to process the devastating tragedy that occurred in Half Moon Bay, we are offering a collection of trusted resources that may provide support at smcl.org/HMBresources. It's our hope to nurture resilience and connect the public to important resources for seeking mental health assistance, talking to children about violence, and getting needed support.



Domestic Violence Prevention Partnership

This January, the Library began a partnership with the nonprofit organization Community Overcoming Relationship Abuse (CORA) to deepen community awareness about domestic violence. Together, we launched *To Do at Home* kits for caregivers to nurture fun and healthy relationships for their 0–5-year-olds. Throughout the eight-week program, parents and kids get to create family-fun memories together by reading books, visiting their local library, cooking a meal together, and engaging in art projects. At the end of the program, participants will create a family scrapbook of their time together at the final celebratory event. The kits are being piloted in San Carlos and were first distributed at our Week of the Family storytime with special guest, San Carlos City Councilmember and JPA Board Chair Sara McDowell. We will be working with CORA on additional library initiatives to make sure help is more accessible to those experiencing relationship abuse.



Mobile App

Our new mobile app (launched last April) has been installed on 8,664 devices (the bulk of which are iPhones) and the app has been launched 136,978 times. The most visited page, excluding the home screen, is "My Shelves," which has received 9,970 visits. Our most popular resource on the app is OverDrive for downloading eBooks and eAudiobooks.

Free Copying/Duplexing

All libraries are now set to provide free copying. Copying is configured to provide 25 free pages free with library card. With free copying, duplexing capabilities have also been added. Patrons can now select single sided or two-sided printing – for free. We will monitor usage over the rest of this fiscal year.

New Self-Check Machines

San Mateo County Libraries looks for ways to offer our patrons self-service options and we invest in our technology infrastructure to keep patron data secure. We recently replaced 20 self-checks in our libraries that were over 10 years old and reached end-of-life. The new self-checks offer the latest software and hardware to allow for quicker and more secure checkouts and high-quality 21.5 inch screens provide for easier viewing. Patrons will be pleased to find these new sleek, lightweight, and compact units in our libraries to check out their materials.



We are leaders in establishing a foundation for early literacy and supporting exploration and growth at every stage of life.

Early Learning Grant for Initiatives in Pescadero

San Mateo County Libraries has been partnering with La Honda Pescadero Unified School District since 2015, through The Big Lift, to improve 3rd grade literacy outcomes. There are stark inequities that disconnect and isolate rural, primarily Spanish speaking residents on the coast. In early January, we were awarded \$160,000 from a State Library grant to support deepening our early learning initiatives in Pescadero.

Through home visits and small local gatherings, we are excited to broaden our partnership to meet the needs of our youngest community members. These home visits to families in the early years of raising a child will allow the school and library to connect families to academic and social resources, early learning opportunities and group events to support caregivers and their children reducing the isolation many rural families experience.

Adult Learning

We have exciting new developments in English conversation and ESL as we enter 2023. In the last 4 months, tutor-learner pairs online and across nine different locations nearly doubled from 15 to 28. Many adult learners have accomplished significant goals, such as advancing to the intermediate level in their English lessons, receiving praise for their gains in English pronunciation, and beginning college-level coursework with the help of their tutors.

We've had over 500 people attend our weekly English conversation groups since last August across six locations and online. We began three different weekly ESL sessions with qualified instructors (online, in North Fair Oaks, and in Millbrae) with over 70 student registrations and more than 50% attendance. We have referred 26 people to Cell-Ed and enrolled two new Career Online High School students. We partnered with The Council on American-Islamic Relations (CAIR) to assist seven community members with their citizenship applications in Half Moon Bay and are hosting another set of events in North Fair Oaks at the end of January. We hosted a virtual training for library staff with US Citizenship and Immigration Services (USCIS) about accessing resources on their website for patrons and the eligibility requirements for naturalization.

Looking ahead, we are expanding our programming with 35 new tutoring and conversation club volunteers in process and 16 new adult learners on our tutoring waitlist. Our adult literacy tutors appreciate their training, *"I want to say that I really liked the course materials. They were engaging and the exercises were useful."*

Winter Music Festival

Live music performances from a range of genres, including jazz, guitar, and flute, were featured at the Winter Music Festival in December. Ten performances took place at nine community libraries with a combined attendance of 252 participants. This annual festival featured performances by local Bay Area and California performers Michelle Pollace, Dave Rocha Jazz Trio, Michael Nigro, and Gail Edwards.

Overall, the Winter Music Festival was a wonderful way to wrap up the library's year-long celebration of the community's cultural diversity. The gathering drew a sizable and diverse audience of people of all ages, and it was warmly received. Our libraries' upcoming music festival in April is something we eagerly anticipate.



Noon Year's Eve Celebrations

Even the rain couldn't stop families from coming out to our branches to celebrate and ring in the Noon Year with us and our guest storybook characters: Cookie Mouse, Elephant & Piggie, Hedgie, Llama Llama, Pete the Cat, and the Rainbow Fish! This year we decided to make Noon Year's Eve a weeklong celebration in all our communities. We welcomed 1,164 visitors in total to our libraries for stories and songs, treats and free books, crafts and countdowns to a joyful and healthy 2023!



Storytime With Board Chair Sara McDowell

Thank you to our special guest, San Mateo County Libraries board chair, Sara McDowell, who joined us at the San Carlos Library on Friday, January 13, as we kicked off the San Carlos Week of the Family. We were thrilled to have Sara join us alongside our community members during Family Storytime, where we heard new stories, sang songs, and learned wiggles that families can enjoy together! Our storytimes are highly attended, valued by our community members, and always a fun time. We are proud to continue to provide this as a recurring event at all locations, for our youth and families alike.



Volunteer Update

At the end of 2022, we were pleased to reinstate additional in-person volunteer opportunities to support our community libraries and reengage our community members in meaningful volunteer work. With the exciting makerspace progress and new maker programs, we opened a volunteer opportunity specifically to support these spaces, bringing on over 20 enthusiastic and talented volunteers to help explore and teach maker activities. In January, we brought back opportunities for volunteers to support youth, family, and adult programming. Staff volunteer coordinators are hard at work training and designing systemwide volunteer procedures and manuals, updating the volunteer database, and reaching out to more than 900 pending applicants and volunteers!

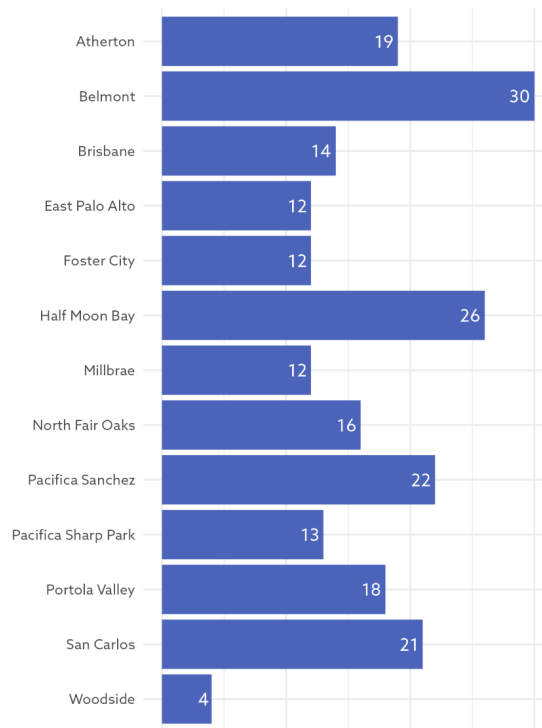
Power Up Afternoons

Youth from kindergarten through high school are invited every school day into our libraries to connect and build relationships with others in a shared joy of creating and learning. Every week youth and families participate in workshops led by community experts while staff offer project-related books and online resources to continue exploration at home. They engage in mindfulness and creativity through freeform art projects and practice growth-mindset in STEAM activities – recent quote from a science focused afternoon, *"I desperately can't wait to look at this plant under the microscope!"* Another highlight – youth created postcards to local leaders for United Against Hate Week.

In the first eight weeks of Power Up Afternoons, over 7,000 participants engaged in hands-on, process-based activities. We see a daily average attendance of 188 systemwide, average attendance at each community library is shown in the chart below. 97% of surveyed youth report they enjoy their time in Power Up Afternoons, and 95% say their curiosity is encouraged.



Average daily attendance for Power Up Afternoons
First 8 weeks



Staff Mentor Program

We are thrilled to launch a new mentorship program for library staff, Leadership, Education, and Development (LEAD) will begin in February. In the interest of succession planning, two cohorts will learn critical leadership skills needed to advance in our organization. A Senior Librarian cohort will prepare our first level of supervisors by providing them with the tools and support to grow into future managers. Our second cohort is made up of recent and experienced, Librarians. These are staff that have expressed an interest in leadership and can benefit from this immersive opportunity. The programs will explore topics ranging from public speaking, professional writing, and emotional intelligence. LEAD will also feature guest speakers from both inside and outside our organization, providing diverse and varied perspectives on these important topics.

Employee Service Awards

Angela Luis, Pacifica Librarian, was honored by the County for her completed 20 years of service. Congratulations to Angela on her many years of service and numerous contributions to San Mateo County Libraries!



Library Personnel News

We are excited to share the following personnel announcements:

Diego Agurto has accepted the position of Library Assistant at the Foster City Library. Diego previously served as an Extra-Help Library Assistant and facilitator for the Inspiring Summers program. Diego is bilingual in Spanish.

Cloud Bell accepted a promotion to the position of Community Program Specialist at the Belmont Library. Cloud previously served as a Library Assistant for over three years at various libraries, giving her experience and knowledge on a system-wide level.

Isabella Bortolus has accepted the position of Library Assistant at the Portola Valley Library. Isabella previously served as a Library Aide at the Belmont Library.

Janet Chin has accepted the position of Library Assistant at the Millbrae Library. Janet previously served as an Extra-Help Library Assistant and is bilingual in Mandarin.

Evie Diaz accepted a promotion to the position of Community Technology Specialist at the Foster City Library. Evie is bilingual and has worked as a Library Assistant at Foster City Library for over 14 years.

Paula Edmondson has accepted the term position of Payroll Personnel Coordinator in our Human Resources division. Paula previously worked as an office manager with Alira Health.

Carolyn Eidson has accepted the position of Library Assistant at the Pacifica Libraries. Carolyn previously served as a Library Aide in our Access Services Division and is bilingual in Spanish.

Luz Galicia accepted a promotion to the position of Community Program Specialist at the Portola Valley Library. Luz is bilingual in Spanish and previously served as a Library Assistant and Outreach Intern for the Big Lift Inspiring Summers.

Nancy Gallegos accepted a promotion to the position of Community Technology Specialist at the Millbrae Library. Nancy is bilingual and previously served as an Extra-Help Library Assistant. She has experience working with youth and families as Director of Operations at KIPP Public Schools, and Associate Director of the Boys and Girls Club of the Peninsula.

Irene Huang accepted a transfer to the Library where she will work as our Payroll/Personnel Coordinator. Irene joins us from the County Assessor/Elections Office. Irene has over eight years working for the County gaining a wealth of experience.

Cristina Macz accepted the position of Communications Associate. Cristina previously worked at Mission Housing Development Corporation where she oversaw communications and fundraising strategy. Cristina has a Bachelor's in Media Studies from the University of San Francisco.

Giselle Mendoza has accepted the position of Library Assistant at the North Fair Oaks Library. Giselle joins us from the County Probation Department where she was a group supervisor. In addition, she previously served as a facilitator for Inspiring Summers.

Sabrina Nava-Catalan accepted a promotion to the position of Community Technology Specialist at the Half Moon Bay Library. Sabrina is bilingual in Spanish and previously served as a Library Assistant for over nine years.

Erica Palafox accepted a promotion to the position of Community Program Specialist at the Woodside Library. Erica is bilingual in Spanish and previously served as Library Assistant at East Palo Alto Library. She also supported Big Lift Inspiring Summers for several summers.

Sandhya Ramakrishnan has accepted the position of Office Assistant in Administration. Sandhya previously served as Library Aide at the Foster City Library.

Greta Ruttenberg has accepted the position of Library Assistant at the San Carlos Library. Greta previously served as a Library Aide at the Foster City Library.

Elisa (Isa) Ruybal has accepted the position of Library Assistant at the Half Moon Bay Library. Isa had previously served as a Library Aide and is bilingual in Spanish.

Desiree (Dek) Samson has accepted the position of Library Assistant at the Foster City Library. Dek has previously served as a Library Aide and is bilingual in Tagalog.

Emmanuel (Manny) Serrano accepted a promotion to the position of Community Technology Specialist at the San Carlos Library. Manny previously served as a Library Assistant—he is passionate about technology and working in the community.

Steven Wong accepted a promotion to the position of Community Technology Specialist at the Brisbane Library. Steven previously served as a Library Assistant. Prior to this, he worked at the South San Francisco Library developing and leading maker programs.

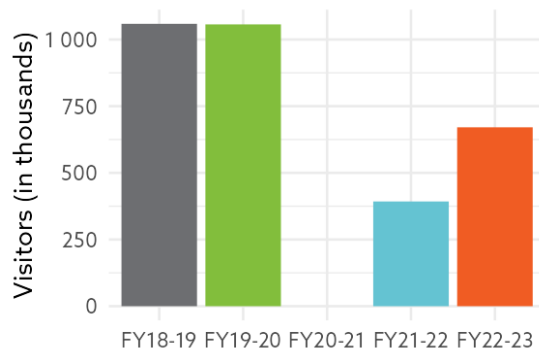
Alan Zamora accepted a promotion to the position of Community Technology Specialist at the Atherton Library. Alan is bilingual in Spanish and previously served for over two years as a Library Assistant. Alan is passionate about technology and teaching, with expertise in 3D printing and the new podcast studio.

Welcome and congratulations to all of these Library Champions!

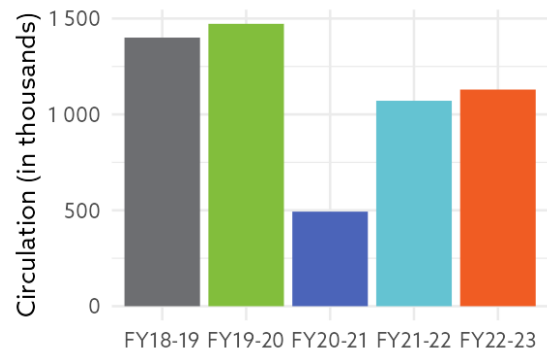
Quarter 2 Data Update

The following charts summarize systemwide totals through the second quarter for key library services from FY 2018-19 through the current fiscal year.

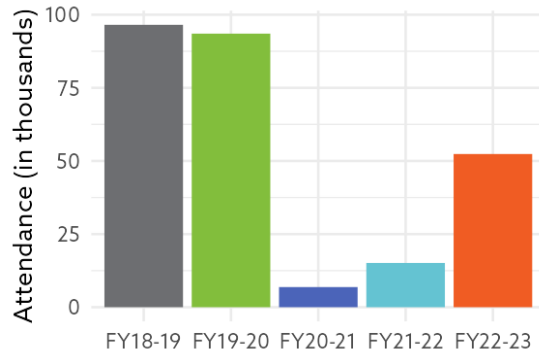
Q1-2 LIBRARY VISITORS



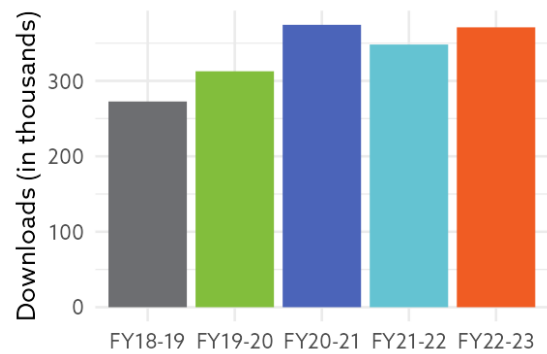
Q1-2 ITEMS CIRCULATED



Q1-2 PROGRAM ATTENDANCE



Q1-2 DIGITAL DOWNLOADS



Q1-2 OUTREACH ATTENDANCE

