NLS Executive Committee Meeting
February 16, 2022
11:00 a.m.

ZOOM MEETING
Join Zoom Meeting
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Meeting ID: 880 7146 0023
Passcode: 061568
Phone: +1 669 900 6833

1. Welcome and Roll Call
   Olawski, Chair

2. Public Invited to Comment
   Olawski

3. Approval of Consent Calendar (Action Item)
   A. Adoption of Agenda
      Olawski
   B. Approve Minutes of October 13, 2021
      Brinkley
      Attachment 1, p. 3

4. Old Business
   A. The NLS Ad Hoc Committee recommends awarding the contract for NLS Fiscal and Administrative Services to the Pacific Library Partnership in the amount of $173,546 (Action Item)
      Olawski
      Attachment 2, p. 9
   B. Review Draft NLS CLSA Study Report
      Olawski
      Attachment 3 p. 74
   C. NLS Annual Administrative Council Meeting Planning
      Brinkley
   D. Update on NLS LSTA Grant Application
      Deck

5. System Chair Report

6. Announcements

7. Agenda Building for April 25, 2022 NLS Executive Committee Meeting and Location

8. Adjournment

Brown Act: The legislative body of a local agency may use teleconferencing in connection with any meeting or proceeding authorized by law. Cal. Gov't Code § 54953(b)(1). A "teleconference" is "a meeting of a legislative body, the members of which are in different locations, connected by electronic
means, through either audio or video, or both." Cal. Gov't Code § 54953(b)(4). A local agency may provide the public with additional teleconference locations. Cal. Gov't Code § 54953(b)(4). The teleconferenced meeting must meet the following requirements:

(1) it must comply with all of the Act's requirements applicable to other meetings;
(2) all votes must be taken by roll call;
(3) agendas must be posted at all teleconference locations and the meeting must be conducted in a manner that protects the statutory and constitutional rights of the parties or public appearing before the body;
(4) each teleconference location must be identified in the notice and agenda and each location must be accessible to the public;
(5) during the teleconferenced meeting, at least a quorum of the members of the legislative body must participate from locations within the boundaries of the body's jurisdiction; and
(6) the agenda must provide the public with an opportunity to address the legislative body at each teleconference location. Cal. Gov't Code § 54953(b).

Meeting Locations
NLS Administrative Office, 32 West 25th Avenue, Suite 201, San Mateo, CA 94403
El Dorado County Library, 345 Fair Lane, Placerville, CA 95667
Humboldt County Library, 1313 3rd Street, Eureka, CA 95501
Mendocino County Library Administrative Offices, 880 N. Bush Street, Ukiah, CA 95482
Mono County Free Library, 400 Sierra Park Road, Mammoth Lakes, CA 93546
Napa County Library, 580 Coombs Street, Napa, CA 94559
Nevada County Library, Penn Valley Library, 11252 Pleasant Valley Rd., Penn Valley, CA 95946
Solano County Library, 1150 Kentucky Street, Fairfield, CA 94533
Tehama County Library, 545 Diamond Avenue, Red Bluff, CA 96080
Yolo County Library, 226 Buckeye, Woodland, CA 95695
DRAFT MINUTES

NLS Executive Committee Meeting

October 13, 2021

1. Welcome and Roll Call – Chair Suzanne Olawski, Solano County, called the meeting to order at 1:02 p.m. Also present were NLS Executive Committee members: Carolyn Brooks, El Dorado County; Deb Fader Samson, Mendocino County; Christopher Platt, Mono County; Anthony Halstead, Napa County; Todd Deck, Tehama County; and Mark Fink, Yolo County. Also attending was NLS Fiscal and Administrative Support: Carol Frost, Pacific Library Partnership; Andrew Yon, Pacific Library Partnership; and Jacquie Brinkley, NLS/Pacific Library Partnership.

2. Public Invited to Comment - No Public comment provided.

3. Approval of Consent Calendar – Motion to approve the Consent Calendar.

   Fink moved; Halstead seconded. Vote taken by roll call, all votes in favor, motion passed unanimously.

4. Old Business
   A. Approval of RFP for NLS Fiscal and Administrative Services

   Olawski reported that she worked with Samson and Platt to review, update, revise, and finalize the RFP for NLS Fiscal and Administrative Services. With Executive Committee approval, the RFP will be released. The due date for responses is February 4, 2022. The current contract expires June 30, 2022. An Executive Committee meeting will be scheduled for February to approve and award new Fiscal and Administrative Services contract.

   Motion to approve the RFP for NLS Fiscal and Administrative Services.

   Samson moved; Brooks seconded. Vote taken by roll call, all votes in favor, motion passed unanimously.

   B. CLSA Consultant Update

   Olawski reviewed the background to selecting and contracting with Library Solutions which will perform the CLSA Study for NLS. The Study is anticipated to begin in October with a two-to-three-month process of research, interviews, data analysis and report preparation. A report will be provided to the Administrative Council at the Mid-Year meeting in January 2022.
C. Approval of Library-to-Go Committee Chair Responsibilities

Fink reviewed the recommendations of the Ad Hoc Committee to recruit a Chair and/or Co-Chair and presented the Position Description developed by this Ad Hoc Committee and current Chair, Michael Perry.

Olawski acknowledged the challenge in attracting candidates to take the Chair role and stated that she was in agreement to open the position to other than Directors. She noted that this would provide leadership opportunities for others who work on the Library-to-Go Committee.

Platt agreed that opening to other than Directors was smart and that it did encourage leadership development.

Motion to approve Library-to-Go Chair Job Description.

Platt moved; Samson seconded. Vote taken by roll call, all votes in favor, motion passed unanimously.

D. Recovering Together Update

Brinkley provided an update on the transition of the Recovering Together website and its on-going content support. A volunteer group of NLS Directors including Deck, George, Lovell and Perry will rotate taking the lead to add new content to the site. Buddy List updates are still in progress.

E. Approve Book-Club-in-a-Box Funding Request

Brinkley presented the funding request from Butte County Library to refresh the Book-Club-in-a-Box collection and promote to NLS libraries for sharing among the membership. Brinkley will assist with promotion once the collection is ready for sharing.

Motion to approve the Book-Club-in-a-Box funding request with $5,000 to refresh the collection and $300 for shipping. Funds are to come from NLS FY 2021/22 CLSA allocation. Additional promotion will be provided by NLS staff.

Fink moved; Olawski seconded. Vote taken by roll call, all votes in favor, motion passed unanimously.

5. New Business
A. Explanation of NLS Reserves

Yon presented the memo to explain the NLS reserves, the sources and allowable uses. He explained that there are no restrictions on use and that the Executive Committee can approve use of the Fund Balance. He noted that the Fund Balance is intended for one-time, non-recurring expenditures. Yon also stated that the NLS Fund Balance and Reserves policy follows the Federal Government Office of Budget Best Practices to retain no less than 2 months’ balance in reserves. The NLS target minimum Operating Reserves Fund is equal to three months of the operating
budget costs. This policy was established by the NLS Executive Committee and approved by the Administrative Council in January 2018.

Yon pointed out that NLS is in the process of closing the financial books for FY 2020-21 and will provide an updated Fund Balance when the books for this fiscal year are closed.

Fink asked if the Reserves/Fund Balance is steady, or if it has grown.

Yon stated that the Fund Balance is currently larger as it contains multiple grants managed by NLS. The Balance normally is approximately $1 million.

Olawski asked about unexpended funds that are reflected on the report.

Yon explained that when a grant extends past a fiscal year, any unexpended funds will be reflected in the Fund Balance until the grant funds are fully expended and the grant is completed, with financial reporting completed 30 days after the grant ends. NLS FY 2020-21 grants ended August 31, 2021, and the report reflects those carry-over funds.

Halstead asked if there were any recent reductions in the Fund Balance?

Frost stated that sources of revenue for NLS have been reduced (no Zip Books grant, no LSTA grant), which may cause future contributions to the Fund Balance to decrease, or potential future use of it.

Fink noted that a few library directors have expressed informally an interest in supporting OverDrive with funds from the NLS Reserves or Fund Balance. There was discussion about this, and Fink noted that the Library-to-Go Committee has a list of deliverables to be completed to support the infrastructure before considering NLS Reserves to support the Collection.

Frost asked what the Executive Committee recommends for further discussion regarding the Fund Balance, or if they prefer to wait for the CLSA Study recommendations.

Deck recommended waiting until the CLSA Study is completed and present at that time. He noted that the Study may show broader considerations as to how that impacts the Reserves.

Halstead asked if this could be included in the CLSA Study. He suggested reviewing what thresholds trigger a use of Reserves. Halstead also noted that he struggles to recommend use of Reserves for the OverDrive collection when so many NLS member libraries do not participate in the Library-to-Go consortia.

Olawski agreed that it would be good for all the Administrative Council to read the CLSA Study report on Reserves and added that 2/3 of NLS libraries participate in the Library-to-Go shared collection, but it serves only 1/3 of the total NLS service population. She stated that it was important for all NLS members to read the report and to have a voice in the discussion.

Frost started that this subject will be added to the January 2022 Administrative Council agenda. Frost also noted that when the Executive Committee decided to fund Califa memberships, it
affected the contribution to the Fund Balance. Similarly, should the Executive Committee restore
funding the Staff Development distribution to member libraries, it would also have an impact.

Fink asked if the CLSA Study will include how other CLSA Systems use their Reserves.

Frost reported that this was outside the contract’s Scope of Work but could be added as an
addendum at a later time.

Fink noted that this discussion about using the Fund Balance or Reserves for OverDrive would likely
come up again and that it was good to have more information for responding to questions. Fink
expressed concern that the Executive Committee does not represent all of NorthNet. He
continued to say that the Executive Committee does not have all the information to make the
decision not to use Reserves. Fink asked if the CLSA Study contract could be amended at this time
to include the Reserves questions.

Platt agreed that adding this to the Study would be of value and provide information needed for
moving forward and being responsible for the use of Reserves.

Frost asked the Executive Committee about their expectation to enact change. She mentioned that
it was only July when the decision was made to hire a consultant for a CLSA Study. Frost suggested
waiting to see the Study results and to give time to process those findings. Frost also noted that
there has been no official request to the Executive Committee to use Reserve funds for OverDrive
or other purposes.

Fink noted that issues come up at the Administrative Council meetings, and it appears that some
libraries are frustrated with the process. He added that he would want this information in
advance, and it would be useful in the future.

Platt suggested that a review of other Systems’ Bylaws be included in the report.

Frost noted that the NLS Reserve Policy is not included in the NLS Bylaws and may be the case for
other Systems.

Platt suggested the consultant on the CLSA Study ask for each System’s Reserve Policy.

Fink stated he liked the idea of threshold research and establishing a policy as to how funds were
to be used beyond the threshold.

Frost asked Yon for his recommendation on Fund Balance thresholds. Frost noted that a contract
amendment would require a special Executive Committee meeting to approve. She suggested that
the Executive Committee could ask for the maximum of $25,000 to include this request in the
current contract.

Yon stated that NLS would need to consider that what is an adequate level of Reserves now may
not be adequate in 5 years. He also noted that some NLS revenue sources are tentative and
change from year to year.
Deck suggested that a distinction be made between Reserves for “other” use and not just for OverDrive.

Brooks recommended that consideration be made to other high needs of NLS including wildfire disaster recovery. She noted that other polices may or may not be current and reflect the challenging financial times. She stated that this should not be a quick or rushed review.

Frost asked for the Executive Committee to consider if NLS priorities have changed in the last several years and what they are now.

Olawski noted that surveys in the past asked only for CLSA priorities.

Deck commented that discussion is challenging as NLS doesn’t meet in person and that perhaps Breakout room discussions at the Administrative Council meeting would allow for that. He noted that NLS gestures of support to other members appeared to be a priority.

Olawski suggested the following discussion items for the Administrative Council meeting:

- NLS priorities and future looking
- Support to emergency funding
- On-going support for the Recovering Together website
- Future training

Fink noted that he appreciated having this conversation and that it wasn’t all about OverDrive. He noted that it will be good to create space to have the conversation systemwide and important that NLS define their priorities.

B. Discussion of Ideas for FY 2022/23 LSTA Proposals

Members discussed project ideas for LSTA proposals that included Crafting Narratives for Local Tribes – telling their story/libraries as content creators – using as a model the Tehama County’s Adult Coloring Book or a graphic novel. Also “Having Conversations that are Challenging” and “Heroes in Local Tribe History.”

Frost suggested that Directors reach out to local tribes to ask about their needs and/or interests.

Brooks suggested a project that dealt with recovery from COVID, disasters – What do libraries still need and weaving together all the funding opportunities offered by the State Library and other funders.

Halstead stated that he supported Brooks’ idea and noted that library users are not returning to the library. He suggested considering how to encourage the casual and non-user to come back or visit the library in-person for the first time.

Discussion about marketing the libraries – not LSTA allowable unless tied to a specific project.

Discussion about use of space and the infrastructure grant opportunity.
Deck shared about the Georgia State Library toolkit on marketing of libraries and sent the link in the chat.

Olawski thanked all for their ideas and stated that these ideas will be revisited when the LSTA Competitive Grant announcement is published in December 2021.

C. Agenda Building for Mid-Year Administrative Council Meeting, January 28, 2022

- CLSA Study Report
- Reserves Memo
- Breakout Sessions – Executive Committee members to moderate each Breakout room and report back (each group to have a different question)

D. Discussion of Guest Speaker and Topic for Annual Administrative Council Meeting, June 2022

All Executive Committee members are in support of an EDI speaker. Frost will share recommended speakers with Deck for his consideration.

6. System Chair Report
   No report.

7. Announcements
   Discussion of local decisions regarding continuation of virtual public meetings.

   Frost asked Executive Committee members to note for future NLS meetings that the meeting location will be considered at their Main Library unless notified at least 10 days in advance and with notice will use alternate address.

8. Agenda Building for April 25, 2022 Executive Committee meeting and location
   Next Executive Committee meeting will need to be held in February 2022 to approve the RFP for Fiscal and Administrative Services contract. Brinkley will send Doodle Poll to schedule a February meeting date.

9. Meeting adjourned at 2:54 p.m.
Administrative and Fiscal Services Proposal
For
NorthNet Library System

January 28, 2022
## Contents

1. EXECUTIVE SUMMARY
   - Background .......................................................... 3
2. CONTRACTOR .......................................................... 4
3. EXPERIENCE AND TECHNICAL COMPETENCE .......................... 5
4. REFERENCES .......................................................... 5
5. PROPOSED METHOD
   - Administrative ......................................................... 6
   - Fiscal ................................................................. 7
   - Fiscal ................................................................. 8
6. PROJECT ORGANIZATION AND KEY PERSONNEL .................... 9
7. COST DETAIL .......................................................... 10
8. SUBCONTRACTORS ..................................................... 13
9. APPENDIX A .......................................................... 14
10. RESUMES ............................................................. 15
11. RECOGNITION LETTER FROM THE STATE LIBRARY ............. 24
12. ORGANIZATION CHART ................................................ 25
13. PLP FY 2019/20 AUDIT REPORT .................................... 26
1. EXECUTIVE SUMMARY

In 2012, the Peninsula Library System (PLS) was awarded the Administrative and Fiscal Agent contract for the NorthNet Library System (NLS). In 2015, and again in 2018, the Pacific Library Partnership (PLP) was awarded the Administrative and Fiscal Agent contract for NLS, which is expiring in June 2022. PLP is pleased to respond to NLS’s RFP for the Administrative and Fiscal Agent contract commencing July 1, 2022, for a term of three years, with up to two two-year renewals.

Background

PLP, like NLS, is a complex cooperative library system formed in 2006 by the merger of four California Library Services Act (CLSA) legacy systems into a single JPA. The administration of PLP is provided by contract with PLS, one of the four legacy systems of PLP. The link to the PLP website is www.plpinfo.org.

PLP is uniquely qualified to administer the NLS contract. PLP and NLS are the only two of the nine cooperative library systems in California which have legacy systems. NLS is a complex partnership of its three legacy systems which represent the regional needs of the large geographic area of NLS. These legacy systems require attention, and their governance and priorities must be balanced with the administration of NLS as a whole.

When the Peninsula Library System first began its contract with PLP to provide these services for NLS, it developed an administrative and financial infrastructure for NLS. When PLP took over the administration of NLS in 2015, the financial and administrative infrastructure remained in place, which provided continuity in these core services. A significant enhancement which occurred with the contract with PLP in 2015 was the addition of a System Coordinator, Jacquie Brinkley, who lives in the NLS system geographical area. Jacquie, along with the PLP CEO, have been the main point of contact for NLS libraries and members.

These nearly ten years of stability have benefitted both PLP and NLS in the ability to advocate collectively for CLSA funds and initiatives. During the last few years, NLS and PLP have collaborated on LSTA grants including Libraries Lead the Way Training, the Student Success Initiative, and Career Visioning for New Adults in Rural California. NLS successfully received the grant award to administer the $1M Zip Books expansion for multiple years; and the PLP CEO and the NLS Chair collaboratively pitched an idea to the State Librarian for fiscal support for NLS regarding start-up costs for a Link+ implementation, which ultimately led to a $450,000 multi-year grant for Regional Resource Sharing, which was expanded statewide. NLS was also awarded two years of LSTA
funding to support disaster recovery grants to help libraries prepare, respond and recover from multiple types of disasters.

During the last few years, with the assistance of the PLP CEO, the NLS Chair wrote many letters of support to the California Library Services Board (CLSB), asking for expansion of the definition of CLSA funds to include network security software, and other networking costs for data centers. This has benefitted the rural libraries in particular, which have limited funding. NLS, along with PLP, led the charge in letter writing to restore CLSA funding when it was cut from the Governor’s budget. With the CEO’s active participation in the CLA Legislative and Advocacy Committee, she has continued to advance the need to prioritize requests for CLSA funding. This type of synergy benefits both organizations.

Finally, the fiscal standards which PLP adheres to do not go unrecognized: At the October 2018 CLSB meeting, PLP and NLS were recognized by the California State Librarian as having sound fiscal discipline and accounting practices, which were recommended to be emulated by other cooperative systems.

PLP proposes to provide administrative and fiscal services as specified in the RFP including:

Preparing the NLS Annual Budget, Plan of Service, and Annual Report for the California State Library (CSL), coordinating Executive Committee and Council meetings, advocating for the System regionally and statewide, and providing the day-to-day administrative and fiscal services enumerated in the RFP. Staff will also provide members with updates and communications about the statewide initiatives and other grant and programmatic opportunities.

2. CONTRACTOR

Pacific Library Partnership
32 W. 25th Avenue, Suite 201
San Mateo, CA 94403

CONTACTS
Carol Frost, Chief Executive Officer, 650-349-5538, Ext: 3040
Andrew Yon, Controller, 650-349-5538, Ext: 3039
Jacquie Brinkley, System Coordinator, 650-349-5538
Wendy Cao, Operations Manager, 650-349-5538, Ext: 3042
3. EXPERIENCE AND TECHNICAL COMPETENCE

Carol Frost and Andrew Yon will provide oversight of the System Coordinator, Operations Manager, Accounting Clerk and administrative support for the provision of management and financial services. Jacquie Brinkley will be the day-to-day System Coordinator for NLS. She lives in the NLS service area and has a long-standing relationship with the NLS libraries. Together, this winning team brings over 40 years of collective experience and familiarity of working with CLSA and other public library services. Staff currently manage federal and statewide grants for NLS, PLP, and PLS. Other administrative staff in the PLS/PLP office will provide back-up assistance to the System Coordinator and Operations Manager as necessary.

4. REFERENCES

Barclay Ogden, Former Director for Library Preservation, University of California Berkeley, 510-642-4946, bogden@berkeley.edu. PLP has worked with Barclay on several CSL and IMLS grants, including the California Preservation Program, the California Audio-Visual Preservation Program, WESTPAS and California Light and Sound.

Bradley McCulley, Burlingame Library Director, 650-558-7401, mcculley@plsinfo.org. Brad is the immediate past PLP Board President. During his multi-year term, he worked with the NLS Chair and Vice-Chair to co-advocate for CLSA funding and changes to the CLSA definitions; and supported NLS in several of their initiatives, including the Link+ Shared Resources project.

Diane Satchwell, Consultant, Library Solutions, 209-500-7272, diane@librarysolutions.net. Diane is the former Executive Director of the Southern California Library Cooperative (SCLC), one of the nine cooperative systems within California. Diane collaborated many times with PLP and NLS to advocate for funding and services. Some of the projects include working with the CSLB to update the regulatory language in California law to expand the use of CLSA funds, working together to ensure the definition of contiguous borders was kept intact in the law, identifying statewide collaborative projects to fund with additional state funding, and strategizing for effective communication between the cooperative systems and the State Library.
5. PROPOSED METHOD

Over the nearly ten years of support, PLP (PLS) staff have developed a working knowledge of NLS members, their challenges and opportunities. PLP believes it can build on the working relationship we have had to support NLS as proactively as possible.

The proposed scope of work from NLS varies from some of the other RFPs from other cooperative systems in that it includes a broader scope than the basic CLSA activities required for a system. Specifically, it includes support for the legacy systems, as well as support for broad NLS initiatives and for CalPERS.

Based on our review of NLS support services for the past years, PLP proposes to meet all the administrative and fiscal requirements outlined in the Request for Proposal, which are outlined below. In addition, PLP’s proposal includes the following specific support:

- NLS and legacy system meetings. On average, PLP annually provides meeting and committee support for 25 meetings. Those meetings include the NLS Executive Committee and Administrative Council; MVLS, NBCLS, NSCLS Councils; and the Library-to-Go Committee. Support includes securing the Zoom call-in number, preparation and posting of agendas, memos, documents and minutes per the Brown Act, and distribution of materials. This includes posting and maintaining documents on NLS website as well as electronically.

- Contracts. On average over the last several years, 6-8 contracts have been negotiated, prepared and handled annually for NLS. Typical examples include the delivery contracts for MVLS and NBCLS, the contract for the System Coordinator, contracts with vendors such as OverDrive for the Library-to-Go and shared magazine collections, and contracts with some individual libraries in order for them to pay the NLS dues and fees. We have also negotiated group contracts, such as the five-year contract with Innovative Interfaces for Link+ for seventeen of the NLS libraries. There are special contracts which are occasionally required, such as with the CalPERS attorney (when needed), and contracts with consultants. A recent example is the contract with the consultant for the CLSA formula review. If there are LSTA or other grants, contracts quite often are also needed to support those activities.

- Accounts receivable/payable. PLP handles the invoicing, collections, and bill payments for NLS, which includes membership dues, staff development disbursements, CLSA disbursements, CalPERS payments for the legacy systems, and vendor invoices such as OCLC, delivery and OverDrive. On average, there are 100 accounts payable invoices and 410 accounts receivable payments annually made on behalf of NLS.
- Grant writing and administration. Each year, NLS receives the PLSEP grant to support library staff in attending library school. In addition, NLS has averaged 1-2 additional grants per year which require fiscal and reporting support. Should NLS decide to apply for grants, the CEO and System Coordinator work with the NLS Chair in the development of the application.

- Special projects. Over the last several years, NLS has embarked on several special projects including the exploration of implementing Link+ systemwide. That multi-year project involved hiring two separate consultants for studies. NLS has also embarked on several CalPERS-related studies regarding AB1912 and legacy system questions. Most recently, NLS has hired a consultant to review the CLSA formula. The CEO and System Coordinator work with these consultants to provide documentation and direction.

- Secure and maintain Directors and Officers Liability Insurance with $1M limit.

Administrative

1. Prepare Plan of Service and Annual Report in compliance with the requirements of CLSA as administered by the California State Library.
2. Maintain and report records in compliance with CLSA and other applicable State and Federal requirements.
3. Coordinate NLS bi-annual Administrative Council meetings and NLS Executive Committee meetings (approximately four times per year), and maintain regular communications with NLS Chair and Executive Committee. These meetings may be in person, via conference call, or via teleconference. Prepare and distribute agenda packets and minutes.
4. Coordinate Council meetings for the three legacy systems, and maintain regular communications with those Chairs. These meetings may be in person, via conference call, or via teleconference. Prepare and distribute agenda packets and minutes.
5. Provide staff support for NLS Administrative Council, NLS Executive Committee, and Legacy System meetings.
6. Distribute legislative, CLSA, and other State Library correspondence.
7. Respond to communications and requests from members.
8. Track CalPERS information, communicate with legacy systems as needed, and communicate with the California Public Employees Retirement System (CalPERS) regarding NLS legacy system former employees. Handle all payments to CalPERS and ensure proper billing to libraries for their portion of unfunded liabilities. Adhere to the cost-share formulas for each legacy system, and make adjustments as needed.
9. Administer and evaluate NorthNet system contracts.
10. Maintain all rosters, listservs, directories, electronic records, and archives.
11. Maintain and coordinate hosting for the NLS website.
12. Pursue new funding opportunities.
13. Represent and advocate for NLS regionally and statewide.
14. Negotiate necessary purchasing/contracting opportunities with vendors, consultants, and other systems or regions, including services authorized and funded by CLSA.
15. Support special projects and activities not mandated by CLSA as determined by NLS Administrative Council.
16. Monitor Statement of Economic Interests (CA State Form 700) to ensure filings are completed and accurate.
17. For additional fees, as negotiated, Administrative and Fiscal services contractor may offer programs, grant development, or other services for sub-groups of member libraries or for individual members.
18. Provide coordination between member libraries, NorthNet Library System, and other organizations as needed for system initiatives.
19. Attend California Library Services Board and California State Library meetings to represent NorthNet. Advocate on behalf of NorthNet.

**Fiscal**

1. Act as system's financial manager, establishing and maintaining separate accounts for all NLS funds.
2. Develop an annual NorthNet budget in collaboration with NLS Executive Committee and approved by the NorthNet Administrative Council. The budget will include programs or services to be provided in the subsequent fiscal year.
3. Develop an annual budget for each of the three legacy systems in collaboration with respective Chair and approved by the legacy system Councils. The budget will include programs or services to be provided in the subsequent fiscal year.
4. Monitor budgets and prepare regular status reports.
5. Arrange for the receipt and deposit of State funds, member fee funds, and other fees or revenues whether by grant application, invoice, or other means.
6. Prepare claim forms for member libraries to submit.
7. Prepare and execute payments on behalf of NLS to approved vendors, contractors, consultants, member libraries, and others for services rendered, in compliance with budget.
8. Invoice members and other customers for services.
9. Prepare 1099s for contractors.
10. Prepare the CLSA Plan of Service, System Detailed Budget, Annual Report, and Expenditure Report, and ensure all expenditures comply with the California State Law’s regulations for acceptable use of CLSA funds.
11. Provide comprehensive revenue expenditure and reserve financial reports in accordance with requirements of CLSA or other State Library legislation and generally accepted accounting principles.
12. Maintain fiscal files and records as required by State and Federal laws and retention policies.
13. Prepare annual reports for Special Districts to State Controller.
15. Prepare annual statements of LAIF (Local Agency Investment Fund) interest earned.
6. PROJECT ORGANIZATION AND KEY PERSONNEL

Carol Frost is the Chief Executive Officer of the Pacific Library Partnership, as well as the Executive Director of the Peninsula Library System. Her role in the NLS project will be to provide oversight for the overall process including working with the System Chair, and planning and directing communications between staff and member libraries. Carol will be performing advocacy for NorthNet at the state and national levels and will work with the Executive Committee and Council to ensure projects are completed and all reporting is completed and submitted. Carol will also share information from other cooperative systems as well as the State Library. Carol received her Bachelor of Arts, with a major in English, from Sonoma State University and her Masters of Library Science from San Jose State University. She has previously worked for the San Bruno Public Library, San Jose Public Library, and Santa Clara County Library District. Carol is currently a member of the California Library Association’s Advocacy and Legislation Committee.

Andrew Yon is the Controller for the Pacific Library Partnership and the Peninsula Library System. He will manage all aspects of finance for NLS including: prepare and monitor budget; maintain and analyze system financial reports for Federal, State and local agencies; and prepare audit paperwork. He received his B.S. degree in Accounting from Golden Gate University and has 30 years of extensive experience in governmental fund accounting and manages Federal, State and local grants for PLP, PLS and NLS.

Jacquie Brinkley is the System Coordinator for NLS and, with Carol, will coordinate with the NLS System Chair. Jacquie is familiar with California libraries and their structure, will be responsible for the day-to-day interaction with member issues, and work cooperatively with PLP staff to provide seamless service to NLS members and their libraries.

Wendy Cao is the Operations Manager for the Peninsula Library System and the Pacific Library Partnership. She provides the day-to-day oversight of the Administration office. She has worked extensively on the IMLS “Librarians for the 21st Century,” the LSTA “Get Involved: Powered by Your Library,” and the NSF “Pushing the Limits” grants, planning their conferences and managing arrangements. She worked with a public library for ten years.

Administrative Assistant prepares system contracts, handles mail, and coordinates Form 700s.

Fiscal and Administrative Services Specialist prepares CalPERS reports, prepares documents for liability insurance, assists with statistics for reporting to state.
7. COST DETAIL

The baseline scope of work detailed in the NLS RFP does not truly reflect the actual level of work. In the last several years, NLS and PLP have signed contracts for the baseline services, and well as contract amendments to reflect additional, ongoing work. The contract amendments increased the System Coordinator’s time from 8 hours per week to 13 hours per week, and slightly increased staff support to support activities above and beyond the baseline services.

Those activities have included:

- Working extensively with each of the three legacy systems regarding CalPERS unfunded obligations. Staff have spent extensive time with CalPERS representatives, reviewing past actions and historical documents for each system, and working with an attorney. Cost-share formulas have been established for all legacy systems.

- Determining a new level of funding for retiree health care for the North Bay Cooperative Library System, and ongoing work with the retiree and the Board to ensure payment.

- Conducting the work of the NLS Link+ study, including an RFP, working with the consultant, and issuing questionnaires to NLS libraries. Administering the funds from the State Library for the grant and expanding the grant statewide.

- Oversight of grants, including career development for new adults, Link+ Resource Sharing, Zip Books, and disaster preparedness and recovery. Activities often included collaborating with other libraries, and making presentations statewide and nationally.

- PLP worked with NLS to ensure a stable budget due to the reduction of CLSA funds, and loss of revenue due to loss of oversight of Zip Books and other grants. This included budget forecasting; reviewing priorities; and review and modification of the administrative fees to incorporate two levels to ensure equitable application of the fee.

- Examining the NLS CLSA allocation among members; hiring a consultant to perform an outside review. Staff have worked extensively with the consultant to ensure a thorough analysis is being performed.

Because of that, and taking into consideration that NLS will continue to have activities which are beyond the baseline services described in the Scope of Work:

- The cost proposal includes those additional charges as part of the baseline services.
o Should any additional work beyond these baseline services (for example, if NLS receives an LSTA grant which requires staff time) be required, the fiscal agent will negotiate those costs with the Executive Committee and develop a contract amendment.

o The cost for printing, supplies and other incidental costs are included in the overhead.

o Year 2 and any subsequent year will include a Consumer Price Index (CPI) adjustment based on the previous annual December’s BLS’s Pacific Cities and U.S. City Average (All Urban Consumers for San Francisco, Oakland, Hayward, CA) CPI Index.

The total cost for Year 1, FY 2022-23, is $173,546.
## PLP / NorthNet Contract FY 2022-23

<table>
<thead>
<tr>
<th>Staff</th>
<th>FTE</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Administration</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| CEO                       | 0.10| 4 hours/week at $127.04/hour | $26,424
| Operations Manager        | 0.20| 8 hours/week at $66.85/hour  | $27,810
| Administrative Assistant II| 0.04| 1.50 hours/week at $53.74/hour| $4,192
| **Subtotal - Administration** | 0.34|                              | $58,426

| Fiscal Accounting         |     |                              |
| Controller                | 0.11| 4.5 hours/week at $106.57    | $24,937
| Account Clerk             | 0.08| 3 hours/week at $42.98       | $6,705
| Fiscal/Admin Services Spec.| 0.09| 3.5 hours/week at $66.85     | $12,167
| Administrative Assistant  | 0.10| 4 hours/week at $21.20       | $4,410
| **Subtotal - Fiscal acctg** | 0.38|                              | $48,219

| Coordinator               | 0.33| 13 hours/week at $75/hour    | $50,700
|                           |     | Distribute legislative, CLSA and other State Library Correspondence, prepare agenda with Executive Council committee, take Council and Executive meeting minutes, work with CalPERS related issues Prepare CLSA Plan of Service and annual reports |
| **Total Staffing**        |     |                              | $157,344

| Mileage                   |     |                              |
| 3 round trips @242 mile@ 58.5 cents per mile | $425

|                      |     |                              |
|                      |     | Total                        |
|                      |     | $157,769                     |

|                      |     | 10% Overhead                 |
|                      |     | $15,777                      |

|                      | 1.04| Grand Total                  |
|                      |     | $173,546                     |
8. SUBCONTRACTORS
As noted above, PLP does not have any employees. PLP has a contract with PLS, and those staff perform the work for PLP. For this proposal, the System Coordinator will be the only subcontractor on this project, and that contract is handled through PLP.
APPENDIX A

Pacific Library Partnership Member Libraries

Peninsula Library System (PLS)
- Burlingame Public Library
- Daly City Public Library
- Menlo Park Public Library
- Redwood City Public Library
- San Bruno Public Library
- San Mateo County Library
- San Mateo Public Library
- South San Francisco Public Library
- San Mateo County Community College District

Bay Area Library and Information System (BALIS)
- Alameda County Library
- Alameda Free Library
- Berkeley Public Library
- Contra Costa County Library
- Hayward Public Library
- Livermore Public Library
- Oakland Public Library
- Pleasanton Public Library
- Richmond Public Library
- San Francisco Public Library

Silicon Valley Library System (SVLS)
- Los Gatos Public Library
- Mountain View Public Library
- Palo Alto City Library
- San Jose Public Library
- Santa Clara City Library
- Santa Clara County Library District
- Sunnyvale Public Library

Monterey Bay Area Cooperative Library System (MOBAC)
- Cabrillo College Library
- California State University Monterey Bay Library
- Gavilan College Library
- Harrison Memorial Library
- Hartnell College Library
- Middlebury Institute of International Studies at Monterey, William Tell Coleman Library
- Monterey County Free Libraries
- Monterey Peninsula College Library
- Monterey Public Library
- Naval Postgraduate School, Dudley Knox Library
- Pacific Grove Public Library
- Salinas Public Library
- San Benito County Free Library
- San Juan Bautista–Carl Martin Luck Memorial Library
- Santa Cruz Public Libraries
- UC Santa Cruz University Library
- Watsonville Public Library
Professional Experience

**CEO**, Pacific Library Partnership, January 2016-present. Oversee the work of the statewide library cooperative system, including advocacy, allocation of state funds, and innovative initiatives. Liaison with the California State Library and other cooperatives. Act as administrator for the NorthNet Library System, another statewide library cooperative.

**Executive Director**, Peninsula Library System, January 2016-present. Oversee the administration of the fiscal and technology components which support this consortium of 35 libraries within San Mateo County libraries.


**Division Manager**, San Jose Public Library, April 2006-December 2012. As part of core management team, oversee $34 million budget and library system of 18 branches and the joint use facility with San Jose State University. Oversee technical services, information technology, digital services, reference, branches and grant oversight. Create opportunities for continuous improvement and new initiatives through technology and programs. Participate in budget preparation; develop and implement library policies; interface with city departments, City Council, Library Commission and vendors; create and maintain community partnerships. Participate in library bond branch development of four new libraries.

**Senior Librarian, Access Services**, San Jose Public Library, January - April 2006. Manage Access Services department, overseeing system-wide circulation and staff of 76 employees, including four direct reports. As part of management team, act as system liaison to 23 branches. Co-lead with university manager in a shared public/university library.

**Information Technology Manager**, Peninsula Library System, San Mateo, CA. 2003-2005. Manager of Information Technology department for a consortium of 34 libraries in San Mateo County with annual circulation of 6.5 million and 450,000 patrons. Manage a staff of 6. Track and expend technology annual budget of $800,000. Manage frame relay over ATM wide area network. Negotiate, purchase and install new technologies such as RFID, wireless networks, print management software, and self check units. Purchase, configure and maintain servers and network infrastructure. Work closely with ten libraries on building projects.


Education

**San Jose State University, San Jose, CA.** Master of Library and Information Science

**Sonoma State University, Rohnert Park, CA.** Bachelor of Arts. Major: English

**University of Nebraska, Lincoln.** Major: English
### Professional Organizations

Member, American Library Association  
Member, California Library Association,  
California Library Association Conference Program Planning Committee 2014  
Member, California Library Association Legislative and Advocacy Committee  

### Publications and Presentations

"Access for All! The CLA Legislative Committee Presents...,” November 9, 2018 with Deborah Doyle and Paymaneh Maghsoudi. Presented at the California Library Association Conference, Santa Clara, California  


"Student Success on a Massive Scale: Library Cards for All Students,” March 23, 2018 with Henry Bankhead, Nina Lindsay and Jennifer Laredo. Presented at the California Library Association Conference, Riverside, California  

"Student Success on a Massive Scale: Library Cards for All Students,” November 4, 2017 with Henry Bankhead, Jennifer Laredo, Katie Leach and Nina Lindsay. Presented at the Public Library Association Conference, Philadelphia, Pennsylvania  

"Connecting Patrons to Titles They Want,” February 22, 2016 with Julie Walker and Christine Hage. Presented at the Innovative Interfaces Public Library Directors Symposium, Charleston, South Carolina  

"Radicalize Your Catalog with eBooks Your Patrons Keep Forever,” November 2014, with Lori Ayre, Megan Wong and Heekyung Wilhelmi. Presented at California Library Association Conference, Oakland, California  


"Transcending the Catalog: Encore Synergy in a Merged Academic/Public Library,” November 3, 2012, with John Wenzler and Sandra Stewart. Presented at California Library Association Conference, San Jose, California  


"¡Bienvenido a Tu Biblioteca! Welcoming Latinos to the Public Library,” November 2010, with Judith Gregg, Janice Garcia, Madeline Walton-Hadlock and Elizabeth Munoz-Rosas. Presented at California Library Association Conference, Sacramento, California  

"Creating a Successful Family Learning Center at Your Library,” November 2009, with Candice Tran and Mana Tominaga. Presented at California Library Association Conference, Pasadena, California
Publications


"Working Together to Help Students Pass the California High School Exit Exam." Clarion, April 2010

Awards

"Collaborative Services Partner.” May 6, 2008. California Council for Adult Education Mid-Peninsula Chapter

"Honor for Generous Support of Community Children and Head Start and Early Start Programs.” June 4, 2008. Santa Clara County Office of Education
ANDREW YON  
Controller  
Pacific Library Partnership

SUMMARY OF QUALIFICATIONS:

• 30+ years of extensive, progressive, administrative and governmental accounting and finance experience  
• Results oriented leader, with proven problem-solving, interpersonal, communication, and analytical/technical skills in a diverse and demanding work environment  
• Ability to work independently and as a team player  
• Can adapt immediately to new challenges and changes  
• Manage workloads effectively and efficiently

EDUCATION:

Golden Gate University • San Francisco, CA • 1987  
B.S. Accounting

COMPUTER SKILLS – Proficient and Highly Competent

• Microsoft Office 2016: Excel, Word, Access, Publisher, and PowerPoint  
• SAP (ERP): Proficient in system’s budgeting, financial, personnel, payroll, procurement, capital projects, grants, and reporting  
• Tyler Munis: Proficient in budgeting, payroll, personnel, A/P, A/R, financial reporting, procurement, capital projects ledger, and grants tracking and reporting  
• MIP Fund Accounting Solution

PROFESSIONAL EXPERIENCE:

The Peninsula Library System (PLS) is a consortium of 35 public and community college libraries. The PLS is a Joint Powers Agency and is funded primarily by member libraries.

Peninsula Library System Administration Office • San Mateo, CA  
2017 to Present, Controller

• Assist the Executive Director in providing oversight of the day-to-day administrative, financial and accounting activities of Peninsula Library System and other contracting Joint Powers Agencies (Pacific Library Partnership and NorthNet Library System).  
• Provide guidance and consultation to management and staff on matters of budgeting, internal controls, professional contracts, procurement, personnel, and grants fiscal management and reporting. Ensure agency’s compliance with all policies & procedures including Federal, State, and local labor laws and grant requirements.  
• Work closely with external auditors and coordinate with all parties to facilitate the annual audit of Peninsula Library System, Pacific Library Partnership, and NorthNet Library System financial statements.  
• Provide oversight of general ledger, balances sheet, and reporting systems ensuring compliance with appropriate GAAP and GASB standards and regulatory requirements including bank accounts reconciliation, State Controller’s Special District annual financial reports, and overall year-end closing process.  
• Review and approval of all agencies expenditures and disbursements including grants
disbursements.

- Analyze and evaluate complex financial statements, records, and reports to make sound conclusions and recommendations.
- Analyze agency’s annual financial performance and prepare forward looking financial forecast for management and Boards for decision support.
- Direct, assign, plan and review the work of accounting staff.
- Provide written and oral presentations regarding financial matters to agencies board and committee.
- Perform other duties as requested.

The Marin County Free Library comprised of 10 branches throughout County of Marin and two outreach Bookmobiles. The Marin County Free Library serves 140,000 library patrons.

County of Marin, Marin County Free Library Administration Office • San Rafael, CA
1997 to 2017, Administrative Services Manager, Fiscal Administration

- Assist the Director of County Library in providing day- to-day administrative oversight of the County Library’s department and act as the professional expert in areas of fiscal/financial activities of the entire department.
- Oversee the biennial budget planning, developing, organizing, directing, administering, and managing the Marin County Free Library's 19 budget operations totaling $18 million including a Capital Outlay budget totaling $3 million.
- Assist in the development of department’s biennial budget’s Managing for Results plan consisting of anticipated goals & objectives, accomplishments, and workload indicators.
- Prepare various budget, financial & cash flow projections (3YR, 5YR, 10YR) as well as annual budget reduction scenarios for library leadership team.
- Perform analysis of complex State legislation fiscal impacts and prepare fiscal outlook projections.
- Supervise, plan, organize, train, and direct the work of the Library Accounting Office staff consisting of one Administrative Service Office and three staff accountants.
- Oversee the departmental fiscal services including payroll, personnel, Accounts Receivable, Accounts Payable, Federal and State grants, facilities capital projects, fixed assets inventory, purchasing, professional services contracts, vendors cost negotiation (capitalized equipment, facilities supplies, maintenance & delivery services.)
- Oversee the administration of the Library’s new 2010 “Measure A” Special Parcel Tax assessments ($2.5 million); worked with finance campaign consultants on Measure A public financial background brief; developed jointly with County Counsel, election ballot measure language and required Board resolution; implemented the new Measure A overall parcel tax processes (authorizing the tax assessment on property tax bills to revenue collection); developed departmental policy and procedures to manage and grant senior and contiguous parcel tax exemptions.
- Administer the Marin County Library’s 1997 Special Parcel Tax assessments ($1.8 million) assessments encompassing three taxing areas) including taxpayers disputes and legal claims. Represent the County library in Court on legal litigation pertaining to library parcel tax assessment dispute.
- Manage library’s seven commercial real estate leases & monthly rent payments and work with County Real Estate staff in new commercial lease negotiations and renewals including facilities leasehold capital improvement projects management.
• Oversee the Library’s personnel management (110 FTEs) including positions control, salary savings, position conversions, merit step increases, HR policies and bargaining agreements compliance, employee payroll pay discrepancy, employees’ benefits entitlement and integration, etc. Participate in HR’s policy review meetings as department’s representative on HR policy amendments, additions, and deletions as well as provide feedbacks as needed.

• Administer the library delinquent patron collections including in-house collection efforts.

• Serve as department’s safety officer ensuring health and safety concerns are addressed promptly. Work closely with County Risk Management Office on employees’ worker’s compensation claims and to address and/or mitigate workplace ergonomic issues.

• Ensure departmental compliance with all County regulations and policies & procedures including Federal/State labor laws.

• Serve as department’s liaison to Library Commission and Commission’s budget subcommittee in presenting and discussing the proposed biennial library budget.

• Assist the Director in the development of library department’s budget presentation to the Board of Supervisors.

• Serve as department’s Records Management coordinator. Participated in the County Records Management committee in the development of department’s records retention schedules. Ensure department’s retention records are 100% compliant with Board of Supervisors approved County Retention Requirements.

• Represents the Library Department in the IT team (ATOM) in seeking a new replacement for the existing County Enterprise Resources Planning system (SAP). Participated in blueprinting and Request for Proposal processes of County’s legacy system SAP; served as department’s SAP transition coordinator and SAP problem-solver for the system’s modules related to procurement, accounts payable, receivable, cash receipt, grants, capital projects, payroll, and personnel.

• Serve as department’s ATOM (Administrative Technology of Marin) project lead on implementing and configuring the new Tyler-MUNIS financial system. Worked with members of the ATOM team in the development of the Library’s Munis’ Financial Organization Structure including the Orgs and Objects list to populate the library’s 19 operating program budgets in preparation of Munis “go-live” scheduled for 7/1/16. Keep library’s stakeholders updated with Munis implementation progress. Presently working with ATOM team members to change the coding/script of the library’s existing 3rd party system’s interface program to be compatible with Munis invoice payment requirements which will enable salary savings of 2.0 FTE library staff not needed to process invoices.

County of Marin, Department of Finance• San Rafael, CA
1992 to 1997, Accountant II, Accounting Division
• Responsibilities included reviewing 25 County departments’ financial transactions and posting to General Ledger
• Worked with departments in establishing new departmental and grant budgets
• Analyzed various county agencies’ cash flows and operational budgets reports for fiscal issues
• Directed, coordinated, prepared, and filed the State of California mandated County’s Annual Cost Allocation report per State’s OMB-87; worked with State’s auditors and County departments regarding indirect cost rates issues
• Prepared quarterly and annual State Health & Welfare Realignment Sales Tax and Vehicle
License Fee reports on behalf of County's Health & Human Services Department

- Advised departmental fiscal managers and key accounting staff of County Auditor-Controller's policies & procedures
- Served on the implementation team of the County's new administrative/accounting system MARS (Marin Accounting Resources System); worked with IT programmers to develop various interface programs linking MARS and departments third-party systems; analyzed new system reports; developed new user-friendly financial system reports; established new system documentation processes and procedures; conducted departmental users training

**County of Marin, Auditor-Controller's Office (DOF) • San Rafael, CA**

1988 to 1992, Auditor I, Audit Division & Property Tax Division

- Auditing responsibilities included the annual audit of the County Retirement's operation; performed annual audit of County departments' petty cash and reported on findings; reviewed and audited Special Districts financial statements; conducted examination of Special Districts financial documents to ensure compliance with GAAP & GASB
- Administered the County Unsecured property tax assessments and issue Unsecured tax bills
- Reconciled unsecured and secured property tax collections and appropriate taxes to County and taxing districts
OBJECTIVE  Working with libraries to identify and build on assets they bring to their communities through system wide collaboration and community partners.

SKILLS & ABILITIES
- Strong motivational, collaborative and leadership skills in cultivating excellent customer service
- Effective communication and writing skills

EXPERIENCE

SYSTEM COORDINATOR, NORTHNET LIBRARY SYSTEM  
JULY 2015 TO PRESENT
Provide support to 40 NLS member libraries through effective and timely communications; prepare Plan of Service and Annual Reports as required by California Library Services Act (CLSA); coordinate Council of Librarians and Executive Committee meetings and maintain regular communications with NLS Chair and Executive Committee; prepare and distribute Council and Executive Committee agenda packets and minutes; coordinate with PLP to research and administer new projects; work with PLP fiscal and administrative staff on all operations supporting NLS activities; work with system members on delivery schedules and other system services; distribute legislative, CLSA and other relevant correspondence; work with NLS members to identify grant opportunities, new services and programming opportunities; support special projects and activities as deemed by NLS Council; and, with PLP Executive Director, represent and advocate for NLS programs and service needs.

LIBRARY PROJECT ADVISOR, PACIFIC LIBRARY PARTNERSHIP  
NOVEMBER 2012 - PRESENT
Advise, coach and support libraries on LSTA competitive grants and provide training to libraries in developing grant applications and implementing and evaluating LSTA grant projects; liaison to the CA State Library and team administrator for 11 PLP Project Advisors who provide training and grant support to 60+ libraries through the annual LSTA grant cycle

LIBRARY PROGRAMS CONSULTANT CALIFORNIA STATE LIBRARY  
SEPTEMBER 2005 – NOVEMBER 2012
Co-managed statewide library literacy multi-site program providing technical, administrative and training support to 100+ libraries with adult and family literacy services; Developed and managed statewide LSTA initiatives; Provided technical and grant management support to multiple LSTA project libraries; State Library liaison to the SERRA Library System; Created and implemented systems to improve library program impact and create outcome evaluation; Worked on multiple statewide projects with public library colleagues to improve library services and to identify and meet community needs.
EDUCATION

SAN DIEGO STATE UNIVERSITY, SAN DIEGO, CA, 1997
MASTER OF PUBLIC ADMINISTRATION

CALIFORNIA STATE UNIVERSITY SAN LUIS OBISPO, 1979
BACHELOR OF SCIENCE, AGRICULTURAL BUSINESS MANAGEMENT

PROFESSIONAL AFFILIATIONS

AMERICAN LIBRARY ASSOCIATION/PUBLIC LIBRARY ASSOCIATION, Member

CALIFORNIA LIBRARY ASSOCIATION, Member since 2005
April 16, 2009

Linda Crowe, Executive Director
Peninsula Library System
2471 Flores Street
San Mateo, CA 94403-2273

Dear Linda,

The California Library Services Act, Education Code Section 18700 et seq., is administered by the State Librarian, at the policy direction of the Library of California Board. Specific program requirements adopted by the Board are found in the State Administrative Code, Title 5, Sec. 20100 et seq. Program grants are awarded to eligible library systems on an annual schedule and administered locally by the System Administrative Council. Over the past few years the California State Library has encouraged and supported the consolidation efforts of cooperative library systems throughout the state to achieve efficiencies and realize further economies of scale.

To recognize the eligibility of the Pacific Library Partnership to apply for CLSA funds the Board approved on August 7, 2008 the joint notice of intent submitted on behalf of the Bay Area Library & Information System, Monterey Bay Area Cooperative Library System, Peninsula Library System, and Silicon Valley Library System to consolidate its operations and services into a single Cooperative Library System, contingent upon all 4 necessary local System consolidation agreements and by-laws being approved and in force by June 1, 2009.

To assist in budget allocations, the Board also approved on August 7, 2008 the policy for allocation of CLSA System-level funding for Reference, Communications & Delivery, and Advisory Boards for the 2009/10 fiscal year that allows two or more CLSA Cooperative Library Systems to consolidate and retain the same funding level by simply adding together the allocations for each System.

We look forward to seeing the very first System Plan of Service for the Pacific Library Partnership and remain ready to assist you in any way we can to assure future success.

Sincerely,

[Signature]
Gerald Maginnity, Chief
Library Development Services Bureau
PLS provides administration and all staff support in order to fulfill contractual obligations to PLP, BALIS, MOBAC, SVLS, and NorthNet (all CLSA Library Systems); and other partners such as the California State Library.
PACIFIC LIBRARY PARTNERSHIP

BASIC FINANCIAL STATEMENTS

AND SINGLE AUDIT REPORTS

FOR THE YEAR ENDED JUNE 30, 2020
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Pacific Library Partnership  
Basic Financial Statements and Single Audit Reports  
For the year ended June 30, 2019  

Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FINANCIAL SECTION</strong></td>
<td></td>
</tr>
<tr>
<td>Independent Auditor’s Report</td>
<td>1-2</td>
</tr>
<tr>
<td>Management’s Discussion and Analysis</td>
<td>3-9</td>
</tr>
<tr>
<td>Basic Financial Statements:</td>
<td></td>
</tr>
<tr>
<td>Governmental Funds Balance Sheet/Statement of Net Position</td>
<td>12</td>
</tr>
<tr>
<td>Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balances/Statement of Activities</td>
<td>13</td>
</tr>
<tr>
<td>Notes to Basic Financial Statements</td>
<td>15-23</td>
</tr>
<tr>
<td>Required Supplementary Information</td>
<td>26</td>
</tr>
</tbody>
</table>

| **FEDERAL SUPPLEMENTARY REPORTS**          |         |
| Schedule of Expenditures of Federal Awards | 28      |
| Notes to Schedule of Expenditures of Federal Awards | 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 | 31-32   |
| Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance | 33-34   |
| Schedule of Findings and Questioned Costs  | 35-36   |
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INDEPENDENT AUDITOR’S REPORT

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

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Pacific Library Partnership (PLP) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise PLP's basic financial statements as listed in the table of contents. The prior-year comparative total information presented has been derived from the PLP’s 2019 basic financial statements and, in our report dated June 14, 2021 we expressed an unmodified opinion on the those financial statements.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position and the budgetary comparison information of PLP, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management’s discussion and analysis on pages 3-9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the PLP’s basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 14, 2021 on our consideration of PLP’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the PLP’s internal control over financial reporting and compliance.

June 14, 2021

JJACPA, Inc.
JJACPA, Inc.
Dublin, CA
Management’s Discussion and Analysis

This section of the Pacific Library Partnership’s (PLP) basic financial statements presents management’s discussion and analysis of PLP’s financial performance during the fiscal year ended June 30, 2020. Since this management’s discussion and analysis is designed to focus on current activities, resulting change, and current known facts, please read it in conjunction with PLP’s basic financial statements (pages 12 and 13) as well as the footnotes to the financial statements (pages 15 - 23).

Financial Highlights

At June 30, 2020, PLP ended the year with a net position of $2,846,819 which includes capitalization of $2,097 in capital assets as shown in note 9 as reclassifications and eliminations on page 22.

Using This Report

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

The annual financial statements include the Independent Auditor’s Report, this management’s discussion and analysis, the basic financial statements, and notes to basic financial statements and required supplementary information.
## Financial Analysis of PLP as a Whole

### Net Position

**As of June 30, 2020 and 2019**

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>Increase (Decrease)</th>
<th>Percent Change</th>
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<tr>
<td><strong>Assets:</strong></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Assets</td>
<td>$4,312,347</td>
<td>$3,975,596</td>
<td>$336,751</td>
<td>8.5%</td>
</tr>
<tr>
<td>Non-current Assets</td>
<td>2,097</td>
<td>3,851</td>
<td>(1,754)</td>
<td>-45.5%</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$4,314,444</td>
<td>$3,979,447</td>
<td>$334,997</td>
<td>8.4%</td>
</tr>
<tr>
<td><strong>Liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>$1,467,625</td>
<td>$1,952,868</td>
<td>(485,243)</td>
<td>-24.8%</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>1,467,625</td>
<td>1,952,868</td>
<td>(485,243)</td>
<td>-24.8%</td>
</tr>
<tr>
<td><strong>Net Position:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Investment in Capital Assets</td>
<td>2,097</td>
<td>3,851</td>
<td>(1,754)</td>
<td>-45.5%</td>
</tr>
<tr>
<td>Restricted</td>
<td>313,383</td>
<td>313,383</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>2,531,339</td>
<td>1,709,345</td>
<td>821,994</td>
<td>48.1%</td>
</tr>
<tr>
<td><strong>Total Net Position</strong></td>
<td>2,846,819</td>
<td>2,026,579</td>
<td>820,240</td>
<td>40.5%</td>
</tr>
<tr>
<td><strong>Total Liabilities and Net Position</strong></td>
<td>$4,314,444</td>
<td>$3,979,447</td>
<td>$334,997</td>
<td>8.4%</td>
</tr>
</tbody>
</table>

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

Net position of $2,846,819 at June 30, 2020 consisted of $2,531,339 unrestricted amount available for operations, $313,383 of restricted and $2,097 for net investment in capital assets.
Financial Analysis of PLP as a Whole, Continued

Operating Results
For the year ended June 30, 2020 and 2019

<table>
<thead>
<tr>
<th>Operating Expenses:</th>
<th>2020</th>
<th>2019</th>
<th>Increase (Decrease)</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Expenses:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program Revenue:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants</td>
<td>4,441,379</td>
<td>4,276,786</td>
<td>164,593</td>
<td>3.8%</td>
</tr>
<tr>
<td>Charges for services</td>
<td>376,944</td>
<td>281,145</td>
<td>95,799</td>
<td>34.1%</td>
</tr>
<tr>
<td>Total program revenue</td>
<td>4,818,323</td>
<td>4,558,931</td>
<td>259,392</td>
<td>5.7%</td>
</tr>
<tr>
<td>Net Operating Expenses</td>
<td>(180,242)</td>
<td>1,980,294</td>
<td>(2,160,536)</td>
<td>-109.1%</td>
</tr>
</tbody>
</table>

General Revenue:

<table>
<thead>
<tr>
<th>General Revenue:</th>
<th>2020</th>
<th>2019</th>
<th>Increase (Decrease)</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership fees</td>
<td>560,903</td>
<td>549,262</td>
<td>11,641</td>
<td>2.1%</td>
</tr>
<tr>
<td>Interest</td>
<td>79,095</td>
<td>88,220</td>
<td>(9,125)</td>
<td>-10.3%</td>
</tr>
<tr>
<td>Total general revenue</td>
<td>639,998</td>
<td>637,482</td>
<td>2,516</td>
<td>0.4%</td>
</tr>
<tr>
<td>Increase (decrease) in net position</td>
<td>820,240</td>
<td>(1,342,812)</td>
<td>2,163,052</td>
<td>-161.1%</td>
</tr>
</tbody>
</table>

Net Position:

<table>
<thead>
<tr>
<th>Net Position:</th>
<th>2020</th>
<th>2019</th>
<th>Increase (Decrease)</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning of year</td>
<td>2,026,579</td>
<td>3,369,390</td>
<td>(1,342,811)</td>
<td>-39.9%</td>
</tr>
<tr>
<td>End of year</td>
<td>$ 2,846,819</td>
<td>$ 2,026,579</td>
<td>$ 820,240</td>
<td>40.5%</td>
</tr>
</tbody>
</table>

In FY2019-20, program revenues were primarily from grants, which consisted of $4,244,677. General revenues were primarily membership fees and reimbursements from services provided to members.

The following is a graphic illustration of revenues by source for the year ended June 30, 2020:
## Financial Analysis of PLP as a Whole, Continued

### Operating Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>2020 (Amount)</th>
<th>2019 (Amount)</th>
<th>Increase (Decrease)</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>$1,298,963</td>
<td>$998,556</td>
<td>$300,407</td>
<td>30.1%</td>
</tr>
<tr>
<td>Delivery</td>
<td>478,753</td>
<td>565,219</td>
<td>(86,466)</td>
<td>-15.3%</td>
</tr>
<tr>
<td>System Operation</td>
<td>169,083</td>
<td>121,845</td>
<td>47,238</td>
<td>38.8%</td>
</tr>
<tr>
<td>Data Privacy Training FY19/20</td>
<td>28,352</td>
<td>-</td>
<td>28,352</td>
<td>100.0%</td>
</tr>
<tr>
<td>Veterans Connect FY17/18</td>
<td>-</td>
<td>94,887</td>
<td>(94,887)</td>
<td>-100.0%</td>
</tr>
<tr>
<td>Veterans Connect FY18/19</td>
<td>95,274</td>
<td>177,457</td>
<td>(82,183)</td>
<td>-46.3%</td>
</tr>
<tr>
<td>Veterans Connect FY19/20</td>
<td>181,621</td>
<td>-</td>
<td>181,621</td>
<td>100.0%</td>
</tr>
<tr>
<td>Reimagining School Readiness FY19/20</td>
<td>30,693</td>
<td>-</td>
<td>30,693</td>
<td>100.0%</td>
</tr>
<tr>
<td>Networking CA Library FY17/18</td>
<td>-</td>
<td>106,856</td>
<td>(106,856)</td>
<td>-100.0%</td>
</tr>
<tr>
<td>Networking CA Library FY18/19</td>
<td>96,081</td>
<td>345,380</td>
<td>(249,299)</td>
<td>-72.2%</td>
</tr>
<tr>
<td>Networking CA Library FY19/20</td>
<td>228,024</td>
<td>-</td>
<td>228,024</td>
<td>100.0%</td>
</tr>
<tr>
<td>Literacy Initiatives FY17/18</td>
<td>-</td>
<td>147,439</td>
<td>(147,439)</td>
<td>-100.0%</td>
</tr>
<tr>
<td>Literacy Initiatives FY18/19</td>
<td>66,412</td>
<td>193,673</td>
<td>(127,261)</td>
<td>-65.7%</td>
</tr>
<tr>
<td>Literacy Initiatives FY19/20</td>
<td>148,028</td>
<td>-</td>
<td>148,028</td>
<td>100.0%</td>
</tr>
<tr>
<td>CA Preservation Program FY17/18</td>
<td>-</td>
<td>98,740</td>
<td>(98,740)</td>
<td>-100.0%</td>
</tr>
<tr>
<td>CA Preservation Program FY 18/19</td>
<td>124,183</td>
<td>96,099</td>
<td>28,084</td>
<td>29.2%</td>
</tr>
<tr>
<td>CA Library Metrics FY 17/18</td>
<td>-</td>
<td>127,768</td>
<td>(127,768)</td>
<td>-100.0%</td>
</tr>
<tr>
<td>CA Library Metrics FY 18/19</td>
<td>85,955</td>
<td>384,553</td>
<td>(298,598)</td>
<td>-77.6%</td>
</tr>
<tr>
<td>CA Library Metrics FY 19/20</td>
<td>420,886</td>
<td>-</td>
<td>420,886</td>
<td>100.0%</td>
</tr>
<tr>
<td>Economic Mobility &amp; CA Libraries FY19/20</td>
<td>194,000</td>
<td>-</td>
<td>194,000</td>
<td>100.0%</td>
</tr>
<tr>
<td>Lunch at the Library FY19/20</td>
<td>611,075</td>
<td>-</td>
<td>611,075</td>
<td>100.0%</td>
</tr>
<tr>
<td>CA Statewide Initiatives Book Program FY17/18</td>
<td>-</td>
<td>487,500</td>
<td>(487,500)</td>
<td>-100.0%</td>
</tr>
<tr>
<td>PLSEP FY17/18</td>
<td>2,700</td>
<td>12,696</td>
<td>(9,996)</td>
<td>-78.7%</td>
</tr>
<tr>
<td>PLSEP FY18/19</td>
<td>65,364</td>
<td>-</td>
<td>65,364</td>
<td>100.0%</td>
</tr>
<tr>
<td>CA Rural Library Initiative FY 17/18</td>
<td>-</td>
<td>54,160</td>
<td>(54,160)</td>
<td>-100.0%</td>
</tr>
<tr>
<td>CA Rural Library Initiative FY 18/19</td>
<td>57,241</td>
<td>20,146</td>
<td>37,095</td>
<td>184.1%</td>
</tr>
<tr>
<td>Student Success Initiative FY 17/18</td>
<td>-</td>
<td>34,331</td>
<td>(34,331)</td>
<td>-100.0%</td>
</tr>
<tr>
<td>Student Success Initiative FY 18/19</td>
<td>38,464</td>
<td>98,788</td>
<td>(60,324)</td>
<td>-61.1%</td>
</tr>
<tr>
<td>simplyE FY17/19</td>
<td>-</td>
<td>42,227</td>
<td>(42,227)</td>
<td>-100.0%</td>
</tr>
<tr>
<td>ENKI Content FY16-19</td>
<td>-</td>
<td>27,226</td>
<td>(27,226)</td>
<td>-100.0%</td>
</tr>
<tr>
<td>News Literacy Resources Toolkit FY17/18</td>
<td>-</td>
<td>19,003</td>
<td>(19,003)</td>
<td>-100.0%</td>
</tr>
<tr>
<td>Cybersecurity Training for Teens FY18/19</td>
<td>18,473</td>
<td>9,118</td>
<td>9,355</td>
<td>102.6%</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,754</td>
<td>1,754</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>$4,441,379</td>
<td>$4,276,786</td>
<td>$164,593</td>
<td>3.85%</td>
</tr>
</tbody>
</table>

Operating expenses in the amount of $4,441,379 were split amongst three major categories; administration and delivery operations, grants, and depreciation. The change in operating expenses of $164,593 over the previous year end was the result of deadline extension of several FY18-19 LSTA grants expenditures through FY19-20.
Financial Analysis of PLP as a Whole, Continued

The following is a graphic illustration of operating expenses for the year ended June 30, 2020:

### Operating Expenses

- Administration and operations, $1,562,021, 37%
- Special Programs - Federal, $2,494,579, 60%
- Communication and delivery, $121,845, 3%
- Depreciation, $1,754, 0%

### Analysis of Net Position

For the year ended June 30, 2020 and 2019

<table>
<thead>
<tr>
<th>Net Position</th>
<th>2020</th>
<th>2019</th>
<th>Increase (Decrease)</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Investment in Capital Assets</td>
<td>$2,097</td>
<td>$3,851</td>
<td>$(1,754)</td>
<td>-45.5%</td>
</tr>
<tr>
<td>Restricted</td>
<td>313,383</td>
<td>313,383</td>
<td>-</td>
<td>100.0%</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>2,531,339</td>
<td>1,709,345</td>
<td>821,994</td>
<td>48.1%</td>
</tr>
<tr>
<td>Total Net Position</td>
<td>$2,846,819</td>
<td>$2,026,579</td>
<td>$820,240</td>
<td>40.5%</td>
</tr>
</tbody>
</table>

The change in net position of $820,240 is primarily due to general revenues from grants exceeding the net program expense at fiscal year-end. The following is a graphic illustration of net position for June 30, 2020:
ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

In considering PLP’s Budget for FY 2019-20, the Administrative Council and management used the following criteria:

The key assumptions in our revenue forecast were:

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

Continuing items specifically addressed in the budget were:

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

The adopted budget for the new FY 2020-21 was $1,990,890 and is summarized as follows:

<table>
<thead>
<tr>
<th></th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td></td>
</tr>
<tr>
<td>System administration</td>
<td>$ 1,162,410 $ 1,018,123 14.17%</td>
</tr>
<tr>
<td>System operations</td>
<td>123,226</td>
</tr>
<tr>
<td>Total Administration</td>
<td>1,285,636</td>
</tr>
<tr>
<td>Membership services</td>
<td></td>
</tr>
<tr>
<td>Communications and delivery</td>
<td>705,254</td>
</tr>
<tr>
<td>Total Membership Services</td>
<td>705,254</td>
</tr>
<tr>
<td>Total Budget</td>
<td>$ 1,990,890</td>
</tr>
</tbody>
</table>

1. Administration - Shows a combined increase of approximately 2.6%, which is mainly due to increase in administrative expenses.

2. Membership services – Shows a decrease of approximately 11.41% due to a decrease in prior year roll-over CLSA funds and 50% reduction in System Administration and Communications and Delivery’s CLSA.
ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES, CONTINUED

The following is a graphic illustration of appropriations for FY 2020-21.

![Budget Expenditures](image)

**Contacting PLP**

This financial report is designed to provide our customers and creditors a general overview of PLP’s finances and to demonstrate PLP’s accountability for the money it receives and is allocated to it. If you have questions about this report, contact the Pacific Library Partnership, 32W 25th Ave, Suite 201, San Mateo, CA 94403, telephone number (650) 349 5538.
BASIC FINANCIAL STATEMENTS
Pacific Library Partnership  
Governmental Funds Balance Sheet/Statement of Net Position  
June 30, 2020

<table>
<thead>
<tr>
<th></th>
<th>Governmental Funds</th>
<th>Adjustments (Note 9)</th>
<th>Statement of Net Position</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and investments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Available for operations</td>
<td>$3,918,095</td>
<td>$</td>
<td>$3,918,095</td>
<td>$3,602,833</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>379,684</td>
<td>$</td>
<td>379,684</td>
<td>$350,190</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>14,568</td>
<td>$</td>
<td>14,568</td>
<td>$22,573</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>$4,312,347</td>
<td></td>
<td>$4,312,347</td>
<td>$3,975,596</td>
</tr>
<tr>
<td><strong>Noncurrent</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital assets, net of accumulated depreciation</td>
<td>-</td>
<td>2,097</td>
<td>2,097</td>
<td>3,851</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$4,312,347</td>
<td>$2,097</td>
<td>$4,314,444</td>
<td>$3,979,447</td>
</tr>
<tr>
<td><strong>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>$700,990</td>
<td>$</td>
<td>$700,990</td>
<td>$352,040</td>
</tr>
<tr>
<td>Deposit payable</td>
<td>8,550</td>
<td>$</td>
<td>8,550</td>
<td>$11,404</td>
</tr>
<tr>
<td>Unearned revenue</td>
<td>-</td>
<td>758,085</td>
<td>758,085</td>
<td>1,589,424</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>$709,540</td>
<td>758,085</td>
<td>1,467,625</td>
<td>1,952,868</td>
</tr>
<tr>
<td><strong>Deferred Inflow:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unavailable revenue</td>
<td>758,085</td>
<td>(758,085)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total liabilities and deferred inflows</strong></td>
<td>$1,467,625</td>
<td>(758,085)</td>
<td>1,467,625</td>
<td>1,952,868</td>
</tr>
<tr>
<td><strong>Fund balances/Net position:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Committed:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating reserve</td>
<td>313,383</td>
<td>(313,383)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Unassigned, reported in:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General fund</td>
<td>2,531,339</td>
<td>(2,531,339)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total fund balances</strong></td>
<td>$2,844,722</td>
<td>(2,844,722)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total liabilities, deferred inflows and fund balances</strong></td>
<td>$4,312,347</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>NET POSITION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment in capital assets</td>
<td>-</td>
<td>2,097</td>
<td>2,097</td>
<td>3,851</td>
</tr>
<tr>
<td>Restricted</td>
<td>313,383</td>
<td>313,383</td>
<td>313,383</td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>2,531,339</td>
<td>2,531,339</td>
<td>1,709,345</td>
<td></td>
</tr>
<tr>
<td><strong>Total net position</strong></td>
<td>$2,846,819</td>
<td>$2,846,819</td>
<td>2,026,579</td>
<td></td>
</tr>
<tr>
<td><strong>Total liabilities and net position</strong></td>
<td>$4,314,444</td>
<td>$4,314,444</td>
<td>$3,979,447</td>
<td></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these basic financial statements
Pacific Library Partnership  
Statement of Governmental Fund Revenues, Expenditures, and  
Changes in Fund Balances/Statement of Activities  
For the year ended June 30, 2020

<table>
<thead>
<tr>
<th>Governmental Funds</th>
<th>Adjustments (Note 10)</th>
<th>Statement of Activities</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EXPENDITURES/EXPENSES:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration and operations</td>
<td>$ 1,945,046</td>
<td>$ -</td>
<td>$ 1,945,046</td>
</tr>
<tr>
<td>Special programs:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Federal</td>
<td>1,883,505</td>
<td>-</td>
<td>1,883,505</td>
</tr>
<tr>
<td>Local</td>
<td>611,074</td>
<td>-</td>
<td>611,074</td>
</tr>
<tr>
<td>Depreciation</td>
<td>-</td>
<td>1,754</td>
<td>1,754</td>
</tr>
<tr>
<td>Total expenditures/expenses</td>
<td>4,439,625</td>
<td>1,754</td>
<td>4,441,379</td>
</tr>
<tr>
<td><strong>REVENUES:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program revenues:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants</td>
<td>4,244,677</td>
<td>-</td>
<td>4,244,677</td>
</tr>
<tr>
<td>Charges for services</td>
<td>376,944</td>
<td>-</td>
<td>376,944</td>
</tr>
<tr>
<td>Total program revenues</td>
<td>4,621,621</td>
<td>-</td>
<td>4,621,621</td>
</tr>
<tr>
<td>Net program expense</td>
<td>(181,996)</td>
<td>1,754</td>
<td>(180,242)</td>
</tr>
<tr>
<td>General revenues:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Membership fees</td>
<td>560,903</td>
<td>-</td>
<td>560,903</td>
</tr>
<tr>
<td>Interest</td>
<td>79,095</td>
<td>-</td>
<td>79,095</td>
</tr>
<tr>
<td>Total general revenues</td>
<td>639,998</td>
<td>-</td>
<td>639,998</td>
</tr>
<tr>
<td><strong>REVENUES OVER (UNDER) EXPENDITURES</strong></td>
<td></td>
<td></td>
<td>821,994</td>
</tr>
<tr>
<td>CHANGE IN NET POSITION</td>
<td></td>
<td>(1,754)</td>
<td>820,240</td>
</tr>
<tr>
<td><strong>FUND BALANCES/NET POSITION:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of the year</td>
<td>2,022,728</td>
<td>3,851</td>
<td>2,026,579</td>
</tr>
<tr>
<td>End of the year</td>
<td>$ 2,844,722</td>
<td>$ 2,097</td>
<td>$ 2,846,819</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these basic financial statements.
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1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

A. Reporting Entity

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

In addition, based upon the above criteria, PLP is not aware of any entity which would be financially accountable for PLP which would result in PLP being considered a component of the entity.
1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting

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

C. Use of Estimates

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

D. Budgets

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

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

- By June 30, the Finance Committee reviews and recommends to the Administrative Council a proposed operating budget for the year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.

- The budget is legally enacted through passage of a motion during an Administrative Council meeting prior to year-end.

- The Finance Committee reviews all budget transfers and revisions, which are then approved by the Chair of the Administrative Council and the Chair of the Finance Committee.

- Formal budgeting is employed as a management control device during the year for the general and special revenue funds.
1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Budgets, continued

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

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

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

E. Cash and Investments

PLP pools cash and investments from all funds for the purpose of increasing income through investment activities. Highly liquid money market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. Market value is used as fair value for those securities for which market quotations are readily available.

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

F. Capital Assets

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

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

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and fixtures</td>
<td>5 to 10 years</td>
</tr>
<tr>
<td>Automobiles</td>
<td>5 years</td>
</tr>
<tr>
<td>Office equipment</td>
<td>5 to 10 years</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>5 to 10 years</td>
</tr>
</tbody>
</table>
2. CASH AND INVESTMENTS

The System had the following cash and investments at June 30, 2020:

<table>
<thead>
<tr>
<th>Description</th>
<th>FDIC/SIPC insured</th>
<th>Not rated</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Agency Investment Fund (LAIF)</td>
<td>$167,024</td>
<td>$3,329,612</td>
<td>$3,496,636</td>
</tr>
<tr>
<td>Cash deposits</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Certificate of Deposit</td>
<td>421,209</td>
<td>-</td>
<td>421,209</td>
</tr>
<tr>
<td>Petty cash</td>
<td>-</td>
<td>250</td>
<td>250</td>
</tr>
<tr>
<td>Total</td>
<td>$588,233</td>
<td>$3,329,862</td>
<td>$3,918,095</td>
</tr>
</tbody>
</table>

A. Cash Deposits

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

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

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

B. Investments

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

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

B. Investments, Continued

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

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

C. Investments in External Investment Pools

PLP's investments with LAIF at June 30, 2020, 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, 2020, LAIF had invested 3.37% of its funds in structured notes and asset-backed securities and similar transactions.

3. CAPITAL ASSETS

Changes in capital assets were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Balance</th>
<th>Additions</th>
<th>Adjustments/Deletions</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>July 1, 2019</td>
<td></td>
<td></td>
<td>June 30, 2020</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>$ 8,771</td>
<td>$</td>
<td>-</td>
<td>$ 8,771</td>
</tr>
<tr>
<td>Total capital assets</td>
<td></td>
<td></td>
<td></td>
<td>8,771</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(4,920)</td>
<td>(1,754)</td>
<td>-</td>
<td>(6,674)</td>
</tr>
<tr>
<td>Net capital assets</td>
<td>$ 3,851</td>
<td>$ (1,754)</td>
<td>$ -</td>
<td>$ 2,097</td>
</tr>
</tbody>
</table>
4. **UNEARNED REVENUE**

PLP records payments for services not yet rendered as unearned revenue. PLP expects to recognize $758,085 of unearned revenue as earned during FY2019-20.

5. **RELATED PARTY TRANSACTIONS**

PLP contracts with the Peninsula Library System (PLS), as its fiscal agent, for administrative services and/or materials. In compensation for services provided, PLP paid $1,099,722 to PLS for the year ended June 30, 2020. These amounts were reported as administration expenses in the Statement of Activities.

6. **FUND BALANCES/NET POSITION**

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

<table>
<thead>
<tr>
<th>Fund Balance</th>
<th>June 30, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Committed:</td>
<td></td>
</tr>
<tr>
<td>Operating reserve</td>
<td>$313,383</td>
</tr>
<tr>
<td>Unassigned</td>
<td>$2,531,339</td>
</tr>
<tr>
<td>Total Fund Balance</td>
<td>$2,844,722</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Net Position</th>
<th>June 30, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Investment in Capital Assets</td>
<td>$2,097</td>
</tr>
<tr>
<td>Restricted:</td>
<td></td>
</tr>
<tr>
<td>Operating reserve</td>
<td>$313,383</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>$2,531,339</td>
</tr>
<tr>
<td>Total</td>
<td>$2,846,819</td>
</tr>
</tbody>
</table>
7. INSURANCE

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

8. CONTINGENT LIABILITIES

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

“Total fund balances” of PLP’s Governmental funds of $2,844,722 differs from “net position” of governmental activities of $2,846,819, reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the Governmental funds balance sheets. The effect of the difference is illustrated below:

<table>
<thead>
<tr>
<th></th>
<th>Governmental Funds</th>
<th>Reclassifications and Eliminations</th>
<th>Statement of Net Position</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and investments:</td>
<td>$3,918,095</td>
<td>$ -</td>
<td>$3,918,095</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>379,684</td>
<td>-</td>
<td>379,684</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>14,568</td>
<td>-</td>
<td>14,568</td>
</tr>
<tr>
<td>Capital assets</td>
<td>-</td>
<td>2,097</td>
<td>2,097</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>4,312,347</td>
<td>2,097</td>
<td>4,314,444</td>
</tr>
<tr>
<td><strong>Liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>700,990</td>
<td>-</td>
<td>700,990</td>
</tr>
<tr>
<td>Deposit payable</td>
<td>8,550</td>
<td>-</td>
<td>8,550</td>
</tr>
<tr>
<td>Unearned revenue</td>
<td>-</td>
<td>758,085</td>
<td>758,085</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>709,540</td>
<td>758,085</td>
<td>1,467,625</td>
</tr>
<tr>
<td><strong>Deferred inflows:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unavailable revenue</td>
<td>758,085</td>
<td>(758,085)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total deferred inflows:</strong></td>
<td>758,085</td>
<td>(758,085)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Fund balances/Net position:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total fund balances/net position</td>
<td>2,844,722</td>
<td>2,097</td>
<td>2,846,819</td>
</tr>
<tr>
<td><strong>Total liabilities, deferred inflows and fund balances/net position</strong></td>
<td>$4,312,347</td>
<td>$2,097</td>
<td>$4,314,444</td>
</tr>
</tbody>
</table>

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 PLP as a whole. Long-term liabilities such as compensated absences are not due and payable in the current period and therefore they are not reported in the government’s fund balance sheet.
10. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND OPERATING STATEMENTS AND THE STATEMENT OF ACTIVITIES

The “net change in fund balances” for Governmental funds $821,994 differs from the “change in net position” for governmental activities of $820,240 reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the General fund. The effect of the difference is illustrated below:

<table>
<thead>
<tr>
<th>Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td><strong>EXPENDITURES/EXPENSES:</strong></td>
</tr>
<tr>
<td>Administration and operations</td>
</tr>
<tr>
<td>Special programs:</td>
</tr>
<tr>
<td>Federal</td>
</tr>
<tr>
<td>State</td>
</tr>
<tr>
<td>Depreciation</td>
</tr>
<tr>
<td>Total expenditures/expenses</td>
</tr>
</tbody>
</table>

| **REVENUES:**                                                                             |
| Program revenues:                                                                        |
| Grants                                    | 4,244,677   | - | 4,244,677   |
| Charges for services                      | 376,944     | - | 376,944     |
| Total program revenues                    | 4,621,621   | - | 4,621,621   |
| Net program expense                       | (181,996)   | 1,754 | (180,242) |

| General revenues:                                                                       |
| Membership fees                           | 560,903     | - | 560,903     |
| Interest                                  | 79,095      | - | 79,095      |
| Total general revenues                    | 639,998     | - | 639,998     |

| **REVENUES OVER (UNDER) EXPENDITURES**                                                    |
| CHANGE IN NET POSITION                     | 821,994     | (1,754) | 820,240    |

| FUND BALANCES/NET POSITION:                                                              |
| Beginning of the year                      | 2,022,728   | 3,851 | 2,026,579 |
| End of the year                            | $ 2,844,722 | $ 2,097 | $ 2,846,819 |

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 other charges and gifts and donations reflect the capitalization of these assets. Additionally, governmental funds report compensated absences as expenditures while governmental activities recognize the long-term nature as a liability, the change to contracted salaries and benefits reflects the change in the long-term compensated absences liability from the prior year.
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REQUIRED SUPPLEMENTARY INFORMATION
## For the year ended June 30, 2020

<table>
<thead>
<tr>
<th>Budgetary Fund Balance, July 1, 2019</th>
<th>$2,022,728</th>
<th>$2,022,728</th>
<th>$2,022,728</th>
<th>$ -</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Resources (inflows):</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants</td>
<td>3,225,790</td>
<td>3,225,790</td>
<td>4,244,677</td>
<td>1,013,887</td>
</tr>
<tr>
<td>Charges for services</td>
<td>350,489</td>
<td>350,489</td>
<td>376,944</td>
<td>26,455</td>
</tr>
<tr>
<td>Membership fees</td>
<td>560,903</td>
<td>560,903</td>
<td>560,903</td>
<td>-</td>
</tr>
<tr>
<td>Interest</td>
<td>90,400</td>
<td>90,400</td>
<td>79,095</td>
<td>(11,305)</td>
</tr>
<tr>
<td><strong>Total resources (inflows)</strong></td>
<td>4,227,582</td>
<td>4,227,582</td>
<td>5,261,619</td>
<td>1,034,037</td>
</tr>
<tr>
<td><strong>Amounts available for appropriation</strong></td>
<td>6,250,310</td>
<td>6,250,310</td>
<td>7,284,347</td>
<td>1,034,037</td>
</tr>
<tr>
<td><strong>Charges to appropriations (outflows):</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration and operation:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>System administration</td>
<td>959,008</td>
<td>959,008</td>
<td>998,556</td>
<td>(39,548)</td>
</tr>
<tr>
<td>System operations</td>
<td>819,867</td>
<td>819,867</td>
<td>565,219</td>
<td>254,648</td>
</tr>
<tr>
<td>Membership services:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communication and delivery</td>
<td>302,246</td>
<td>302,246</td>
<td>121,845</td>
<td>180,401</td>
</tr>
<tr>
<td><strong>Special Programs:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal</td>
<td>2,578,952</td>
<td>2,578,952</td>
<td>2,494,579</td>
<td>84,373</td>
</tr>
<tr>
<td><strong>Total charges to appropriations</strong></td>
<td>4,660,073</td>
<td>4,660,073</td>
<td>4,180,199</td>
<td>479,874</td>
</tr>
<tr>
<td><strong>Budgetary fund balance, June 30, 2020</strong></td>
<td>$1,590,237</td>
<td>$1,590,237</td>
<td>$3,104,148</td>
<td>$1,513,911</td>
</tr>
</tbody>
</table>
FEDERAL SUPPLEMENTARY REPORTS
### Pacific Library Partnership

**Schedule of Expenditures of Federal Awards**

**For the year ended June 30, 2020**

<table>
<thead>
<tr>
<th>Federal Grantor/Pass-through Grantor/Program or Cluster Title</th>
<th>Federal CFDA Number</th>
<th>Pass-through Federal Entity Identification Number</th>
<th>Federal Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Foundation on the Arts and the Humanities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pass-through programs from the California State Library -</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>State Library Program:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Data Privacy Training FY19/20</td>
<td>45.310</td>
<td>40-8970</td>
<td>28,352</td>
</tr>
<tr>
<td>Veterans Connect FY18/19</td>
<td>45.310</td>
<td>40-8848</td>
<td>95,274</td>
</tr>
<tr>
<td>Veterans Connect FY19/20</td>
<td>45.310</td>
<td>40-8999</td>
<td>181,621</td>
</tr>
<tr>
<td>Reimagining School Readiness FY19/20</td>
<td>45.313</td>
<td>RE-13-19-0061-19</td>
<td>30,693</td>
</tr>
<tr>
<td>Networking CA Library FY18/19</td>
<td>45.310</td>
<td>40-8889</td>
<td>96,081</td>
</tr>
<tr>
<td>Networking CA Library FY19/20</td>
<td>45.310</td>
<td>40-8977</td>
<td>228,024</td>
</tr>
<tr>
<td>Literacy Initiatives FY18/19</td>
<td>45.310</td>
<td>40-8840</td>
<td>66,412</td>
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<tr>
<td>Literacy Initiatives FY19/20</td>
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<td>40-8990</td>
<td>148,028</td>
</tr>
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<td>CA Preservation Program FY 18/19</td>
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<td>125,937</td>
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<tr>
<td>CA Library Metrics FY 18/19</td>
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<td>40-8941</td>
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<tr>
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<tr>
<td>PLSEP FY18/19</td>
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<td>40-8882</td>
<td>2,700</td>
</tr>
<tr>
<td>PLSEP FY19/20</td>
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<td>40-8997</td>
<td>65,364</td>
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<tr>
<td>CA Rural Library Initiative FY 18/19</td>
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<td>40-8843</td>
<td>57,241</td>
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<tr>
<td>Student Success Initiative FY 18/19</td>
<td>45.310</td>
<td>40-8845</td>
<td>38,464</td>
</tr>
<tr>
<td>Cybersecurity Training for Teens FY18/19</td>
<td>45.310</td>
<td>40-8860</td>
<td>18,473</td>
</tr>
</tbody>
</table>

**Total National Foundation on the Arts and the Humanities**

1,883,505

**Total Federal Expenditures**

$1,883,505

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

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Partnership and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the Basic financial statements.

2. DESCRIPTION OF MAJOR PROGRAMS

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

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

3. INDIRECT COST ELECTION

The System has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.
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To the Administrative Council of the Pacific Library Partnership
San Mateo, California

We have audited, in accordance with the auditing standard generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of Pacific Library Partnership (PLP) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise PLP’s basic financial statements, and have issued our report thereon dated June 14, 2021.

Internal Control over Financial Reporting

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

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

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

As part of obtaining reasonable assurance about whether PLP’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

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

June 14, 2021
JJACPA, Inc.
Dublin, CA
REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR’S REPORT

Administrative Council
Pacific Library Partnership
San Mateo, California

Report on Compliance for Each Major Federal Program

We have audited the Pacific Library Partnership’s (PLP) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of PLP’s major federal programs for the year ended June 30, 2020. PLP’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of PLP’s compliance.
**Opinion on Each Major Federal Program**

In our opinion, PLP complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

**Report on Internal Control Over Compliance**

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

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

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

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

June 14, 2021

JJACPA, Inc.
JJACPA, Inc.
Dublin, CA
Section I – Summary of Auditor’s Results

**Financial Statements**

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) indentified? None reported
- Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major programs:

<table>
<thead>
<tr>
<th>CFDA Number</th>
<th>Name of Federal Program or Cluster</th>
</tr>
</thead>
<tbody>
<tr>
<td>45.310</td>
<td>State Library Program</td>
</tr>
</tbody>
</table>

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as low-risk auditee? Yes
Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No current year findings or questioned costs.

Section IV – Status of Prior Year Audit Findings

There were no prior year audit findings.

Section V – Corrective Action Plan

There were neither current year findings nor questioned costs (see Section III above).
The NorthNet Cooperative Library System (NorthNet) funded a study of its existing CLSA program, including services for member libraries and its funding cost share formula, for the purpose of determining options and recommendations for beneficial changes and enhancements.
Executive Summary

The State of California provides funding to the nine California cooperative library systems through the Communications and Delivery Program of the California Library Services Act (CLSA) (Education Code 18745). This program is intended to fund intrasystem methods of exchanging print and digital materials and information between member libraries. Cooperative systems develop yearly plans of service and budgets, which are approved by the California Library Services Board (CLSB).

The NorthNet Cooperative Library System (NorthNet) funded a study of its existing CLSA program, including services for member libraries and its funding cost share formula, for the purpose of determining options and recommendations for beneficial changes and enhancements. The study, conducted by consulting firm Library Solutions, included a review and analysis of NorthNet’s member cost share formula, its shared services cost allocation plan, and its menu of services. Information was gathered in relation to those of the other California cooperative library systems. The study results, and recommendations for modifications to NorthNet’s processes, are detailed in this report.

The study was based on the following:

- A questionnaire, administered to NorthNet member library directors or their designee, designed to determine benefits and challenges related to NorthNet’s current CLSA processes.
- One-on-one interviews with selected NorthNet library directors, chosen by the Chair and Vice Chair, to gather in-depth information, perspectives and ideas.
- A survey of the eight California cooperative library systems outside of NorthNet to gather overall information about how they use and manage their CLSA funding.

Additional data points were reviewed, including NorthNet historical documentation such as surveys, claim forms, memos, and formula spreadsheets.

The overall findings were as follows:

- Seven of the eight cooperative library systems outside of NorthNet offer some form of delivery paid with CLSA funding. One system uses an in-kind delivery system, where the County library creates delivery points for pick up by the other member libraries. Another system provides a new e-resource each year for the member libraries to access. Participation is optional.
- Balances of the remaining CLSA funds, in general, provide e-resources for the member libraries.
- Four of the nine systems have and pay for their own administrative staff; the remaining five contract for administrative and fiscal services.
- Overall NorthNet member libraries appreciate the CLSA funded resources that enhance their budgets.
- Physical delivery is still a much-needed service because there are communities that do not have the technology for electronic resources.
- Suggestions for additional shared resources include video streaming, e-comics, Cloud e-books and e-newspapers, but some libraries would not be able to participate due to technology and/or budgets.
- Population served, library budget, and geographical isolation were recommended to be factored into the formula used to distribute CLSA funding amongst NorthNet member libraries.
- It would be best to develop a process to opt in and not determine costs until the CLSB approves the system’s CLSA budget. A few libraries stated they could receive better discounts from Califa or their own system due to their size. Many of the libraries communicated that there were limited choices with the current model, as some libraries do not use OverDrive or have the need to be subsidized for Broadband. The libraries prefer to have the funds managed by NorthNet rather than the local level but want local control over menu of services.

Findings and recommendations include:

- Four funding distribution formula options for consideration are: 1) the current formula; 2) a formula using only population figures; 3) a formula combining population, budget and adjustment for geographically isolated; and 4) an “off the top” formula to pay for contractual commitments.
- Additional e-resources to be added to the menu of services could include video streaming, e-comics, Cloud eBook, or e-newspapers. It is important to note that while multi-year contracts provide deeper discounts, they require a greater commitment by individual libraries to participate.
- Models of service from the other eight cooperatives to consider include an annual e-resource for libraries to opt in which could be a specific electronic service such as Gale Archives, Press Reader, or other online services.

The following pages represent the input of NorthNet member libraries, while complying with the rules and regulations as to the use of CLSA funds.

**Diane Satchwell**
CEO, Library Solutions, LLC
Background

In 1977 the State of California enacted the California Library Services Act (CLSA), which established and funded a network of regional cooperative library systems. The purpose of the CLSA was to foster interlibrary cooperation and loan programs that would help provide all Californians with equal access to free library materials regardless of geography or local resources. The number of systems in the state has fluctuated over time but there are currently nine: Black Gold Cooperative Library System (Black Gold), 49-99 Cooperative Library System (49-99), Inland Library System (Inland), NorthNet Library System (NorthNet), Pacific Library Partnership (PLP), San Joaquin Valley Library System (SJVLS), Santiago Library System (Santiago), Serra Cooperative Library System (Serra), and Southern California Library System (SCLC). All but a handful of the public libraries in the state belong to one of these systems (the CLSA and associated funding only apply to public libraries).

The types of cooperative library programs funded by the CLSA have diminished since 1977, but one remains, the Communications and Delivery Program (Education Code 18745), which funds intrasystem methods of sharing library collections and information. When the CLSA was enacted, this Program’s focus was on physical sharing of print materials and other tangible resources. In 2016, the Legislature adopted AB 1602, which amended the CLSA to remove references to obsolete programs and to include sharing of electronic resources for Communications and Delivery.

The nine-member California Library Services Board (CLSB) oversees CLSA Communications and Delivery funding, sets policies, and authorizes fund allocation. The Board ensures that funding use adheres to the intent of the law. The California State Library (CSL) is the state administrative agency that handles the CLSA funds and provides supportive staffing for the CLSB and its activities.

Communications and Delivery funding is allocated to the systems based on a formula approved by the CLSB in August 2013 as follows:

- 30% awarded on the basis of the first three members of each System, equally.
- 45% for each System’s combined portion of the total state population and System membership, excluding the first three members per System.
- and 25% for each System’s combined portion of membership and round-trip mileage of the Systems service area.

Based on this formula, the nine systems’ allocations for FY2022 were as follows:

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1 This formula was devised as a way to “equitably distribute funds so that a System with only three member libraries would not receive a base allocation of the same amount as a System with 14 member libraries” (https://www.library.ca.gov/wp-content/uploads/2021/08/2013-08_Minutes.pdf, p. 9) The “first three members” wording is an artifact of the 2013 discussion; the formula is applied, and system allocations are determined, by the State Library.
The cooperative systems are responsible for determining the best use of their CLSA allocations, within the limitations established in law and regulations. They develop yearly plans of service and budgets, which are approved by the CLSB. 20 percent of each system’s allocation may be used for system administration, per the CLSB’s policies.

Funds are not available until the CLSB approves the budget. Checks are then issued to the systems, but some years there are delays, due to various issues such as the state budget not passing on time, problems with the state’s financial system, etc.  

* * * * *

The Study

NorthNet is a Northern California multi-type library consortium comprised of forty public library jurisdictions, one academic library and one law library. The public library members\(^3\) are Alpine County, Belvedere-Tiburon, Butte County, Colusa County, Del Norte County, El Dorado County, Folsom, Humboldt County, Lake County, Larkspur, Lassen County, Marin County, Mendocino County, Mill Valley, Modoc County, Mono County, Napa County, Nevada County, Orland, Placer County, Plumas County, Roseville, Sacramento, St. Helena, San Anselmo, San Rafael, Sausalito, Shasta County, Siskiyou County, Solano County, Sonoma County, Sutter County, Tehama County, Trinity, Willows, Woodland, Yolo County, and Yuba County.

NorthNet is a joint powers authority created in the late 2009 by combining three existing cooperative systems: Mountain Valley Library System, North Bay Cooperative Library System, and North State Cooperative Library System. This was part of an effort supported by the CLSB and the California State

\(^2\) Delays can be significant, extending as much as five or six months into the fiscal year.

\(^3\) Only NorthNet public library members were considered in this study, as the CLSA and its funding only apply to public libraries.
Library to consolidate library systems throughout the state, to achieve greater efficiencies and economies of scale. Members of these three legacy systems now receive their CLSA funding through NorthNet, but those systems maintain their separate existences and memberships, and still meet and make decisions about cooperative programs.

To address member questions and concerns regarding CLSA allocations, NorthNet contracted for a study of its existing member cost share formula for CLSA funds, to also include an analysis of its current CLSA shared services cost allocation plan and its current CLSA menu of services, unless otherwise earmarked.

20% of the CLSA funding allocation received from the state goes to system administration, with the remainder used as baseline funding for the system members. For purposes of this report, the FY2021/22 NorthNet allocation will be used when discussing the formula. The breakdown is as follows:

<table>
<thead>
<tr>
<th>Baseline:</th>
<th>$652,107</th>
</tr>
</thead>
<tbody>
<tr>
<td>System Administration (20%)</td>
<td>$163,027</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td>$815,134</td>
</tr>
</tbody>
</table>

The NorthNet Executive Committee may choose to allocate some funds to support a special project, and also may choose to hold back some funds for any future projects.

The NorthNet Executive Committee each year works with the NorthNet fiscal agent to develop the budget for CLSA funds, with input from the shared OverDrive Library-to-Go Committee. Some of the baseline funds are used to support basic services for NorthNet, such as the website, Zoom and other communication tools. The Executive Committee may also choose to hold back funds based on the fiscal outlook (for example, if it is known that the State will be cutting the allocation by 50%). The Executive Committee will then determine the amount of funds to be distributed to the libraries.

NorthNet currently allocates CLSA baseline funds to its members as follows:

- 50% divided equally amongst each member library.
- 50% divided according to the population served by each member library.

If rollover funds from the previous fiscal year are available, they are included in the baseline and divided up according to the formula.\(^5\)

The consortium contracts for OverDrive, Link+, e-magazine, and physical item delivery services between its members. Public library members are obligated to pay for their share of these contracts

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\(^4\)Note that NorthNet is allocated additional funds due to its large geographical area and number of rural member libraries. For example, for FY2022 NorthNet had a calculated service population of 4,890,345 and SCLC had a population of 10,799,515. NorthNet received $815,134 (more than any other system) and SCLC received $711,100.

\(^5\) The example figures in the formulas discussed in this report do not include rollover funds.
with their CLSA allocations. Libraries must pay the consortium from other funds if the cost of their share of the consortial contracts is more than what they receive from CLSA. If libraries have CLSA funding left over after paying for their share of the contracts, they may use it for other delivery, e-resources, or broadband costs, selected from a menu of services (see Appendix E).

Considering membership fees and costs to member libraries beyond CLSA funding is out of the scope of work for this study. It should be noted that if the cost sharing formula is changed, NorthNet’s cost allocation plan for shared services will be impacted causing some libraries to contribute more than they currently do.

The study was carried out as follows:
- A questionnaire was administered to NorthNet member library directors (or a designee). This questionnaire was designed to determine any benefits and challenges related to NorthNet’s current CLSA processes.
- One-on-one interviews were conducted with a subset of NorthNet library directors (chosen by the System Chair and Vice Chair), to gather in-depth information, perspectives and ideas regarding allocation and use of CLSA funding.
- A survey was given to the eight California cooperative library systems outside of NorthNet, to gather overall information about how they use and manage their CLSA funding.
- Additional data points were reviewed, including NorthNet historical documentation such as surveys, claim forms, memos, and formula spreadsheets.

* * * * *

Cooperative Library Systems Survey Summary

A survey was sent to the other eight cooperative systems (Appendix A) to get an overall perspective on how all the California cooperative library systems use their CLSA funds. The survey showed that the most common uses were for delivery and e-resources as shown in the graph below:

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6 In this document, “delivery” refers to intrasystem transportation of physical materials between libraries, for the purposes of interlibrary loan, for returning borrowed materials between jurisdictions, etc.
SJVLS and 49-99 use their CLSA funds only for delivery. Inland and SCLC use their funds for e-resources and some minimal delivery services. Santiago uses its funds only for e-resources. The other cooperatives split between delivery and e-resources. Small percentages of CLSA funds were used for audits, postage, scanner maintenance and small operational needs.

All the cooperative systems exhaust their entire administrative budgets each year (the 20% of their CLSA state allocation that is allowed for administration). A few systems do not use all their baseline allocations and roll over the funds to the next year. Cooperatives have three years to use the funds and rolling over the funds is an acceptable practice. Black Gold, 49-99, Inland, SJVLS, Santiago and Serra exhaust all their CLSA funding each year.

Though it is not included in the overall scope of work for this study, it should be mentioned here that CLSA does not fully fund the systems, and they all must charge membership fees. These fees pay for system staffing, supplemental programs and/or services and additional enhancements. Fee schedules vary between systems.

Additionally, all eight cooperative systems adhere to a fiscal best practice of maintaining an emergency reserve fund. Reserve funds help organizations sustain financial operations and allow them to continue their programs when faced with unexpected situations (such as a global pandemic or economic downturn) that result in significant unbudgeted increases in operating expenses or reductions of operating revenues. Reserves are necessary for the systems to deal with common CLSA issues including state budget cuts, fluctuations in funded programs, or significant delays in receipt of allocated funding. The reserve standard varies between the systems.

* * * * *

NorthNet Director Questionnaire Summary
A questionnaire was distributed to the directors of the 40 NorthNet public library members. 80% of the libraries responded. The current NorthNet CLSA cost share/fund allocation model was favored overall by 80% of the respondents. Several, however, voiced the need for changes. These included:

- If a library does not use all of its funds, it was recommended to add those unused funds to that library’s allocation for the next year, rather than putting the total amount in the general formula.
- 23% suggested using library budgets as a factor in allocating funds, to give an advantage to those with smaller budgets.
- 20% suggested using population only when calculating the allocation.
- 16% suggested using per local income per capita.
- 9% requested population, budget, collection, number of branches.
- A combination of metrics was suggested by one or two directors. They included: 1) geographically isolated libraries, budget, number of card holders and local tax; 2) budget, per capita, and card holders; or 3) population and geographically isolated libraries.

Library directors were asked what they do not like about the model. Again, the majority felt the current model was fine. Comments included:

- The model is confusing.
- There are limited choices on the menu of services.
- Some libraries would prefer to “opt in” each year when making decisions on programs and services. Currently, libraries are part of multi-year contracts and committed to participating.
- Funds typically pay for one thing.
- There are too many pre-set costs.
- More funds should go to OverDrive.

The rural libraries had multiple concerns overall. These were:

- Does not support the more needy of the rural libraries.
- Rural libraries do not always use all their funds.
- Geographically isolated libraries can’t always benefit, especially from delivery services, due to the large distances within NorthNet and also between outlets within their own jurisdictions.
- Some libraries cannot participate in shared resources due to limited technology and/or small budgets.

The goal is to be fiscally responsible and give value to the member libraries. 23% of the respondents expressed concern about liability given that the System’s service contracts are negotiated prior to budget approvals by the CLSB and local jurisdictions. Some worried about the possibility of the burden being placed on member libraries to meet the contractual obligations, should CLSA funding be reduced. There was concern for the contractual agreements if the current model changes and there is

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7 A few respondents were new to their libraries and to NorthNet, and their responses to the questionnaire were limited.
8 Note that using a local income per capita metric might not account for inflation, income disparity, poverty, wealth or savings, and using it might not achieve the intended goals.
still an obligation for the participating libraries if they receive less funding. 7% of respondents, however, specifically stated that they preferred better discounts if longer contracts were negotiated.

The next question asked if the libraries would be in favor of “off the top” to pay for OverDrive, the shared e-magazine collection, delivery, and Link+ services. This would mean that the service contracts would be paid with the 50% of the System’s CLSA funds that are currently allocated equally to each of the 40 public library members, and any remainder would be divided equally (for FY21-22, that would have been $550 for each member). The following summarizes the comments from the respondents:

- 39% support the “off the top” idea.
- 36% feel it may benefit only a few. Some libraries, such as those in MARINet, could be left out of benefiting from any programs and services.
- Only 10% voiced a concern for future funding and the impact of an “off the top” approach, while 7% support for a more robust menu of services.

There was an opportunity to suggest new shared e-resources. Some of the member libraries would like to see more options for programs and services. The results of potential options are:

- Video streaming (44%).
- E-newspaper (27%).
- E-comics (22%).
- Cloud e-books (3%).
- Miscellaneous suggestions included online auto repair manuals, Consumer Reports, SimplyE, and a subscription to a community analysis tool (such as Gale Engage).

Three of the larger public member libraries said they would not participate in any shared e-resources services, as managing any additional services or programs would not be possible for them, and better discounts are available to them, through Califa or their own libraries.

* * * * *

Summary of Findings

- The current cost allocation/cost share model is fine with a large percentage of NorthNet’s public library members.
- Libraries would like to have more local control.
- The choices are limited, but some felt additional options would dilute the current programs and services, as well as potential increases in the costs.
- Delivery was a concern for those using the service and those not using the service. Libraries supported paying a portion of delivery, but not the entire cost.
- There is an interest in additional formula models, with consideration given to the library’s budget. It was suggested to use the discretionary funds available at each library.

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9 **MARINet** is a separate library network based in Marin County. It is essentially a consortium within the NorthNet consortium; it is not a cooperative system that directly receives CLSA funding.
- Impact of current contractual agreements and steps needed to cancel, modify or invoice participants is a consideration.
- Members of MARINet would prefer to have their CLSA funds sent directly to MARINet, i.e., to be considered a separate cooperative system.
- There was considerable concern by NorthNet rural libraries that they can’t take full advantage of the programs and services available through the cooperative. Their budgets are typically much smaller and at times there are no discretionary funds.
- Public library members overall wanted to have the ability to “opt in” to the programs and services on an annual basis rather than having a long-term commitment. They understand the discounts are based on long-term contracts but are concerned over the long-term funding commitments given the fluctuations in their libraries’ budgets.

NorthNet is challenged with a diverse membership, from urban to extremely rural. The study respondents’ feedback provided different perspectives within NorthNet. There are points to consider when pursuing a new cost sharing model. These are:
- Using only one metric in the formula results in smaller allocations for the rural libraries.
- Changes should have as much detail as possible as some found the existing model confusing.
- It is a challenge to find one model that benefits all.
- Compromise will be important when making decisions.

One-on-One Interview Summary

Nine one-on-one interviews (Appendix C) were conducted with selected libraries recommended by the NorthNet Chair and Vice Chair. These included Alpine County, Lake County, Larkspur, Mendocino County, Mono County, San Rafael, Siskiyou County, Yolo County and a representative from MARINet. The interviews provided more in-depth information concerning NorthNet and its cost sharing and service models.

The conversations centered around equity for NorthNet public library members and concern regarding budget shortfalls for rural members. There is an interest in identifying options to allocate additional funds to rural libraries to level the playing field of programs and services. Areas of consensus included:
- Desire for more local control to assure providing community-specific services. There was concern that decisions are made without input from libraries affected by those decisions. More conversations and approval should be held at the Administrative Council rather than the Executive Committee level.
- Physical delivery is important to the rural, geographically isolated libraries as many of the customers do not have the resources to access electronic services.
- Need for training, especially for new staff using NorthNet’s electronic resources.
- An “off the top” model would adversely affect rural libraries. NorthNet should concentrate on supporting rural libraries.
- Overall satisfaction with the menu of resources.
- Suggested the ability to opt in on a yearly basis once costs are known and library budgets are approved. Library budgets can vary and if there are additional discretionary funds, the libraries could participate.

Specific concerns were similar to those responding to the questionnaire. They include:
- More transparency for NorthNet Executive Council proceedings and decisions.
- Creating equity in the allocation formula.
- Compare long-term and short-term contractual discounts. Consider Califa.
- More consistency year-to-year with baseline funding allocations.
- Consider reducing collection budget if the funds are not being used in a fiscal year.
- Rural libraries want to support consistency year to year in the services they offer, but their local funding is inconsistent. They are concerned about having to take programs or services away from their communities if their funding is reduced. These communities are the most in need of these services and programs.

Members of MARINet mentioned that they want to discuss alternate options to leave NorthNet by either creating their own cooperative or joining the PLP system. Consideration is necessary in negotiating and discussing the potential CalPERS obligations within their respective current systems such as North Bay Cooperative System and Mountain Valley Library System. And formal approval must come from the CLSB. More detail is provided below in Unanticipated Outcomes section and under Recommendations.

Interviewees from Alpine, Mono and Inyo Counties mentioned that they are part of numerous “Tri-County” organizations and would also like to investigate pulling out of NorthNet and creating their own cooperative system. More detail is provided below in the Unanticipated Outcomes section and under Recommendations.

*     *     *     *     *

Formula Review

Four CLSA fund allocation formula options, based on feedback from study respondents, were analyzed to determine their potential impact on NorthNet public library members (see Appendix D). The following points were considered in analyzing the formulas:
- The figures are based on NorthNet’s FY2021-22 baseline total of $652,107.¹⁰
- Population figures came from the FY20/21 NLS CLSA CD Funds Distribution Tracking Worksheet (updated).
- As stated above, 25% of each System’s CLSA funding is calculated on a combined portion of number of member libraries and round-trip mileage within the System’s service area. When referring to the funding allocation for round-trip mileage, the figure of $161,877 was used.

¹⁰ $4,601 for telecommunications and supplies was subtracted from the CLSA baseline before distribution, according to NorthNet’s FY 2020-21 plan of service.
Public library member budget figures were taken from California State Library’s (CSL) California Libraries Statistics Fiscal Year 2019/2020. The budgets were taken from the CSL website. These figures include local government income, state income, federal income and other operating income.

Library budgets under $2M were compensated with 25% mileage funds determined by the formula developed by CLSB to allocated CLSA funds.

Rural libraries were determined using a list generated by the Zip Books project (Appendix F).

Programs and services currently under contract are not included in the calculations.

Due to the ongoing nature of the current contracts for courier services, LINK+, the Library-to-Go shared collection and the share e-magazine collection, the possibility of other options being added to the menu of services, or options being removed, the formula analysis does not take these potential costs into account; a cost allocation plan can be developed should NorthNet decide to change its cost sharing formula.

The following table shows an analysis of the four formulas developed to illustrate the various scenarios using the metrics listed above.

<table>
<thead>
<tr>
<th>Formula Option</th>
<th>Findings</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1. Population Only</td>
<td>A number of respondents were interested in using population as a metric to allocate CLSA funds, either alone or in combination with other factors.</td>
<td>Using this one metric would allocate the most funding to the larger library jurisdictions. The most geographically isolated libraries would receive under $2,000. This option is not recommended.</td>
</tr>
<tr>
<td>#2. Equal Distribution 50% and Population 50%</td>
<td>This is the current model used by NorthNet. 70% of respondents are satisfied with the current model.</td>
<td>This formula provides more funding for the rural libraries than they would receive based on population alone. The other 50% compensates the larger libraries based on their population count.</td>
</tr>
<tr>
<td>#3. 75% by Population and 25% by Rural/Geographically Isolated Status</td>
<td>16% of the respondents agreed the rural/geographically isolated libraries should receive additional compensation as</td>
<td>75% of the baseline funding divided by population; 25% of the baseline divided equally amongst the 24 rural public library members,</td>
</tr>
<tr>
<td>#4. 75% by Population and 25% by Budget under $2M.</td>
<td>Due to the interest in using population and library budgets as factors in allocating CLSA funding, a formula was created combining the two metrics.</td>
<td>75% of the baseline funding divided by population; 25% of the baseline divided equally amongst the 21 libraries with budgets under $2M, which added an additional $7,763 to libraries with smaller budgets.</td>
</tr>
<tr>
<td>Off the Top</td>
<td>Thinking about ways to change this model, one suggestion that had come up in the past was to take the total costs ‘off the top’ and then redistribute the remainder of the funds to individual libraries. When this was analyzed, it was determined that, on average, it would cost $635,000 for Library to Go, the shared e-magazine collection, Delivery, and Link+. If NLS receives full CLSA funding, this would leave approximately $22,000 to be distributed to libraries for them to choose from the menu of items for local use.</td>
<td>This formula option was presented to the NorthNet Administrative Council. Participating libraries would be the only ones to benefit in this model. It was determined by the member libraries it would not be equitable and therefore is not included as an option. It is important to note the $22,000 would have been divided by the 40 libraries, giving each member library $550.</td>
</tr>
</tbody>
</table>

The percentages and formulas presented here can be adjusted based on the desire of the Administrative Council. They are samples of possible allocation formulas based on the input from the directors. It should be noted that using only one metric would cause greater discrepancy within NorthNet.

* * * * *

Unanticipated Outcomes
The following outcomes are out of the scope of work for this project, but it is important to include them in this report.

MARINet members wanted to know how MARINet can join PLP or become its own cooperative. It is recommended that this issue be raised with the NorthNet System Administrator. MARINet libraries can be informed of the process and options for leaving NorthNet.

Alpine County, Mono County and Inyo County discussed the option to create their own cooperative. Inyo County is currently a member of the Inland library cooperative and was not part of the interview or questionnaire process for this study. There is precedence for cooperation, given the existence of numerous Eastern Sierra Tri-County organizations involving these three counties. The structure is in place for other services and programs shared with county and non-profit agencies. Again, this issue should be raised with the NorthNet System Administrator.

Questions about the NorthNet reserve came up multiple times. As stated earlier, maintaining a reserve is a commonly used fiscal best practice for governments and nonprofits alike, to which all of the California cooperative library systems adhere. Reserve funds help organizations continue their programs when faced with unexpected situations resulting in significant unbudgeted increases in operating expenses or reductions of operating revenues. It is recommended to do a survey of the other eight cooperatives to determine why and how they develop a reserve, the policies for their reserves, etc.

The State Library’s Zip Books program was frequently mentioned in conversation. Since this program is now run by the California State Library, it is recommended that libraries that have suggested changes to the program contact the State Library with their suggestions and comments. The current program model requires libraries to pay for materials up front and then file for reimbursements, which is challenging for the rural libraries and objectionable to their governing boards. Some said they would like to see the program managed by NorthNet for those libraries within NorthNet that participate in Zip Books.

* * * * * *

Recommendations

NorthNet has a large and diverse membership, including geographically isolated libraries, rural libraries, urban libraries, large populations, small populations, varying local budgets and technological capabilities. Its libraries strive to create an environment of equity and inclusion. The CLSA was designed for that purpose.

The NorthNet Executive Committee acts in many ways as the de facto Finance Committee for NorthNet, and is charged with developing services and budgets which are then reviewed by the NorthNet Administrative Council. The Executive Committee Chair can continue to exhibit transparency by emailing membership when decisions are being made. In turn, NorthNet members can ensure they
are informed by reviewing all documentation provided to them and attending the twice-yearly Administrative Council meetings. There are challenges with bringing all the libraries together, coordinating the various meetings and communicating for decision making. Memos are generated to provide detail to the member libraries. Meetings are scheduled for the legacy systems, as well as the regular System meetings. All meetings and decision-making processes should be transparent and important points shared regularly. No decisions that impact funding or programs should be made without the direct input of the libraries that are affected. NorthNet should work to identify mechanisms for better communications between its members and administrative bodies.

There are a variety of impacts if any changes are made to the programs and services using CLSA funds. Contractual agreements must be reviewed. Any change to formulas or the programs and services model may impact the contracts. The Plan of Service submitted to the CLSB would require an amendment if there are impactful changes, and the changes could not take effect until approved by the CLSB. Minor changes can be approved by the CLSA Program Coordinator.

Coordinating the timing of any transition is critical to the success of the implementation of any new programs and services. The process could require substantial time to investigate. The following table lists this study’s findings and the recommendations, organized by category.

<table>
<thead>
<tr>
<th>Category</th>
<th>Findings</th>
<th>Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communication and Training</td>
<td>Some directors were confused about CLSA and needing more detail to make informed decisions.</td>
<td>Continue meeting one-on-one with new directors with the NorthNet in-depth orientation, to be held once for everyone and then on an ongoing basis (once yearly). Continue using memos to create a communication mechanism to address any changes and future programs and services. Chair and Vice Chair shall continue to encourage participation.</td>
</tr>
<tr>
<td></td>
<td>There was concern from libraries that they are impacted by decisions made by the NorthNet Executive Committee, in which they are not given the opportunity to provide input.</td>
<td>Chair and/or Vice Chair email Administrative Council members for feedback. Members need to be engaged and participate to share their perspectives.</td>
</tr>
<tr>
<td></td>
<td>Potential changes to NorthNet’s CLSA program or services could impact the CLSB approved Plan of Service.</td>
<td>If there are changes to the program and/or services submit amended Plan of Service or</td>
</tr>
</tbody>
</table>

Coordinating the timing of any transition is critical to the success of the implementation of any new programs and services. The process could require substantial time to investigate. The following table lists this study’s findings and the recommendations, organized by category.
<table>
<thead>
<tr>
<th>Menu of Services</th>
<th>Respondents made a number of suggestions to add or replace items on the menu of services. They included video streaming, e-newspaper, and/or e-comics, to be added under the “Additional Allocation for Local Resources” section on the NorthNet claim form (Appendix E).</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>To avoid diluting the process and reducing the discounts, consider removing items from the menu of services, and requiring three or more libraries to agree to participate in any of the e-resources.</td>
</tr>
<tr>
<td>Claim form is confusing.</td>
<td>Consider a task force to develop an updated claim form.</td>
</tr>
<tr>
<td>Cloud e-book platform</td>
<td>Libraries have the option to use CLSA funds to pay for the Cloud e-book platform. It is currently on the claim form.</td>
</tr>
<tr>
<td>Libraries that do not spend all their CLSA allocation would like consideration to apply those funds to their next fiscal year specific library’s allocation. Rural libraries are challenged with the short time frame to spend funds.</td>
<td>For libraries which allocate their CLSA funds to the shared delivery services or Link+, this is not an issue. For libraries which allocated their CLSA funds to other local shared resources, such as their own shared OverDrive, Cloud Library collections, or telecommunication costs, they most likely are able to spend their CLSA allocations in one year, and it is recommended that if they cannot, they contact the fiscal agent to clarify that their funds may be spread over two years. For libraries which allocate their funds to the shared NorthNet OverDrive Library-to-Go collection, in reviewing the past five years of the NorthNet budget, all allocations which were not spent in the current year were carried over as additional funds specifically for OverDrive for every year except the one year which the CLSA</td>
</tr>
</tbody>
</table>
funds was reduced by 50% and NorthNet did not have adequate balances to support the cost of the other shared service. It is recommended that NorthNet continue the practice of ‘rolling over’ the unexpended funds from the shared OverDrive Library-to-Go collection to the next year’s budget when there is full CLSA funding.

<table>
<thead>
<tr>
<th>Vendor</th>
<th>Libraries are hesitant to participate in long-term contractual agreements as their budgets are subject to change. Libraries wanted more local control of programs and services options.</th>
<th>Investigate costs for libraries to “opt in” to the menu of services. Califa was mentioned as a potential partner for discounts. Query vendors for one-year to multi-year discounts. Investigate sliding scale of contracts by years and number of participants.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formula</td>
<td>70% of respondents stated they are satisfied with current model. Directors felt it best met the needs of the libraries.</td>
<td>Compare new formula options with current model.</td>
</tr>
<tr>
<td>80% would prefer no pre-set costs and want more local control.</td>
<td>Renegotiating contracts is a time consuming and expensive exercise. Member libraries should consider impact of making changes and the process involved with the contracts. Investigate its feasibility.</td>
<td></td>
</tr>
<tr>
<td>Out of Scope of Work</td>
<td>MARINet members communicated wanting to know their options other than NLS.</td>
<td>MARINet member libraries to contact the NLS System Coordinator to discuss mechanics and considerations for leaving NLS and exploring other options.</td>
</tr>
<tr>
<td>----------------------</td>
<td>-------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Out of Scope of Work</td>
<td>Eastern Sierra Tri-County libraries (Alpine, Mono and Inyo) asked about creating their own cooperative.</td>
<td>Alpine and Mono County libraries to contact the NLS System Coordinator to discuss pulling out of NLS and creating their own cooperative with Inyo County.</td>
</tr>
<tr>
<td>Out of Scope of Work</td>
<td>There were some questions about the NLS reserve.</td>
<td>Investigate NLS reserve policy in comparison with those of the other cooperative library systems.</td>
</tr>
<tr>
<td>Out of Scope of Work</td>
<td>Zip Books - Some of the participating libraries stated they would like to see the program managed by NorthNet for those libraries within NorthNet that participate in Zip Books.</td>
<td>Since this program is now run by the California State Library, it is recommended that libraries that have suggested changes to the program contact the State Library with their suggestions and comments.</td>
</tr>
</tbody>
</table>

Any cost share formula used by NorthNet must align with its menu of services. Programs and services costs must be covered by CLSA funds or by participating libraries. By law and regulations CLSA funding must be used for specific costs related to Communications and Delivery. The participating libraries for a given program/service will be invoiced for any deficit funding for that program/service. Those guidelines will remain the same.

* * * * *

Appendices

A. Cooperative Library Systems Survey
   Questionnaire sent November 2, 2021 and all eight cooperative systems responded.

B. NorthNet Director Questionnaire
   Questionnaire sent November 29, 2021 and 35 libraries responded

C. One-on-One Interview
   Interviewed on December 17 were Henry Bankhead, Franklin Escobedo, Mark Fink, Rita Lovell and Christopher Platt
Interviewed on December 18 was Christopher Veach
Interviewed on December 20 were Michael Perry, Deb Fader and Dan McMahon (MARINet) via email

D. Formulas

E. Claim Form

F. Zip Books Rural Libraries List
Appendix A

NorthNet Library System
Cooperative System Questionnaire- Use of CLSA Funds

NorthNet Library System is conducting a study for their existing cost share formula to include an analysis of the current CLSA member cost share formula, the current CLSA share services cost allocation plan, and the current CLSA menu of services. Library Solutions is conducting the study by reviewing data about NorthNet resource sharing practices, policies, and procedures. Your response and supporting documents would be invaluable in the process.

Please attach any documents that show formulas for dispersing CLSA funds, services provided by the cooperative using CLSA funds, and any menu of services offered. Any data using the CLSA funds by the cooperative would be appreciated.

Please also provide answers to the following questions:
- Name of Cooperative:
- Number of member libraries and types of libraries (e.g. 30 public libraries, 4 academic libraries, total of 34 libraries):
- Please describe how you allocate your CLSA distribution? For instance, do you have a menu of services, do you take some funds ‘off the top’ for certain services, etc.
- Please describe how your system evaluates the service that use CLSA funds and how often the evaluation is done.
- If you use funds for CLSA programs and services, is there a formula? This is CLSA allocations only.
- Does your membership require additional funds to supplement programs and services? What do you use to supplement the programs or services? For example- do you have membership dues?
- Can you share the membership formula?
- Is there anything you feel is important to your process that would assist in the study? (Ex: justification for services, challenges to decision making, unique quality or qualities of your cooperative, etc.)
- Please list the documents you have attached:

Thank you for taking the time to answer the questionnaire.
Appendix B

Questionnaire sent November 29, 2021
A total of

CLSA Study
NorthNet Library System
Questionnaire – NorthNet Directors   November 2021

NorthNet Library System (NorthNet) has contracted with Library Solutions, a third-party consultant, to conduct a study of its existing CLSA (California Library Services Act) member cost share formula, CLSA shared services cost allocation plan, and CLSA menu of services. This study will not include non-CLSA funding and membership fees.

As part of this study, Library Solutions will issue a survey to NorthNet library directors, review data about NorthNet resource sharing practices, policies, and procedures, and collect data from the other library cooperatives in the state regarding their CLSA formulas and expenditures for comparative purposes. Library Solutions also will conduct one-on-one interviews with some of the NorthNet directors.

Your participation in this process is appreciated greatly and your responses to the following survey will be invaluable to the process. Please respond by Wednesday, December 10.

A brief reminder of CLSA funds:
- Funds are determined by the Governor each year when the budget is developed. There is no guarantee from year-to-year that CLSA funds will be included in the Governor’s budget. For example, in FY 2020/21, the funds were reduced by 50%.
- The Governor’s CLSA allocation is divided up by a formula developed by the California Library Services Board (CLSB), and then approved at their meeting. CLSA funds can only be distributed to the nine library cooperatives. Each cooperative has three years to spend the funds.
- The use of CLSA funds is restricted based on the CLSA Rules and Regulations in California law. To protect the use and ensure transparency, an annual report with a budget detail report is required to be submitted by each cooperative. By law, CLSA funds may only be used for specific shared resources if at least three libraries participate in that resource.
- Each cooperative typically receives its CLSA funds in December or January. Consideration of the timing of funding requires some cooperative systems to retain a reserve to pay for services before the funds are received. This is the case for NorthNet for systemwide contracts such as shared delivery contracts, OverDrive Library to Go, and Link+.
- Each cooperative has the autonomy to develop its own parameters for use and allocation of CLSA funds. The NorthNet Executive Committee annually develops a menu for services for individual libraries to choose from. This is reviewed at its annual June Administrative Council meeting, along with any new services or changes. NorthNet uses a formula which was developed in approximately 2012 to distribute its funds. You may find the memo from the June 16, 2021 Administrative Council meeting discussing CLSA funds here, on p. 27. A background of
the NorthNet CLSA funds was presented at the January 2021 Administrative Council meeting. A copy of that memo is on p. 15 of that packet.

Do not hesitate to contact me via email or phone. diane@librarysolutions.net or 209-500-7272.

Please respond to the following questions. If a question does not apply, please write N/A.:

- Library Name:
- Contact person responding to questionnaire:
- Currently, the NorthNet CLSA formula includes 50% by population and 50% by number of libraries participating. Are there other metrics or data points which you think should be considered if the formula were to change? (Examples - remote/rural/frontier, library's budget, card holders)
- Which metric or metrics is/are the most important to you in determining a formula for allocations?
- When thinking about how NorthNet allocates its use of CLSA funds, the current model includes a cost distribution model for the following: the shared Library to Go OverDrive Collection, the shared OverDrive eMagazine collection, and Delivery. Once those costs are distributed, libraries then choose from a menu of items if they have funds remaining. For the systemwide subscription for Link+, the participating libraries may choose to use CLSA funds to pay for part of their subscription. Please answer the following questions:
  - Do you like the way this model is working now?
  - What do you not like about the model right now?
  - Thinking about ways to change this model, would it be appealing to you if there were not the pre-set costs that are identified, and instead, every library would receive a menu of services and have local control to identify how they want to use their CLSA funds, knowing that if they participate in a shared service, such as delivery, they would still be required to contribute to that service.
  - Thinking about ways to change this model, one suggestion that had come up in the past was to take the total costs ‘off the top’ and then redistribute the remainder of the funds to individual libraries. When this was analyzed, it was determined that, on average, it would cost $635,000 for Library to Go, the shared eMagazine collection, Delivery, and Link+. If NorthNet receives full CLSA funding, this would leave approximately $22,000 to be distributed to libraries for them to choose from the menu of items for local use. Can you please provide comments about whether you think this is appealing or not.
  - The libraries participating in the shared Library to Go collection typically add, on average, about $70,000 of their excess CLSA funds to this service. Do you like this model? Can you think of ways in which this model could be modified? For instance, would it be more helpful to not have a set amount, and you can choose how much you would like to allocate? Or, for instance, would it be appealing for the budget to be set higher? Are there any factors that need to be considered for libraries that are participating in this shared collection that also pay into other shared services, such as delivery?
  - In looking at how libraries allocate their CLSA funds using the menu they can choose from, many libraries are choosing to have their CLSA funds allocated back to them for them to paid for regional shared services such as shared OverDrive collections which are not part of the
Library to Go, or for other courier services related to Link+. How important is it to your library to have the ability to use CLSA funds to pay for these types of services?

- Thinking about ways to change this model, can you think of other ways in which we might modify the current model?

- In looking at the data of how libraries spend their CLSA funds, 2 libraries participate in no shared service, 9 libraries use one service, 21 libraries use 2 of the shared services and 9 libraries use three services. Based on this data, it seems that there is value in having shared services. The survey in January 2021 indicates that libraries might be interested in purchasing another shared collection. There was not one clear service which showed more interest than another, but the services which directors showed interest are included below. Please indicate which of the following are important to you by assigning numbers (1 being the highest priority):
  
  __ SimplyE: an open source eReader app where a library can have all of its virtual content from various vendors available through just one app.
  
  __ One NorthNet subscription to a software assessment tool which helps libraries analyze their communities. The tool may indicate the changes in populations, demographics, and needs of the communities. This data will allow libraries to modify their various ways of community engagement. (e.g. Analytics on Demand or OrangeBoy)
  
  __ A shared video streaming service through OverDrive or another vendor
  
  __ A shared eComics collection
  
  __ A shared eNewspaper such as Press Reader or Gale Archives
  
  __ A shared Bibliotheca Cloud e-book collection
  
  __ Other ideas not mentioned above
  
  __ I would not participate in any of these
  
  __ Comments

- Thinking about the menu of services that you can choose from (see attached), the menu has changed in the last few years to now include: Broadband hardware costs, CENIC telecommunication costs, costs for covering warranties in data centers, software to support curbside pickup, and software shared among 3 or more libraries for remote reference. NorthNet is able to add these items because NorthNet requested that the California Library Services Board consider expanding the definition of the use of CLSA funds for these items. Are there other items which you can think of which you would like to see added, knowing that an item needs to be shared among 3 or more libraries to support resource sharing? Is there anything you would like to add?
Appendix C

NorthNet Study
Interview Questions

The following questions are specific to the CLSA funding. We will be discussing these broad questions, but I would like to hear specifics of your library.

- Please share any observations or opinions about the NorthNet CLSA fund allocation formula or process.
- What is the one positive thing that comes to mind when you think of CLSA funds? An example could be NorthNet acts as a fiscal agent to streamline purchases.
- What challenges do you face with CLSA funding? An example could be limited funds or the inability to pay for other shared services based on current formula.
- How does the CLSA funding allocation affect your library? Good and bad. Does NorthNet add value to your library specifically? Does NorthNet create barriers to your library? Please explain.
### Appendix D: Formulas

#### Option 1 - Population Only

<table>
<thead>
<tr>
<th><em>Library POPULATION ONLY</em></th>
<th>CSL Certified Population FY19/20</th>
<th>CLSA FY21/22 Funds **</th>
</tr>
</thead>
<tbody>
<tr>
<td>NorthNet Combined</td>
<td>4,935,586</td>
<td>$647,506</td>
</tr>
<tr>
<td>Alpine County Library</td>
<td>1,162</td>
<td>$152</td>
</tr>
<tr>
<td>Bel-Tiburon Public Library</td>
<td>11,510</td>
<td>$1,510</td>
</tr>
<tr>
<td>Benicia Public Library</td>
<td>27,570</td>
<td>$3,617</td>
</tr>
<tr>
<td>Butte County Library</td>
<td>226,466</td>
<td>$29,710</td>
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Option 2 - Equal Distribution 50% and Population 50% CLSA funds

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<th>* Library EQUAL ALLOCATION AND POPULATION</th>
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<th>50% of CLSA FY21/22 Equal Distribution **</th>
<th>50% CLSA FY21/22 Population **</th>
<th>Total CLSA Allocation</th>
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Option 3 – 75% by Population and 25% by Rural/Geographically Isolated Status

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<th>Library POPULATION AND Rural/GEOGRAPHICALLY ISOLATED</th>
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<th>Base CLSA Payment by Pop (75%)</th>
<th>Rural/Geographically Isolated (25%)</th>
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<td>$647,506</td>
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</table>

Shaded areas indicate libraries designated as rural/geographically isolated

Alpine County Library                                | 1,162      | $114                             | $6,745                             | $6,859          |
Bel-Tiburon Public Library                           | 11,510     | $1,133                           | $1,133                             |                 |
Benicia Public Library                               | 27,570     | $2,713                           | $2,713                             |                 |
Butte County Library                                 | 226,466    | $22,283                          | $6,745                             | $29,028         |
Colusa County Library                                | 22,117     | $2,176                           | $6,745                             | $8,921          |
Del Norte Co Library Dist.                           | 27,401     | $2,696                           | $6,745                             | $9,441          |
El Dorado County Library                             | 191,848    | $18,877                          | $6,745                             | $25,621         |
Folsom Public Library                                | 79,835     | $7,855                           | $7,855                             |                 |
Humboldt County Library                              | 135,333    | $13,316                          | $6,745                             | $20,061         |
Lake County Library                                  | 65,071     | $6,403                           | $6,745                             | $13,147         |
Larkspur Public Library                              | 12,578     | $1,238                           | $1,238                             |                 |
Lassen Library District                              | 15,008     | $1,477                           | $6,745                             | $8,222          |
Lincoln Public Library                               | 48,277     | $4,750                           | $4,750                             |                 |
Marin County Free Library                            | 143,752    | $14,144                          | $14,144                            |                 |
Mendocino Co Library                                 | 89,009     | $8,758                           | $6,745                             | $15,503         |
Mill Valley Public Library                           | 14,675     | $1,444                           | $1,444                             |                 |
Modoc County Library                                 | 9,602      | $945                             | $6,745                             | $7,690          |
Mono County Free Library                             | 13,616     | $1,340                           | $6,745                             | $8,085          |
Napa County Library                                  | 134,646    | $13,248                          | $13,248                            |                 |
Nevada County Library                                | 98,904     | $9,731                           | $6,745                             | $16,476         |
Orland Free Library                                  | 15,594     | $1,534                           | $6,745                             | $8,279          |
Placer County Library                                | 208,771    | $20,542                          | $6,745                             | $27,287         |
Plumas County Library                                | 22,992     | $2,262                           | $6,745                             | $9,007          |
Roseville Public Library                             | 139,643    | $13,740                          | $13,740                            |                 |
Sacramento Public Library                            | 1,466,339  | $144,278                         | $144,278                           |                 |
St. Helena Public Library                            | 6,133      | $603                             | $603                               |                 |
San Anselmo Pub Library                              | 12,902     | $1,269                           | $1,269                             |                 |
San Rafael Public Library                            | 60,046     | $5,908                           | $5,908                             |                 |
Sausalito Public Library                             | 7,416      | $730                             | $730                               |                 |
Shasta Public Libraries                              | 178,773    | $17,590                          | $6,745                             | $24,335         |
Siskiyou County Library                              | 44,584     | $4,387                           | $6,745                             | $11,132         |
Solano County Library                                | 413,737    | $40,709                          | $40,709                            |                 |
Sonoma County Library                                | 500,675    | $49,263                          | $49,263                            |                 |
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## Option 4 - Population and Budget

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<th>Total Allocation</th>
<th>FY19/20 Total Budget*</th>
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*Includes local government income, state income, federal income, and other operating income

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<th>Library POPULATION AND BUDGET</th>
<th>Population</th>
<th>Base CLSA Payment</th>
<th>Budget Below $2M</th>
<th>Total Allocation</th>
<th>FY19/20 Total Budget*</th>
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Appendix E Claim Form

FY 2021/22 CLAIM FORM FOR CALIFORNIA LIBRARY SERVICES ACT (CLSA) FUNDS

Library: ______________________________________

Accompanying this Claim Form is the approved CLSA funding distribution spreadsheet for NLS member libraries. Your allocation is listed, as well as your portion for shared eMagazines and OverDrive, and shared delivery costs. If your library has a balance of CLSA funds remaining after shared costs are deducted, please indicate which shared resource you would like to apply the remainder of funds. If costs exceed CLSA allocation, your library will be invoiced for any amount due.

The spreadsheet included with this form shows:
Your library’s FY 2021/22 allocation of CLSA funds
Your library’s delivery costs, if participating in a delivery contract managed by NLS
- Your library’s cost to participate in the OverDrive shared collection
- Your library’s cost to participate in eMagazine Collection
- Your library’s cost to participate in Link+ Services

Amount of Approved Allocation:

Per the accompanying spreadsheet, my CLSA allocation is $_____________________. These funds will be used for my FY 2021/22 allocation of services as indicated on the spreadsheet.

$________ Annual fee for OverDrive shared collection

$________ Annual fee for eMagazine consortium subscriptions

$________ Delivery (Please note that if the library participates in an NLS-managed delivery contract, I understand that the library’s share of the delivery contract will be paid by NLS from these funds.)

Remaining Available Allocation: $______________

Additional Allocation to NLS Shared Services:

My library has remaining CLSA funds, and I am choosing to distribute them as follows:

$________ Additional OverDrive contribution for consortium materials

$________ Additional eMagazine contribution for consortium subscriptions

If funds are due for communications and delivery and eResources costs that are not included in NLS managed contracts, a check will be issued to your library upon receipt of the completed and signed claim form.

(please see other side for more options and for signature)

This information is needed for accountability reporting to the California State Library

Additional Allocation for Local Resources:

$________ Link+ Software Subscription Fee and/or Link+ Courier Fee
$ _______ Additional Delivery costs (Other Courier)

$ _______ NSCLS Postage for Delivery

$ _______ OCLC ILL Subscription Costs

$ _______ Other Shared eResources (enki; Bibliotheca Cloud Library consortia product, Northern California Digital Library or other eResources shared between three or more libraries)

If you have chosen Other Shared eResources, please indicate the estimated number of titles to be purchased, and the estimated circulation of those purchased titles for FY 2020/2021.

# of Titles  Circulation  ______________________ Name of eResource

$ _______ To purchase software which supports curbside pick-up, for either your primary or one of your primary methods of delivery of material to patrons.

$ _______ For three or more libraries to jointly purchase remote reference software (e.g. ZenDesk)

$ _______ Broadband hardware costs (this should not be claimed multiple years in a row)

$_______ CENIC telecommunication costs, costs for covering warranties in data center (only by rural libraries)

Please ensure that the full amount of your approved allocation has been designated. **Only options included on this form are allowable.**

Certification

I hereby certify that the library named above shall use these funds for CLSA approved purposes that facilitate resourcing sharing among the NLS Members in FY 2021/22

Signature: ____________________________  Title: ____________________________

Name: ____________________________  Date: ____________________________

Print Name

For Staff use
Approved By: Andrew Yon

Signature: ____________________________  Date: ____________________________

Mail one copy with an original signature by February xx, 2022 to:

NorthNet Library System
Attn: Accounting Dept
32 W. 25th Avenue, Suite 201
San Mateo CA 94403
Appendix F. Zip Books Rural Libraries List

**CURRENT ZIP BOOKS LIBRARIES**

**Zip Books Libraries by Area**

NOTE: A Google map of all participating libraries can be found here.

**Rural Libraries:**
1. Alpine County Library & Archives
2. Amador County Library
3. Banning Library District
4. Blanchard / Santa Paula Public Library District
5. Brawley Public Library
6. Butte County Library
7. Calaveras County Library
8. Camarillo Public Library
9. Colusa County Free Library
10. Del Norte County Library
11. El Centro Public Library
12. El Dorado County Library
13. Harrison Memorial Library
14. Humboldt County Library
15. Imperial County Library
16. Imperial Public Library
17. Inyo County Free Library
18. Kern County Library
19. Kings County Library
20. Lake County Library
21. Los Angeles Public Library
22. Los Angeles Public Library District
23. Madera County Library
24. Mendocino County Library
25. Mono County Library
26. Merced County Library
27. Modoc County Library
28. Mono County Free Library
29. Monterey County Free Library
30. Monterey Public Library
31. Nevada County Library
32. Orland Public Library
33. Pacoima Public Library
34. Palm Desert Public Library
35. Paso Robles Library
36. Placer County Library
37. Plumas County Library
38. Redding Public Library
39. San Benito County Free Library
40. Santa Clara County Library
41. Shasta Public Libraries
42. Siskiyou County Free Library
43. Sutter County Library
44. Tehama County Library
45. Trinity County Library
46. Tulare County Free Library
47. Tuolumne County Library
48. Willows Public Library
49. Woodland Public Library
50. Yolo County Library
51. Yuba County Library
52. Victorville City Library

**Urban Libraries:**
Note: Some urban libraries also serve very rural areas within their service regions.
1. Beaumont Library District
2. Chula Vista Public Library
3. Corona Public Library
4. Folsom Public Library
5. Goleta Valley Library
6. Lincoln Public Library
7. Long Beach Public Library
8. Los Gatos Public Library
9. Murren Public Library
10. Ontario City Library
11. Placentia Library District
12. Redwood City Public Library
13. Riverside County Library System
14. Riverside Public Library
15. Roseville Public Library
16. Sacramento Public Library
17. San Luis Obispo City - County Library
18. San Rafael Public Library
19. Santa Barbara Public Library
20. Stanislaus County Library
21. Torrance Public Library
22. Ventura County Library

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35

P 109