

SACRAMENTO PUBLIC LIBRARY AUTHORITY
ANNUAL FINANCIAL REPORT
WITH
INDEPENDENT AUDITOR'S REPORT THEREON
JUNE 30, 2023

SACRAMENTO PUBLIC LIBRARY AUTHORITY
TABLE OF CONTENTS
June 30, 2023

FINANCIAL SECTION

Independent Auditor’s Report1-3
Management’s Discussion and Analysis4-13

BASIC FINANCIAL STATEMENTS

Statement of Net Position and Governmental Funds Balance Sheet.....14-17
Statement of Activities and Governmental Funds Revenues,
Expenditures, and Changes in Fund Balances.....18-19
Notes to the Basic Financial Statements.....20-47

REQUIRED SUPPLEMENTARY INFORMATION

Statement of Revenues, Expenditures, and Changes in Fund
Balance Budget and Actual - General Fund48
Statement of Revenues, Expenditures, and Changes in Fund
Balance Budget and Actual – County of Sacramento Special
Revenue Fund49
Statement of Revenues, Expenditures, and Changes in Fund
Balance Budget and Actual – City of Sacramento Special
Revenue Fund50
Statement of Revenues, Expenditures, and Changes in Fund
Balance Budget and Actual – City of Sacramento Parcel Tax
Special Revenue Fund51
Schedule of Changes in the Net Pension Liability and Related Ratios
(Unaudited)52
Schedule of Contributions to the Pension Plan (Unaudited)53
Schedule of Changes in the Net OPEB Liability and Related
Ratios (Unaudited)54
Schedule of Contributions to the OPEB Plan (Unaudited)55

COMPLIANCE REPORT

Independent Auditor’s Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*56-58

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Sacramento Public Library Authority
Sacramento, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sacramento Public Library Authority, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Sacramento Public Library Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Sacramento Public Library Authority, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

To the Board of Directors
Sacramento Public Library Authority
Sacramento, California

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

To the Board of Directors
Sacramento Public Library Authority
Sacramento, California

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-12 and 46-53 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2023, on our consideration of the Sacramento Public Library Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Sacramento Public Library Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sacramento Public Library Authority's internal control over financial reporting and compliance.

Fechter & Company
Certified Public Accountants


Sacramento, California
November 3, 2023

**SACRAMENTO PUBLIC LIBRARY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2023

The management of the Sacramento Public Library Authority (the Authority) is pleased to provide this overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the financial statements and the required supplementary information, which follow this discussion.

Financial Highlights

The Coronavirus Disease 2019 (Covid-19) pandemic has impacted the world and local economies, life style, and the health of millions of people. During the early stages of the pandemic, the Sacramento Public Library's Authority Board voted to close all 28 Library locations on March 18, 2020, in compliance with the Governor of California and Sacramento County Health guidelines. During the closure, the Library provided curbside pick-up, concierge services, virtual programs, virtual summer reading, and computer appointments in an effort to continue to provide services to the public. The Library continued to be closed to the public until Spring 2021, when most of the Library's locations were reopened for in-person public use with certain restrictions in compliance with the Governor and County Health guidelines. Effective March 7, 2022, all Library locations were reopened for in-person public use with limited restrictions around face coverings for Library staff as we move towards normal operations. All Library locations continued to be opened with no restrictions during fiscal year 2023.

If there's any positive note, the Covid-19 pandemic did not negatively impact the Library's major revenue sources during the last three prior fiscal years, including fiscal year 2023 as initially anticipated. Sacramento-area residential property values continue to rise due to a housing shortage, increased demand during fiscal year 2023. The rise in property values resulted in an increase in property tax revenues as described below. Sales tax revenues within the City of Sacramento did not decline to the degree anticipated due to increased online purchases. The Covid-19 stimulus relief funding is one of the major factors stimulating the economy, increasing consumer purchases and stabilizing sales tax during and after the pandemic. With their major revenue sources remaining stable, the City of Sacramento was able to contribute funding for City Libraries as budgeted for fiscal year 2023.

That said, the total net position of the Authority as of June 30, 2023 was \$54,858,270 compared to that of the prior year balance of \$48,614,836, an increase of \$6,243,434. The increase is mainly due to higher property tax revenues, additional City of Sacramento General Fund contributions, and cost savings due to the continued impacts of the aftermath of Covid-19 Pandemic and supply chain delays/shortages during the fiscal year 2023. Building Improvements at various library branches, Security System upgrade, System-wide Signage and Website Redesign project budgets have been carried over into fiscal year 2024 for completion.

The net investment in capital assets was \$15,753,970, an increase of \$996,358 compared to the previous year balance of \$14,757,612, mainly due to acquisition of two electric bookmobiles, building improvements at the Fair Oaks and Del Paso Libraries and various equipment as of the fiscal year-ended June 30, 2023.

County of Sacramento property tax contributions were \$32,136,334 for fiscal year 2023, an increase of \$2,564,830 from the fiscal year 2022 amount of \$29,571,504, a reflection of the continued growth in the real estate market. The City of Sacramento's General Fund contribution increased by \$700,000 for a total of \$14,271,661 for fiscal year 2023. The increase is based on the City's Five-Year Forecast step up plan for the City to increase its General Fund contribution to address on-going structural deficits over the last decade and help balance the budget for the City of Sacramento Libraries. Assessments and taxes were \$423,083 higher for Parcel Tax Measure X and Measure B combined for a total of \$9,203,261, which is in line with the Consumer Price Index (CPI) increase for fiscal year 2023.

**SACRAMENTO PUBLIC LIBRARY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2023

The financial statements starting on page 13 through page 18 have been formatted to separate out the General Fund (includes: Shared Fund, Book Fund, Donation Funds, Technology Funds and Grant Funds), County of Sacramento Fund, City of Sacramento General Fund, City of Sacramento Parcel Tax Fund and Permanent Fund for the fiscal year ended June 30, 2023. This format provides a clear picture of each of the Library's funding sources, especially County of Sacramento Fund and City of Sacramento Funds.

Of the \$54,858,270 fiscal year 2023 net position balance, \$15,753,970 is invested in capital assets. After factoring the adjusted long-term liabilities (net of deferred outflows and inflows of resources) in the amount of \$24,292,814 (\$13,609,533 for CalPERS; \$8,390,877 for OPEB; \$2,292,404 for accrued compensated absences), \$16,579,694 is restricted for County branches, plus \$610,121 in donations; City of Sacramento branches ended fiscal year 2023 with a restricted balance of \$12,336,501 and \$65,939 in donations; Restricted for Agency-wide includes \$2,977,440 for book purchases (includes \$1,784,913 for book purchases per the Erin C. and Heidi K. Hurst Trust Agreement); \$1,439,405 is restricted for donor approved projects; \$321,799 is restricted as described in Note 2, regarding the Permanent Fund, and \$4,773,401 is unrestricted for agency-wide expenditures. With the implementation of GASB No. 68 requirements to record pension liabilities and GASB No. 75 standards to record Other Postemployment Benefits (OPEB), the Statement of Net Position continues to be formatted to itemize the various external restrictions on the use of resources.

The Authority's cash and investments balance at June 30, 2023 was \$63,665,824, an increase of \$6,114,346 from the prior year balance of \$57,551,478. The increase is due primarily to higher County property tax revenues received, additional City of Sacramento General Fund contributions, higher parcel tax revenues received for Measure X and Measure B as well as budget savings due to the aftermath of Covid-19 pandemic delays during fiscal year 2023.

For the year ended June 30, 2023, program revenues in the Statement of Activities were \$57,016,113, which represents an increase of \$4,296,028 from the prior year balance of \$52,720,085. The increase is due primarily to higher County property tax revenues and increased City of Sacramento General Fund contributions during fiscal year 2023 as noted above. Additionally, general revenues were \$2,196,376 for the year ended 2023, an increase of \$568,120 from the prior year amount of \$1,628,256. The increase is due primarily to higher investment income as a result of increasing fund balance and favorable market performance. Education expenditures for fiscal year ended 2023 were \$53,413,840, an increase of \$7,305,465 from the 2022 fiscal year amount of \$46,108,375. The increase is due primarily to higher salaries and benefits expenses as a result of fully reopening all Library branches and increased CalPERS net pension liability, increases in services and supplies expenses, books and media subscription purchases, and depreciation and amortization expenses.

In February 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54, Fund Balance Reporting and Government Fund Type Definitions with compliance effective with the fiscal year ended June 30, 2011. This new standard does not change the total amount of a given fund balance, but it substantially altered the categories and terminology used to describe the components that make up a fund balance. The Authority's Governmental Funds Balance Sheet, as shown on pages 13 and 14 of this report continues to be presented in compliance with GASB No. 54 requirements. Overall, the fund balances were \$8,782,966 for the General Fund; \$30,883,419 for County of Sacramento Fund; \$14,015,042 for City of Sacramento Fund; \$8,534,705 for City of Sacramento Parcel Tax Fund, and \$321,799 for the Permanent Fund, for a combined fund balance of \$62,537,932.

**SACRAMENTO PUBLIC LIBRARY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2023

The Authority's Statement of Net Position and Governmental Funds Balance Sheet, as shown on pages 13 through 16, shows a deferred inflows balance of \$859,181 which represents revenues not received in the Authority's 60-day availability period and total net position balance of \$54,858,270 at June 30, 2023, an increase of \$6,243,434 from the prior year net position balance of \$48,614,836.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, which revises and establishes new financial reporting requirements for governments that provide their employees with pension benefits. Subsequently, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*. In compliance with these GASB statements, the Library recorded a net pension liability in the amount of \$24,333,124 as of June 30, 2023, which represents an increase of \$16,105,546 from the prior year balance of \$8,227,578. This increase is mainly due to changes in service cost, interest on total pension liability, changes of assumption and investment loss by California Public Employees' Retirement System (CalPERS) with offsetting employer and employee contributions as of the measurement date of June 30, 2022. In addition, deferred outflows of resources in the amount of \$10,988,594 and deferred inflows of resources in the amount of \$265,003 were recorded in its accrual basis financial statements as of June 30, 2023. Note 11, Pension Plans, describes the Library's defined benefit pension plan administered by CalPERS.

In June 2015, the GASB issued Statement No. 75 (this Statement replaces the requirements of Statement No. 45), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (Other Postemployment Benefits or OPEB)*, which revises and establishes new financial reporting requirements for governments that provide their employees with OPEB plans. In compliance with GASB No. 75, the Library recorded an OPEB obligation in the amount of \$7,311,132 as of June 30, 2023, which represents a decrease of \$1,303,540 from the prior year balance of \$8,614,672. In addition, deferred outflows of resources in the amount of \$440,650 and deferred inflows of resources in the amount of \$1,520,394 were recorded in its accrual basis financial statements as of June 30, 2023. Note 12, Other Postemployment Benefits Plans, describes the Library's OPEB plans in more details.

In June 2017, the GASB issued Statement No. 87, *Leases*. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. In compliance with GASB No. 87, the Library recorded lease receivable in the amount of \$326,407 and deferred inflows of resources for leases in the amount of \$313,167. In addition, right-to-use leased assets in the amount of \$2,269,259 along with leased liabilities in the amount of \$2,347,016 were recorded as of June 30, 2023. Note 8, Operating Leases, describes the Library's leases in more details.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. This statement requires recognition of a right-to-use subscription intangible asset and corresponding subscription liability calculated by taking the present value of all payments. In compliance with GASB No. 96, the Library recorded right-to-use subscription intangible assets in the amount of \$794,203 along with subscription liabilities in the amount of \$343,784 were recorded as of June 30, 2023. Note 9, Subscriptions, describes the Library's subscriptions in more details.

All financial assets of the Authority continue to be devoted to providing library services to the citizens of Sacramento County and the cities of Citrus Heights, Elk Grove, Galt, Isleton, Rancho Cordova, and Sacramento.

**SACRAMENTO PUBLIC LIBRARY AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS**

June 30, 2023

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements, which are comprised of the following components, in addition to management's discussion and analysis: 1) Authority government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The Authority government-wide and fund financial statements are presented in a combined format on pages 13 through 18. Items in the adjustment column are discussed in Notes 3 and 4.

The Authority continues to report the government-wide financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34 for the year ended June 30, 2023. The intent of GASB Statement No. 34 is to reflect all assets and liabilities of the Authority. It also redefines the way various funds are classified into fund types and focuses attention on major funds. The Authority has only governmental-type funds and all are major except for the Permanent Fund which is a non-major fund.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *Statement of Activities* presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Authority's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a column detailing the differences (adjustments) between the governmental funds and governmental activities. These adjustments are discussed in further detail in Notes 3 and 4 of the basic financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 through 46 of this report.

**SACRAMENTO PUBLIC LIBRARY AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS**

June 30, 2023

Government-Wide Financial Analysis

The government-wide financial statements provide long-term and short-term information about the Authority's overall financial condition. This analysis addresses the financial statements of the Authority as a whole.

As noted earlier, net position may serve over time as a useful indicator of the Authority's financial position. At June 30, 2023, the Authority's assets exceeded its liabilities by \$54,858,270 representing an increase of \$6,243,434 from the prior year amount of \$48,614,836, mainly due to higher property tax revenues, additional City of Sacramento General Fund contribution as well as budget savings due to the aftermath of Covid-19 closures and related supply chain delays. Building Improvements at various library branches, Security System upgrade, System-wide Signage and Website Redesign project budgets have been carried over into fiscal year 2024 for completion.

As noted above, the Statement of Net Position for fiscal year 2023 has been formatted to itemize the restricted net position for County branches, City of Sacramento branches, and Agency-wide to reflect the available resources after consideration of the Library's long-term liabilities.

**SACRAMENTO PUBLIC LIBRARY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2023

CONDENSED STATEMENTS OF NET POSITION
(Amounts shown in thousands)

	June 30,	
	2023	2022
ASSETS		
Current and other assets	\$ 67,935	\$ 61,034
Capital assets	17,651	17,379
Total assets	85,585	78,413
DEFERRED OUTFLOWS OF RESOURCES		
Pension plans	10,989	3,917
Other post-employment benefits	441	760
Total deferred outflows of resources	11,429	4,677
LIABILITIES		
Net pension liability	24,332	8,227
Other post-employment benefits obligations	7,311	8,615
Other liabilities	8,413	8,210
Total liabilities	40,058	25,052
DEFERRED INFLOWS OF RESOURCES		
Leases	313	352
Pension plans	265	8,669
Other post-employment benefits obligations	1,521	403
Total deferred inflows of resources	2,099	9,424
NET POSITION		
Net investment in capital assets	15,754	14,758
Restricted - County branches	17,190	15,618
Restricted - City of Sacramento branches	12,402	9,757
Restricted - Agency-wide	4,739	4,614
Unrestricted	4,773	3,868
Total net position	\$ 54,858	\$ 48,615

Overall, actual revenues ended the year at \$59,212,489 in the Statement of Activities, an increase of \$4,864,148 from the prior year total of \$54,348,341, mainly due to higher property tax revenues, higher return on investments and additional General Fund contribution from the City of Sacramento in fiscal year 2023. Total expenditures were \$53,413,840, an increase of \$7,305,465 from the prior year total of \$46,108,375. The increase is due primarily to higher salaries and benefits expenses as a result of fully reopening all Library branches and increased CalPERS net pension liability, increases in services and supplies expenses, books and media subscription purchases, and depreciation and amortization expenses.

Salaries and benefits were \$30,794,369, an increase of \$5,136,514 from the prior year total of \$25,657,855 mainly due fully reopening all Library branches and increased CalPERS net pension liability as of the measurement date of June 30, 2022 as described above.

**SACRAMENTO PUBLIC LIBRARY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2023

Services and supplies were \$12,508,661 an increase of \$638,021 from the prior year total of \$11,870,640, mainly due to additional resources required for programs and operations to reopen all Library locations during fiscal year 2023. Books and media subscriptions increased by \$815,176 as a result of higher demands for leased databases. Depreciation and amortization expense increased by \$716,651 to \$4,994,197 as of June 30, 2023.

CONDENSED STATEMENTS OF ACTIVITIES
(Amounts shown in thousands)

	June 30,	
	2023	2022
REVENUES		
Program revenues		
Charges for services	\$ 9,700	\$ 8,965
Operating grants and contributions	47,316	43,755
General revenues		
Gifts and donations	381	541
E-rate	755	378
Investment income	961	284
Other	99	425
Total Revenues	59,212	54,348
EXPENSES		
Education	53,414	46,108
Increase in net position	5,799	8,240
Net position, beginning of year	48,615	40,375
Prior year adjustment	445	-
Net position, end of year	\$ 54,858	\$ 48,615

Financial Analysis of the Authority's Governmental Funds

The focus of the Authority's funds, all of which are governmental-type funds, is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Authority's financing requirements. In particular, fund balance may serve as a useful measure of the Authority's net resources available for spending for program purposes at the end of the fiscal year.

As of June 30, 2023, the Authority had ending fund balances of \$62,537,932, compared to the June 30, 2022 ending fund balances of \$56,303,700. The \$6,234,232 increase in fund balance is mainly due to higher County property tax revenues, additional City of Sacramento General Fund contributions as well as budget savings due to the aftermath of Covid-19 closures and related supply chain delays in fiscal year 2023. The Authority's major source of revenues are from County contributions in the amount of \$32,136,334, City of Sacramento contributions in the amount of \$14,271,661 and City of Sacramento Parcel Tax in the amount of \$9,203,261. The Authority's major expenditures are personnel costs in the amount of \$30,794,369, followed by services and supplies in the amount of \$12,508,661. Note that the government-wide financial analysis is fairly

**SACRAMENTO PUBLIC LIBRARY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2023

applicable to the governmental funds with the exception of reconciliation discussion, as shown in Notes 3 and 4.

Budgetary Highlights

The final budget of the General Fund anticipated that there would be expenditures of \$4,667,467 while actual expenditures were \$1,172,139, resulting in positive variance of \$3,495,328. The budget savings is mainly due to savings in services and supplies that were not purchased due to the aftermath of Covid-19 closures and shipping delays as well as donations that have not been spent in fiscal year 2023.

The final budget of the County of Sacramento Fund anticipated total expenditures and transfers out of \$34,353,386 while actual expenditures and transfers out were \$30,708,107, resulting in a budget savings of \$3,645,280. The budget savings is mainly due to capital outlay expenditure savings, salaries and benefits savings, as well as savings from services and supplies. Actual revenues were higher than budgeted by \$1,489,752.

The final budget of the City of Sacramento Fund anticipated total expenditures of \$16,325,663, while actual expenditures were \$13,848,383, resulting in a budget savings of \$2,477,280, mainly due to lower salaries and benefits expenditures than anticipated, savings in services and supplies as well as cost savings in capital outlay expenditures. Actual revenues were slightly higher than budgeted by \$251,999.

The final budget of the City of Sacramento Parcel Tax Fund (Measures X & B combined) anticipated total expenditures and transfers out of \$9,228,272, while actual expenditures and transfers out were \$8,060,872, resulting in a positive variance of \$1,167,400, mainly due to lower salaries and benefits expenditures than anticipated as well as savings in other capital outlay. Actual revenues were slightly lower than budgeted by \$293,760.

Capital Assets and Debt Administration Capital Assets

The Authority's investment in capital assets, net of accumulated depreciation is \$15,753,970. Capital assets purchased during the current year includes \$3,617,955 for books and media collections, \$394,718 for equipment, \$235,890 for building improvements, \$373,099 for vehicles and \$49,429 for furniture and fixtures. Additional information on the Authority's capital assets can be found in Note 7 of this report.

The Authority continues to capitalize the purchase of all books and media collection in compliance with GASB Statement No. 34 *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. As noted above, the Authority capitalized another \$3,617,955 in fiscal year 2023 for books and media collections. The Authority also disposed books and media collections in the amount of \$2,819,829 that were capitalized for fiscal year 2017. With the new additions and disposals, the Authority ended the fiscal year 2023 with a balance of \$20,459,754 for books and media collections.

**SACRAMENTO PUBLIC LIBRARY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2023

Long-term Liabilities

As of June 30, 2023, the Authority's long-term liabilities consist of net pension liability, other postemployment benefits obligation (OPEB), lease liabilities, subscription liabilities and compensated absences. The total current year balance is \$36,627,460, an increase of \$14,934,908 from the prior year balance of \$21,692,552. The major factor for this increase is the increase of net pension liability by \$16,105,546, mainly due to increased service cost, interest on total pension liability, changes of assumption and investment loss by California Public Employees' Retirement System (CalPERS) with offsetting employer and employee contributions as of the measurement date of June 30, 2022, bringing the total net pension liability balance at June 30, 2023 to \$24,333,124. In addition, OPEB decreased by \$1,303,540 bringing the total OPEB balance to \$7,311,132 at June 30, 2023. As noted earlier, the recognition of net pension liability and OPEB liability in the Library's accrual basis financial statement complies with GASB 68 and GASB 75 requirements respectively. In compliance with GASB 87, the Authority recorded lease liabilities in the amount of \$2,347,016 at June 30, 2023 a decrease of \$274,310 from the prior year balance of \$2,621,326. Of that amount, \$275,159 is due within one year. With the implementation of GASB 96, effective fiscal year 2023, the Authority recorded subscription liabilities in the amount of \$343,784 at June 30, 2023. Of that amount, \$256,533 is due within one year. In addition, compensated absences increased by \$63,428 resulting in an ending balance of \$2,292,404 at June 30, 2023. Of that amount, \$2,266,823 is due within one year. Additional information on the Authority's long-term liabilities can be found in Note 10 of this report.

Future Events That Will Financially Affect the Authority

The State of California's budget situation will continue to affect the Authority's funding during the next fiscal year. For fiscal year 2024, projected revenue from the State continues to be minimal for Literacy programs. The City of Sacramento Parcel Tax, Measure X (Sunset), approved by voters in 2004, providing approximately 33% of City contributions expired in fiscal year 2017. Remaining fund balance of Measure X (Sunset) was budgeted and fully spent during fiscal year 2018. On June 7, 2016, City of Sacramento residents approved the renewal of Measure X (Renewal) by 79.12% "to fund library services". The renewal of Measure X is in effect for 10 years, generating approximately \$6.7 million annually. In June 2014, voters in the City of Sacramento approved a City of Sacramento Library Parcel Tax, Measure B, authorizing the City to collect an additional parcel tax of \$12 per year for single-family residential parcel (rates vary for other parcels types) for 12 years. Measure B generates approximately \$2.6 million annually, providing funding for "core library services". Despite the approval of Measure B and renewal of Measure X, the Authority continues to face fiscal challenges from the City of Sacramento. Authority staff have been working with the City of Sacramento's Finance staff to address the ongoing structural deficit. As noted above, the City has built in step-up increases in their adopted Five-Year Forecast to help address the Library's budget needs. Furthermore, Library staff are working with the City of Sacramento to pass an ordinance to place a ballot in 2024 to renew the existing parcel taxes to continue funding Library programs and services.

In addition, Inflation continues to drive up costs for services and supplies, books and materials, health care and capital projects. CalPERS is amortizing the unfunded accrued liability (UAL) using a 5-year ramp up in order to reduce employer cost volatility year-over-year. The Library's employer contribution is projected to decrease by approximately \$446,000 over the next five years as new employees are hired into lower cost benefit tiers.

**SACRAMENTO PUBLIC LIBRARY AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS**

June 30, 2023

Although businesses have fully reopened and operations are starting to get back to normal, the aftermath of Covid-19 continues to impact Library operations. Supply chain, shipping delays and worker shortages resulted in various capital projects that were not completed during fiscal year 2023 and subsequently re-budgeted in fiscal year 2024. The hot real estate market appears to be cooling off as mortgage loan rates remain high and buyers are more cautious with their investments. In addition, consumer spending appears to be slowing down as consumers are spending down their Covid-19 stimulus money and are more cautious with their spending, which will impact future sales tax revenues for local governments. The Authority may be impacted by reduced contributions from both the County and City of Sacramento due to the impact of property tax revenues and sales tax revenues. The long-term fiscal impact to the Library’s revenue sources are unknown at this time. Per the Authority’s adopted Reserve Policy, \$10,892,385 (35% of budgeted operating expenditures) in reserved fund balance has been set aside for cash flow and economic uncertainty for the County fund and \$3,909,133 (17% of budgeted operating expenditures) of the City of Sacramento fund balances for economic uncertainty as of June 30, 2023.

Contacting the Authority's Financial Management

This financial report is designed to provide a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact:

Sacramento Public Library Authority
Department of Finance 4th Floor
828 I Street
Sacramento, CA 95814

SACRAMENTO PUBLIC LIBRARY AUTHORITY
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
June 30, 2023

	Major Funds			
	General Fund	County of Sacramento Special Revenue Fund	City of Sacramento Special Revenue Fund	City of Sacramento Parcel Tax Special Revenue Fund
ASSETS				
Cash and investments	\$ 4,897,910	\$ 29,761,627	\$ 14,501,403	\$ 8,429,695
Cash and investments- restricted	5,077,330	610,121	53,439	12,500
Receivables, net:				
Due from County of Sacramento	-	1,381,841	-	-
Fines and fees	672	63,749	43,444	15,571
Due from City of Sacramento	-	-	-	271,789
Lease receivable	-	326,407	-	-
Other	610,189	4,555	2,676	82,280
Prepaid expenditures	663,942	-	-	-
Accrued interest receivable	7,635	-	-	-
Noncurrent assets:				
Right-to-use subscription intangible assets	-	-	-	-
Right-to-use leased assets, net	-	-	-	-
Capital assets not depreciated	-	-	-	-
Capital assets depreciated, net	-	-	-	-
TOTAL ASSETS	11,257,678	32,148,300	14,600,962	8,811,835
DEFERRED OUTFLOWS OF RESOURCES				
Pension plans	-	-	-	-
Other post-employment benefits	-	-	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	11,257,678	32,148,300	14,600,962	8,811,835
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued expenses	731,584	287,505	233,249	69,840
Accounts payable from restricted assets	475,674	-	-	-
Due to other governments	-	-	-	-
Salaries and benefits payable	528,913	350,460	175,537	106,719
Unearned revenue	337,123	-	113,440	-
Deposits	-	-	20,250	-
Compensated absences due within one year	-	-	-	-
Subscription liabilities due within one year	-	-	-	-
Leased liabilities due within one year	-	-	-	-
Noncurrent liabilities:				
Compensated absences due in more than one year	-	-	-	-
Subscription liabilities due in more than one year	-	-	-	-
Leased liabilities due in more than one year	-	-	-	-
Net pension liability	-	-	-	-
Other post-employment benefits liability	-	-	-	-
TOTAL LIABILITIES	2,073,294	637,965	542,476	176,559
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	401,417	313,749	43,444	100,571
Leases	-	313,167	-	-
Pension plans	-	-	-	-
Other post-employment benefits	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	401,417	626,916	43,444	100,571
FUND BALANCES/NET POSITION				
FUND BALANCES				
Nonspendable:				
Prepaid expenditures	661,874	-	-	-
Leases	-	13,240	-	-
Trust obligations - nonspendable	-	-	-	-
Restricted - County of Sacramento branches	-	30,239,001	-	-
Restricted - City of Sacramento branches	-	-	13,961,603	8,522,205
Restricted - City of Elk Grove branch	-	-	-	-
Restricted - Agency-wide:				
Book purchases	2,974,920	-	-	-
Donations	1,439,405	610,121	53,439	12,500
Grant programs	-	-	-	-
Trust obligations - spendable	-	-	-	-
Committed - open contracts	261,226	-	-	-
Assigned:				
Equipment replacement	2,480,261	-	-	-
Open contracts	60,508	21,057	-	-
Unassigned	904,772	-	-	-
TOTAL FUND BALANCES	8,782,966	30,883,419	14,015,042	8,534,705
TOTAL LIABILITIES,				
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 11,257,678	\$ 32,148,300	\$ 14,600,962	\$ 8,811,835

(CONTINUED)

SACRAMENTO PUBLIC LIBRARY AUTHORITY
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET (CONTINUED)

June 30, 2023

Nonmajor Fund

Permanent Fund	Total Governmental Funds	Adjustments (Note 3)	Statement of Net Position
\$ -	\$ 57,590,635	\$ -	\$ 57,590,635
321,799	6,075,189	-	6,075,189
-	1,381,841	-	1,381,841
-	123,436	-	123,436
-	271,789	-	271,789
-	326,407	-	326,407
-	699,700	-	699,700
-	663,942	-	663,942
-	7,635	-	7,635
-	-	794,203	794,203
-	-	2,269,259	2,269,259
-	-	261,987	261,987
-	-	15,119,321	15,119,321
<u>321,799</u>	<u>67,140,574</u>	<u>18,444,770</u>	<u>85,585,344</u>
-	-	10,988,594	10,988,594
-	-	440,650	440,650
-	-	11,429,244	11,429,244
<u>321,799</u>	<u>67,140,574</u>		
-	1,322,178	-	1,322,178
-	475,674	-	475,674
-	-	-	-
-	1,161,629	-	1,161,629
-	450,563	-	450,563
-	20,250	-	20,250
-	-	2,266,823	2,266,823
-	-	256,533	256,533
-	-	275,159	275,159
-	-	25,581	25,581
-	-	87,251	87,251
-	-	2,071,857	2,071,857
-	-	24,333,124	24,333,124
-	-	7,311,132	7,311,132
-	3,430,294	36,627,460	40,057,754
-	859,181	(859,181)	-
-	313,167	-	313,167
-	-	265,003	265,003
-	-	1,520,394	1,520,394
-	1,172,348	926,216	2,098,564
-	661,874	(661,874)	-
-	13,240	(13,240)	-
131,181	131,181	(131,181)	-
-	30,239,001	(30,239,001)	-
-	22,483,808	(22,483,808)	-
-	-	-	-
-	2,974,920	(2,974,920)	-
-	2,115,465	(2,115,465)	-
-	-	-	-
190,618	190,618	(190,618)	-
-	261,226	(261,226)	-
-	2,480,261	(2,480,261)	-
-	81,565	(81,565)	-
-	904,772	(904,772)	-
<u>321,799</u>	<u>62,537,932</u>	<u>(62,537,932)</u>	<u>-</u>
<u>\$ 321,799</u>	<u>\$ 67,140,574</u>		

(CONTINUED)

The accompanying notes are an integral part of these financial statements

SACRAMENTO PUBLIC LIBRARY AUTHORITY
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET (CONTINUED)
June 30, 2023

	Major Funds			
	General Fund	County of Sacramento Special Revenue Fund	City of Sacramento Special Revenue Fund	City of Sacramento Parcel Tax Special Revenue Fund
NET POSITION				
Investment in capital assets	-	-	-	-
Restricted - County branches:				
General branch expenditures	-	-	-	-
Elk Grove branch	-	-	-	-
Donations	-	-	-	-
Restricted - City of Sacramento branches:				
Parcel tax carryover - Measure X	-	-	-	-
Parcel tax carryover - Measure B	-	-	-	-
General branch expenditures	-	-	-	-
Donations	-	-	-	-
Restricted - Agency-wide:				
Book purchases	-	-	-	-
Donations	-	-	-	-
Grant programs	-	-	-	-
Trust obligations - nonspendable	-	-	-	-
Trust obligations - spendable	-	-	-	-
Unrestricted:				
Agency-wide	-	-	-	-

TOTAL NET POSITION

(CONTINUED)

SACRAMENTO PUBLIC LIBRARY AUTHORITY
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET (CONTINUED)

June 30, 2023

Nonmajor Fund

Permanent Fund	Total Governmental Funds	Adjustments (Note 3)	Statement of Net Position
-	-	\$ 15,753,970	\$ 15,753,970
-	-	16,579,694	16,579,694
-	-	-	-
-	-	610,121	610,121
-	-	4,377,903	4,377,903
-	-	343,936	343,936
-	-	7,614,662	7,614,662
-	-	65,939	65,939
-	-	2,977,440	2,977,440
-	-	1,439,405	1,439,405
-	-	-	-
-	-	131,181	131,181
-	-	190,618	190,618
-	-	<u>4,773,401</u>	<u>4,773,401</u>
		<u>\$ (7,679,662)</u>	<u>\$ 54,858,270</u>

The accompanying notes are an integral part of these financial statements

SACRAMENTO PUBLIC LIBRARY AUTHORITY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 2023

	Major Funds			
	General Fund	County of Sacramento Special Revenue Fund	City of Sacramento Special Revenue Fund	City of Sacramento Parcel Tax Special Revenue Fund
REVENUES:				
Program revenues:				
Charges for services:				
Assessments and taxes	\$ -	\$ -	\$ -	\$ 9,203,261
Fines, fees, and penalties	30,440	110,890	66,047	24,107
Facility rental income	-	-	223,375	-
Operating grants and contributions:				
County contributions	-	32,136,334	-	-
City contributions	-	-	14,271,661	-
Other agency contributions	118,713	-	-	-
Federal and State grants	739,206	-	-	-
Total program revenues	<u>888,359</u>	<u>32,247,224</u>	<u>14,561,083</u>	<u>9,227,368</u>
General revenues:				
Gifts and donations	299,207	45,992	18,635	16,735
E-rate refund	754,994	-	-	-
Investment income, net	80,848	475,956	265,151	125,336
Other	208,928	40,572	37,426	64,056
Total general revenues	<u>1,343,977</u>	<u>562,520</u>	<u>321,212</u>	<u>206,127</u>
TOTAL REVENUES	<u>2,232,336</u>	<u>32,809,744</u>	<u>14,882,295</u>	<u>9,433,495</u>
EXPENDITURES/EXPENSES:				
Education:				
Current:				
Salaries and benefits	59,473	17,256,574	7,824,981	4,825,724
Services and supplies	517,964	6,936,725	3,482,196	1,571,776
Books and media subscriptions	-	2,996,980	1,269,907	812,740
Depreciation and amortization	-	-	-	-
Debt service:				
Principal	178,553	435,387	143,911	92,103
Interest	11,798	24,286	550	352
Capital outlay:				
Books and media collection	117,656	2,064,001	878,703	557,595
Other capital outlay	286,695	470,524	248,135	72,507
TOTAL EXPENDITURES	<u>1,172,139</u>	<u>30,184,477</u>	<u>13,848,383</u>	<u>7,932,797</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,060,197</u>	<u>2,625,267</u>	<u>1,033,912</u>	<u>1,500,698</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	210,546	-	441,159	-
Transfers out	-	(523,630)	-	(128,075)
TOTAL OTHER FINANCING SOURCES (USES)	<u>210,546</u>	<u>(523,630)</u>	<u>441,159</u>	<u>(128,075)</u>
CHANGE IN FUND BALANCES/NET POSITION	1,270,743	2,101,637	1,475,071	1,372,623
FUND BALANCES/NET POSITION, BEGINNING OF YEAR	7,512,224	28,781,782	12,539,971	7,162,082
Cumulative effect of the adoption of new standard	-	-	-	-
Fund balances/net position, beginning of year as restated	<u>7,512,224</u>	<u>28,781,782</u>	<u>12,539,971</u>	<u>7,162,082</u>
FUND BALANCES/NET POSITION, END OF YEAR	<u>\$ 8,782,966</u>	<u>\$ 30,883,419</u>	<u>\$ 14,015,042</u>	<u>\$ 8,534,705</u>

(CONTINUED)

SACRAMENTO PUBLIC LIBRARY AUTHORITY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)

For the Year Ended June 30, 2023

Nonmajor Fund

Permanent Fund	Total Governmental Funds	Adjustments (Note 4)	Statement of Activities
\$ -	\$ 9,203,261	\$ 15,000	\$ 9,218,261
-	231,484	27,079	258,563
-	223,375	-	223,375
-	32,136,334	50,000	32,186,334
-	14,271,661	-	14,271,661
-	118,713	-	118,713
-	739,206	-	739,206
-	<u>56,924,034</u>	<u>92,079</u>	<u>57,016,113</u>
-	380,569	-	380,569
-	754,994	-	754,994
14,158	961,449	-	961,449
-	350,982	(251,618)	99,364
14,158	<u>2,447,994</u>	<u>(251,618)</u>	<u>2,196,376</u>
14,158	<u>59,372,028</u>	<u>(159,539)</u>	<u>59,212,489</u>
-	29,966,752	827,617	30,794,369
-	12,508,661	-	12,508,661
-	5,079,627	-	5,079,627
-	-	4,994,197	4,994,197
-	849,954	(849,954)	-
-	36,986	-	36,986
-	3,617,955	(3,617,955)	-
-	1,077,861	(1,077,861)	-
-	<u>53,137,796</u>	<u>276,044</u>	<u>53,413,840</u>
14,158	<u>6,234,232</u>	<u>(435,583)</u>	<u>5,798,649</u>
-	651,705	(651,705)	-
-	<u>(651,705)</u>	<u>651,705</u>	<u>-</u>
-	-	-	-
14,158	6,234,232	(435,583)	5,798,649
307,641	56,303,700	(7,688,864)	48,614,836
-	-	444,785	444,785
307,641	<u>56,303,700</u>	<u>(7,244,079)</u>	<u>49,059,621</u>
\$ 321,799	<u>\$ 62,537,932</u>	<u>\$ (7,679,662)</u>	<u>\$ 54,858,270</u>

SACRAMENTO PUBLIC LIBRARY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 – ORGANIZATION

The Sacramento Public Library Authority (the Authority) was created under a joint powers agreement between the City and County of Sacramento on August 31, 1993. On July 1, 2007, a joint exercise of powers agreement was modified to include the County of Sacramento and the Cities of Citrus Heights, Elk Grove, Galt, Isleton, Rancho Cordova, and Sacramento (the Members). The purpose of the Authority is to provide information services to the people of the unincorporated areas of the County of Sacramento (the County) and the Cities of Citrus Heights, Elk Grove, Galt, Isleton, Rancho Cordova, and Sacramento.

Authority services are provided through the Central Library, 27 branch locations, and two bookmobiles. Because the Authority is a joint powers authority, the facilities are owned by a variety of entities, including Sacramento County and the cities of Elk Grove, Galt, and Sacramento. The Authority has operating agreements with five school districts [Elk Grove USD, Twin Rivers USD, Sacramento City USD, Natomas USD, River Delta USD]. In addition, the Authority operates three leased facilities: North Sacramento (City), Rio Linda (County), and Orangevale (County). The Authority also operates a facility, the Tsakopoulos Library Galleria, which is leased for events and generates rental income, catering, and other fees.

Library services include school readiness and early literacy programs for children ages 0-5, support for K-12 students, literacy services for adults, including basic literacy, GED preparation, and an accredited high school completion program, as well as a variety of services and programs for all ages. In addition, the Authority circulates materials in a variety of formats, provides information services, helps job seekers, and provides access to local history through the Sacramento Room.

The Authority Board includes all members of the Sacramento County Board of Supervisors, five representatives of the Sacramento City Council, two representatives from the Elk Grove City Council, one representative each from the Citrus Heights and Rancho Cordova city councils, and one city council member who represents the cities of Galt and Isleton. The Library Director serves as the Chief Executive Officer of the Authority and as Secretary to the governing board. The Finance Manager serves as Authority Treasurer and Auditor. Legal counsel is provided through contracted services.

Funding: At inception, the Members and non-member school districts contributed all current and capital assets under their control related to library services, excluding buildings. The Members and non-member school districts have agreed to provide and maintain existing and future library building facilities for the Authority, as defined in the Joint Exercise of Powers Agreement or separate agreements for the school districts that partner with the Authority.

The Authority's operating costs are primarily funded through annual appropriations from the Members. Included in the County contributions, except for the incorporated Cities of Sacramento and Folsom, is a dedicated percentage of property tax collections set aside for County Library purposes. The City of Folsom owns and operates their library system independently from the Authority. The City of Sacramento approves a contribution to the Authority as part of their budget. Library services at branches within the City of Sacramento are augmented by two voter-approved special parcel tax measures. Measure X is a ten-year special parcel tax that went into effect on July 1, 2017 and expires in June 2027, generating approximately \$6.7 million annually. This special parcel tax revenue is restricted for use in extending operating hours, services, technology purchases, and increasing book and materials purchases at City of Sacramento branches, including the Central Library. Measure B went into effect during the year ended June 30, 2015, and will expire in June of 2026.

SACRAMENTO PUBLIC LIBRARY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 – ORGANIZATION (Continued)

This parcel tax revenue is for “core library services”, including, without limitation, open hours at branches, library staff, acquisition of library materials, and access to technology at branches within the City of Sacramento.

Operating costs of each branch are funded by the appropriate Member according to the location of the facility through Member contributions. Certain authorized maintenance and other facilities costs paid directly by the Members or non-member school districts on behalf of the Authority are not reflected as Member contributions and are not a part of these financial statements as those costs are shown directly in the appropriate fund of the respective Member or non-member school district.

In the event of termination of the joint exercise of powers agreement, the net position of the Authority would be returned to the Members in proportion to the contributions of each Member during the term of their participation in the Authority.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental agencies. The Governmental Accounting Standards Board (the GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Authority are described below.

Government-Wide and Fund Financial Statements: The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the Authority. The Authority has no component units, but receives contributions collected by the Sacramento Public Library Foundation (the Foundation) and Friends of the Sacramento Public Library (Friends of the Library). The Foundation and Friends of the Library are 501(c)(3) non-profit corporations with separate boards of directors that are not controlled by the Authority. The Authority considers the contributions received from these organizations to be immaterial to the financial statements and the Authority has not evaluated the organizations for treatment as component units.

The accounts of the Authority are organized on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Each fund was established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions, or limitations. Major individual funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows.

SACRAMENTO PUBLIC LIBRARY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant funds earned but not received are recorded as a receivable and grant funds received after the revenue recognition criteria have been met are reported as deferred inflows. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, long-term liabilities, as well as expenditures related to claims and judgments, are recorded only when payment is due. General capital assets are reported as capital outlay expenditures in governmental funds.

Interest, contributions, and grants associated with the current fiscal period are considered to be susceptible to accrual, and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Authority.

The Authority reports the following major governmental funds:

- General Fund – this fund is established to account for resources devoted to administration of the activities of the Authority and excludes those resources required to be accounted for in another fund.
- County of Sacramento Special Revenue Fund – this fund accounts for resources provided by the County of Sacramento for activities at branches located within the County of Sacramento.
- City of Sacramento Special Revenue Fund – this fund accounts for resources provided by the City of Sacramento for activities at branches located within the City of Sacramento.
- City of Sacramento Parcel Tax Special Revenue Fund – this fund is established to fund library operations in the City of Sacramento branch.

Special revenue funds account for specific revenue that are legally or otherwise restricted to expenditures for particular purposes.

The Authority reports the following nonmajor governmental fund:

- Permanent Fund – this fund accounts for resources that are legally restricted, to the extent that only earnings and not principal may be used for purposes that support the Authority's programs.

Amounts reported as program revenues include charges to customers for goods, services or privileges provided, and operating grants and contributions including special parcel taxes. Internally dedicated resources are reported as general revenues.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, and then unrestricted committed, assigned, and unassigned resources as they are needed in that order.

SACRAMENTO PUBLIC LIBRARY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments: The Authority participates in the City of Sacramento's Investment Pool, which is not rated by national credit rating agencies. The City Treasurer pools cash with other City funds and invests to maximize income consistent with safe and prudent investment practices within the guidelines of the City's investment pool. The City reviews its investment policy on a quarterly basis. The estimated fair value of investments in the pool is based on quoted market prices. The fair value of the Authority's position in the pool is the same as the value of the pool shares. The value of the pool shares may be withdrawn at any time based on an amortized cost basis, which is different than the fair value of the Authority's position in the pool. Information regarding the investments within the pool, including related risks, can be found in the City of Sacramento's Annual Comprehensive Financial Report (ACFR). The Authority also maintains a separate deposit with a financial institution and has an endowment and trust assets as described in Note 5.

Receivables: Receivables are comprised mainly of County of Sacramento and City of Sacramento contributions. Other receivables consist of amounts due from other member organizations of the Authority. Management reviews the necessity of an allowance based on historical collection experience and review of current status. All receivables, other than fees, are considered to be fully collectible. As of June 30, 2023, \$1,234,360 in fees are owed to the Authority. Based on an analysis of the percentage of fees historically collected, management estimated that approximately 10% or \$123,436 of this amount will be collected and an allowance for uncollectible accounts for the remaining \$1,110,924 has been recorded.

Capital Assets: Capital assets, which include equipment, building improvements, software, furniture and fixtures, and the books and media collection are reported in the government-wide Statement of Net Position. Capital asset acquisitions are recorded at historical cost. Donated capital assets are recorded at the acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. All capital assets are depreciated using the straight-line method over their estimated useful lives, which range from 3 to 20 years. The books and media collection is depreciated over the average estimated useful life of the entire collection of 5 years.

Facilities are the property of the Members and not the Authority and are not reported on the Authority's statement of net position. The Authority defines capital assets as assets with an initial, individual, or group cost of more than \$5,000 and an estimated useful life in excess of one year, with the exception of building improvements, which must cost more than \$50,000 to be considered a capital asset.

The Authority has certain historical treasures maintained in the Sacramento Room. A number of items in the Sacramento Room are on loan to the Authority, which do not meet the criteria for capitalization. The Authority has elected not to capitalize the remaining items in the Sacramento Room that are owned by the Authority as allowed by paragraph 27 of GASB Statement No. 34 because they are held for public exhibition and education, are protected, kept unencumbered, cared for and preserved, and subject to a policy that requires proceeds from sales, if any, to be used to acquire other items for collection.

SACRAMENTO PUBLIC LIBRARY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Inflows and Unearned Revenue: Deferred inflows – unavailable revenue includes \$123,436 of deferred fees, \$335,000 of property taxes receivable under the Teeter Plan from the City and County of Sacramento, and \$403,208 of other revenues that were earned as of year-end, but were not received within the Authority’s availability period. Unearned revenue includes mainly meeting room rents for Galleria events that will occur in future periods and unearned grants. The deposits for these events will be recognized as revenue in the period when the events occur. See Notes 11 and 12 for information about the deferred inflows related to the Authority’s pension and other post-employment benefits plans.

Compensated Absences: Employees of the Authority may accumulate paid time off (PTO) leave. Upon termination or retirement, employees receive a cash payment for unused PTO leave. All PTO is accrued when incurred in the government-wide statements. A liability for these amounts is reported in governmental funds only if they become due and payable as a result of employee separations, including retirements.

Pensions: For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Authority’s California Public Employees’ Retirement System (CalPERS) plan (Plan), and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-employment Benefits (OPEB): For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Authority’s plan (OPEB Plan) and additions to/deductions from the OPEB Plan’s fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments, if any, are reported at fair value.

Permanent Fund: The Authority maintains a separate trust fund for contributions received from the Moore family. The originally contributed principal of the Moore Trust totaling \$131,181 is nonspendable while investment earnings from the fund are considered restricted but spendable. Investment earnings from the Moore Memorial Trust may be used to purchase mystery related books. The Moore Memorial Trust requires the nonspendable principal and the spendable investment earnings to be invested with the bank.

Fund Balance: In the fund financial statements, governmental funds report nonspendable, restricted, committed, assigned, and unassigned balances.

Nonspendable Funds – Fund balance should be reported as nonspendable when the amounts cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items not expected to be converted to cash, for example, inventories and prepaid items. The Authority’s nonspendable fund balance consists of the following:

- Prepaid expenditures.
- Permanently restricted principal balance of the Moore Trust.

SACRAMENTO PUBLIC LIBRARY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Funds – Fund balance should be reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The Authority’s restricted fund balance consists of the following:

- Resources held for use at County and City of Sacramento Branches. City of Sacramento parcel tax carryover is restricted by the enabling legislation approving the special parcel tax to certain expenses within the City of Sacramento Branches.
- Hurst endowment restricted for book purchases.
- Unspent donations restricted for donor approved projects.
- Amount restricted for grant programs.
- Earnings on the Moore Trust.

Restricted fund balance for the County and City of Sacramento branches consisted of the following at June 30, 2023:

Restricted - County Branches:

General branch expenditures	\$ 12,677,218
Donations	610,121
Restricted, committed to:	
Reserve for economic uncertainty	10,892,385
Supplemental services	6,285,276
Restricted, assigned to:	
Deferred maintenance	397,362
Open contracts	21,057
<u>Total Restricted - County Branches</u>	<u>\$ 30,883,419</u>

	City Fund	City Parcel Tax Fund
Restricted - City of Sacramento Branches:		
Parcel tax carryover	\$ -	\$ 7,129,837
Donations	53,439	12,500
General branch expenditures	11,180,189	-
Restricted, committed to:		
Reserve for economic uncertainty	2,516,765	1,392,368
Restricted, assigned to:		
Deferred maintenance	264,649	-
Open contracts	-	-
<u>Total Restricted - City of Sacramento Branches</u>	<u>\$ 14,015,042</u>	<u>\$ 8,534,705</u>

SACRAMENTO PUBLIC LIBRARY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Committed Funds – Fund balance should be reported as committed when the amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority, which is by resolution of the Authority Board. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action it employed (for example legislation, resolution, or ordinance) to previously commit these amounts. Although the County and City of Sacramento resources above are restricted for use at those branches, the Board provides further constraints on those funds that are consistent with the definition of committed fund balance as described below. The Authority’s committed fund balance consists of the following:

- \$14,801,518 set aside for economic uncertainty that may be used according to the specific criteria defined under Resolution No. 22-45.
- Supplemental funds committed by resolution of the Board according to the JPA agreement for enhanced services at library branches.
- Open purchase orders originally exceeding \$50,000 that are required to be approved by resolution of the Board that are committed to be expended on the related open contracts.

Assigned Funds – Fund balance should be reported as assigned when the amounts are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. Although the County and City of Sacramento resources above are restricted for use at those branches, management provides further constraints on those funds that are consistent with the definition of assigned fund balance as described below. The Authority’s assigned fund balance consists of the following:

- Amounts that have been assigned by management for information technology and other equipment replacement.
- Deferred maintenance assigned for maintenance of library branches and the Galleria rooms.
- Open purchase orders in original amounts of less than \$50,000 approved under management’s spending authority and assigned to be expended on the related open contracts.

Unassigned Funds – Unassigned fund balance is the residual classification for the General Fund and represents fund balance that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Net Position: In the Statement of Net Position, net position are classified in the following categories:

Investment in capital assets – This amount consists of capital assets net of accumulated depreciation.

Restricted net position – This amount is restricted by external grantors, contributors, or laws or regulations of other governments. The restrictions are consistent with the restrictions of fund balance described above.

Unrestricted net position – This amount is all net assets that do not meet the definition of “investment in capital assets” or “restricted net position.”

SACRAMENTO PUBLIC LIBRARY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donations: The Authority receives donations from the Foundation and Friends of the Library. The Library Director, Foundation, and Friends of the Library approve activities to be funded with donations and the Authority Board accepts the donations throughout the year. The Authority considers the donation revenue earned at the date the cash is received.

Use of Estimates: The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Interfund Transfers: Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the funds that statute or budget requires to expend them and (2) subsidize operating losses. During the year ended June 30, 2023, the Authority made the following interfund transfers:

Transfers Out	Transfers In	Amount
County of Sacramento Special Revenue Fund	General Fund	\$ 123,630
City of Sacramento Special Revenue Fund	General Fund	66,841
City of Sacramento Parcel Tax Special Revenue Fund	General Fund	20,075
County of Sacramento Special Revenue Fund	City of Sacramento Special Revenue Fund	333,159
City of Sacramento Parcel Tax Special Revenue Fund	City of Sacramento Special Revenue Fund	108,000
		<u>\$ 651,705</u>

Leases: Leases are accounted for under GASB Statement No. 87 *Leases*, which requires a lessee to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Authority uses an estimated incremental borrowing rate to calculate the lease liability and right-to-use asset at the onset or modification of a lease. Right-to-use leased assets are amortized over the lease term.

Implementation of New Pronouncement: In May 2020, GASB issued Statement No. 96, *Subscription-based information technology arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. A SBITA is defined as a contract that conveys control of the right to use another party’s IT software alone or in combination with tangible capital assets for a period of time in an exchange or exchange-like transaction. Under this Statement, a subscriber is required to record a right-to-use subscription intangible asset and corresponding subscription liability calculated by taking the present value of all payments. The right-to-use subscription intangible assets include initial implementation costs and are amortized over the shorter of the term of the subscription or the useful life of the underlying IT asset. The Authority implemented this statement on July 1, 2022 on a modified retrospective basis.

Upon adoption of GASB 96, the Authority recognized \$1,364,213 of right-to-use subscription intangible asset and \$919,428 of subscription liabilities, and \$444,785 cumulative effect of the adoption in its Statement of Activities.

SACRAMENTO PUBLIC LIBRARY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

**NOTE 3 – RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
WITH THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**

Total fund balances of the Authority's governmental funds differ from net position of governmental activities primarily because of the long-term focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheet. The differences are described below:

Fund balances of governmental funds	\$ 62,537,932
-------------------------------------	---------------

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.

Right-to-use subscription intangible assets	\$ 1,364,213	
Less: accumulated amortization	(570,010)	
Right-to-use leased assets	2,856,417	
Less: accumulated amortization	(587,158)	
Capital assets	30,669,723	
Less: accumulated depreciation	(15,288,415)	18,444,770

Pension and OPEB contributions subsequent to the plans' measurement dates and other deferrals will reduce the pension and OPEB liability in the future and are reported as deferred outflows of resources on the statement of net position.

Pension plan	10,988,594
Other post-employment benefits plan	440,650

Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

Compensated absences	(2,292,404)
Subscription liabilities	(343,784)
Lease liabilities	(2,347,016)
Net pension liability	(24,333,124)
Other post-employment benefits liability	(7,311,132)

Long-term receivables are not available to pay current period expenditures and are reported as deferred inflows for unavailable revenue in governmental funds.

859,181

Net differences between projected and actual earnings on pension plan investments and other pension and OPEB adjustments are reported as deferred inflows of resources on the statement of net position.

Pension plan	(265,003)
Other post-employment benefits plan	(1,520,394)

Net position in the government-wide statement of net position	\$ 54,858,270
---	---------------

SACRAMENTO PUBLIC LIBRARY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 4 – RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The net change in fund balances of governmental funds differs from the change in net position of governmental activities primarily because of the long-term focus of the statement of net position versus the current financial resources focus of the governmental funds balance sheet. The differences are described below:

Net Change in Fund Balances of Governmental Funds	\$ 6,234,232
Some revenues are reported as deferred inflows in governmental funds because they do not represent current financial resources that are recognized in the Statement of Activities. Amount represents the change in deferred inflows recognized.	(159,539)
Governmental funds report capital outlays as expenditures. In the Statement of Activities, however, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. The change in capital assets consists of:	
Capital outlay including right-to-use leased assets and intangible subscriptions	5,545,770
Depreciation and amortization expense	(4,994,197)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Change in deferred outflows of resources related to pension plan	7,071,528
Change in deferred outflows of resources related to OPEB plan	(319,653)
Change in compensated absences	(63,429)
Change in net pension liability	(16,105,546)
Change in other post-employment benefits liability	1,303,540
Change in deferred inflows of resources related to pension plan	8,403,993
Change in deferred inflows of resources related to OPEB plan	<u>(1,118,050)</u>
Change in Net Position of the Statement of Activities	<u>\$ 5,798,649</u>

NOTE 5 – CASH AND INVESTMENTS

Cash and investments consisted of the following at June 30, 2023:

Unrestricted	\$ 57,590,635
Restricted	<u>6,075,189</u>
Total	<u>\$ 63,665,824</u>
Cash on hand	\$ 13,695
Bank deposits	1,486,203
Investments:	
Investment in City of Sacramento Investment Pool	60,325,591
Hurst endowment investments	1,615,348
Moore Trust Fund investments	<u>224,987</u>
Total investments	<u>62,165,926</u>
Total	<u>\$ 63,665,824</u>

SACRAMENTO PUBLIC LIBRARY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 5 – CASH AND INVESTMENTS (Continued)

The Authority's investment policy for the General Fund is established by the Authority Board and the investments in the Permanent Fund were established by the donors as described below. The Authority's investment policy does not contain any specific provisions intended to limit the Authority's exposure to interest rate risk, credit risk, and concentration of credit risk beyond what is specified in the California Government Code. The following disclosures related to the Authority's cash and investments are required by GASB Statement No. 40.

Investment Policy: Investments are reported at fair value. California statutes authorize special districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The Authority's permissible investments for idle Authority funds include the City of Sacramento's investment pool and the State of California Local Agency Investment Fund (LAIF). The Authority's permissible investments for gifts and donations exceeding \$100,000, including the Hurst endowment, include investments consistent with the intent of the donor, or if not specified, those authorized by California Government Code Section 53601. The table below identifies the investment types that are authorized for gifts and donations exceeding \$100,000 by California Government Code 53601. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Minimum Rating
Local agency bonds	5 years	None	None	N/A
U.S. Treasury obligations	5 years	None	None	N/A
Municipal securities	5 years	None	None	N/A
U.S. Agency securities	5 years	None	None	N/A
Bankers acceptances	180 days	40%	30%	N/A
Commercial paper	270 days	25%	10%	A-1
Negotiable certificates of deposits	5 years	30%	None	N/A
Repurchase agreements	1 year	None	None	N/A
Reverse repurchase and securities lending agreements	92 days	20% of base value	None	N/A
Medium term notes	5 years	30%	None	A
Mutual funds	N/A	20%	10%	AAA
Money market mutual funds	N/A	20%	10%	AAA
Collateralized bank deposits	5 years	None	None	N/A
Secured debt obligations	5 years	None	None	N/A
Mortgage pass-through securities	5 years	20%	None	AA
JPA pools (other investment pools)	N/A	None	None	N/A
Senior unsecured unsubordinated obligations	5 years	30%	None	AA

The Permanent Fund includes a donation, the Moore Memorial Trust totaling \$224,987 at June 30, 2023, invested by an investment advisor specified by and in a manner consistent with the intent of the donor.

SACRAMENTO PUBLIC LIBRARY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 5 – CASH AND INVESTMENTS (Continued)

Interest Rate Risk: Interest rate risk is the risk that changes in market rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. In accordance with its investment policy, the Authority manages its exposures to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than 5 years.

Information about the sensitivity of the fair values of the Authority’s investments to interest rate fluctuations is provided by the following table that shows the distribution of the Authority’s investments by maturity:

Type of Investment	Maturities as of Year-end			
	Total	12 Months or Less	13-24 Months	25-60 Months
Medium term corporate notes	\$ 1,615,348	\$ 244,546	\$ 465,844	\$ 904,958
City of Sacramento pool	60,325,591	-	60,325,591	-
Permanent Fund investments:				
Domestic mutual funds	193,143	193,143	-	-
International mutual funds	17,145	17,145	-	-
Money market funds	6,250	6,250	-	-
Real estate investment trust (REIT)	8,449	8,449	-	-
Alternative investments	-	-	-	-
Total	\$ 62,165,926	\$ 469,533	\$ 60,791,435	\$ 904,958

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the Authority’s investment policy, and the actual rating as of year-end for each investment type (Permanent Fund ratings are ratings of underlying investments reported by funds).

Type of Investment	Total	Ratings as of Year-end						
		AAA	AA+ to AA-	A	BBB	BB	B and below	Unrated
Medium term corporate notes	\$ 1,615,348	\$-	\$ 1,169,473	\$ 445,875	\$ -	\$ -	\$ -	\$ -
City of Sacramento pool	60,325,591	-	-	-	-	-	-	60,325,591
Permanent Fund investments:								
Domestic mutual funds	193,144	-	45,018	101,048	-	19,736	27,342	-
International mutual funds	17,144	-	-	-	-	-	17,144	-
Money market funds	6,250	-	-	-	-	-	-	6,250
Real estate investment trust (REIT)	8,449	-	-	-	-	-	-	8,449
Alternative investments	-	-	-	-	-	-	-	-
Total	\$62,165,926	\$-	\$ 1,214,491	\$ 546,923	\$ -	\$ 19,736	\$ 44,486	\$ 60,340,290

SACRAMENTO PUBLIC LIBRARY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 5 – CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk: The investment policy of the Authority contains no limitations on the amount that can be invested in any one issuer beyond that stipulated in the California Government Code. The Authority does not have any investments in any one issuer that represents 5% or more of the Authority's investments, other than the investment in the City of Sacramento's investment pool.

Custodial Credit Risk: The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools, like the City of Sacramento's investment pool.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Authority's investment policy do not contain legal policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the Authority deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2023, the carrying amount and balance per bank of the Authority's bank deposits were \$1,486,203 and \$1,988,033, respectively. Of the balance per bank at June 30, 2023, \$250,000 was covered by federal depository insurance and \$1,738,033 was collateralized by the pledging financial institution's investment securities, which were not in the name of the Authority. All of the Authority's U.S. agency securities, municipal securities, and medium-term corporate notes were held by the same broker-dealer that was used by the Authority to buy the securities.

Investment in the City of Sacramento's Sponsored Investment Pool: The City of Sacramento (the City) Investment Pool is stated at fair value. As part of the City's total cash and investments portfolio, the City Treasurer manages an investment pool, which includes both internal and external investors. The pool is not registered with the Securities and Exchange Commission as an investment company. The City Treasurer is granted authority for managing the pool by City Charter Section 73 and City Council ordinances and resolutions. Monthly, the City Treasurer reports investment activity to the Council for review.

SACRAMENTO PUBLIC LIBRARY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 5 – CASH AND INVESTMENTS (Continued)

The fair value of investments is determined monthly. Participants' shares sold and redeemed are determined by the daily cash balance deposited in the pool (the value of its pool shares). The value of the pool shares is based upon amortized cost in day to day operations, but is adjusted to the fair value at year-end. The value of the shares is supported by the value of the underlying investments. External participants, including various joint powers agencies, comprise 7.6% of Pool A participation.

Fair Value Measurements: The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Authority has the following recurring fair value measurements as of June 30, 2023:

	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Medium term corporate notes	\$ 1,615,348	\$ -	\$ 1,615,348	\$ -
Domestic mutual funds	193,144	-	193,144	-
International mutual funds	17,144	-	17,144	-
Money market funds	6,250	-	6,250	-
Real estate investment trust (REIT)	8,449	-	8,449	-
Alternative investments	-	-	-	-
Total investments by fair value level	<u>\$ 1,840,335</u>	<u>\$ -</u>	<u>\$ 1,840,335</u>	<u>\$ -</u>
Investments uncategorized:				
City of Sacramento pool	60,325,591			
Total	<u>\$ 62,165,926</u>			

All securities classified in Level 2 are valued using pricing models based on market data, such as matrix or model pricing from outside pricing services. These valuation techniques include third party benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two sided markets, benchmark securities, bids, offers, and reference data including market research publications. Some of the investment types, such as ETFs and mutual funds, trade on active exchanges. However, it was unknown if these investments trade with enough volume or frequency to be considered Level 1 investments.

SACRAMENTO PUBLIC LIBRARY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 6 – BUDGETARY INFORMATION – GENERAL FUND

The joint powers agreement established by the Authority provides for budgetary control over general fund fiscal operations. Each year, the Authority submits to the governing board a proposed budget containing detailed estimates (provided by the staff of the Members) of the amount of funding available for the operation of the Authority. The budget is controlled at the fund level. The Members notify the Authority by September 1 of their appropriated contribution to the Authority for that fiscal year. The governing board of the Authority adopts the Authority's original budget by September 30 of each fiscal year. The budget, prepared on the modified accrual basis in accordance with accounting principles generally accepted in the United States of America, is presented as required supplementary information in the accompanying financial statements.

Encumbrance accounting is used during the year for budgetary control. Encumbrances outstanding at year-end do not constitute expenditures or liabilities, but rather outstanding future commitments at year-end. The Authority's appropriations lapse at year-end. At June 30, 2023, the Authority had outstanding future commitments under encumbrances reported as fund balance committed and assigned for open contracts of \$342,791.

NOTE 7 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023 is as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets, not being depreciated:					
Construction in progress	\$ 503,884	\$ 24,725	\$ -	\$ (266,622)	\$ 261,987
Total capital assets, not being depreciated	<u>503,884</u>	<u>24,725</u>	<u>-</u>	<u>(266,622)</u>	<u>261,987</u>
Capital assets, being depreciated:					
Equipment	2,038,424	394,718	\$ (8,160)	49,046	2,474,028
Building improvements	6,533,256	235,890	-	56,517	6,825,663
Vehicles	-	373,099	-	161,059	534,158
Software	49,364	-	-	-	49,364
Furniture and fixtures	15,340	49,429	-	-	64,769
Books and media collection	19,661,628	3,617,955	(2,819,829)	-	20,459,754
Total capital assets, being depreciated	<u>28,298,012</u>	<u>4,671,091</u>	<u>(2,827,989)</u>	<u>266,622</u>	<u>30,407,736</u>
Accumulated depreciation:					
Equipment	(739,967)	(392,202)	8,160	-	(1,124,009)
Building improvements	(1,662,944)	(328,888)	-	-	(1,991,832)
Vehicles	-	(35,611)	-	-	(35,611)
Software	(19,197)	(16,455)	-	-	(35,652)
Furniture and fixtures	(7,926)	(7,187)	-	-	(15,113)
Books and media collection	(11,559,570)	(3,346,457)	2,819,829	-	(12,086,198)
Total accumulated depreciation	<u>(13,989,604)</u>	<u>(4,126,800)</u>	<u>2,827,989</u>	<u>-</u>	<u>(15,288,415)</u>
Total capital assets being depreciated, net	<u>14,308,408</u>	<u>544,291</u>	<u>-</u>	<u>266,622</u>	<u>15,119,321</u>
Total capital assets, net	<u>\$ 14,812,292</u>	<u>\$ 569,016</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,381,308</u>

Depreciation expense was \$4,126,800 for the year ended June 30, 2023.

SACRAMENTO PUBLIC LIBRARY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 8 – LEASES

The Authority is obligated under two operating leases for the use of office buildings. The leases call for fixed monthly payments through September 2033 and October 2036, respectively. The Authority leases 13 vehicles under operating leases with monthly payments through October 2026. There is also a lease for the use of library equipment with a fixed annual payment through March 2025 with an option to extend for 5 additional years that the Authority expects to execute.

These leases fall under the scope of GASB 87, as described in Note 2, whereby the intangible right-to-use asset is measured and recorded. The following is a schedule of right-to-use assets by major class and their related accumulated amortization for the year ended June 30, 2023.

	Beginning Balance	Additions	Disposals	Ending Balance
Right-to-use leased assets				
Leased buildings	\$ 1,697,942	\$ -	\$ -	\$ 1,697,942
Leased vehicles	444,225	-	-	444,225
Leased equipment	714,250	-	-	714,250
Total right-to-use leased assets	2,856,417			2,856,417
Accumulated amortizaion:	(289,771)	(297,387)	-	(587,158)
Total right-to-use leased assets, net	<u>\$ 2,566,646</u>	<u>\$ (297,387)</u>	<u>\$ -</u>	<u>\$ 2,269,259</u>

Amortization expense of \$297,387 was recorded for the year ended June 30, 2023.

Future minimum lease payments required by the lease agreements as of June 30, 2023 were as follows:

Year Ending June 30,	Total Lease Liabilities		
	Principal	Interest	Total
2024	\$ 275,159	\$ 31,281	\$ 306,440
2025	244,468	27,782	272,250
2026	249,809	24,269	274,078
2027	210,300	20,950	231,250
2028	193,568	18,361	211,929
Thereafter	1,173,712	64,447	1,238,159
Total	<u>\$ 2,347,016</u>	<u>\$ 187,090</u>	<u>\$ 2,534,106</u>

SACRAMENTO PUBLIC LIBRARY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 9 – RIGHT-TO-USE SUBSCRIPTION INTANGIBLES

The Authority has multiple SBITA’s with vendors for its systems used for online registration and communication, material management, and personnel and payroll. These subscriptions fall under the scope of GASB 96, as described in Note 2, whereby the intangible right-to-use asset is measured and recorded. The following is a schedule of right-to-use subscription intangible assets and their related accumulated amortization for the year ended June 30, 2023. Right-to-use subscription intangible assets

	Beginning Balance	Additions	Disposals	Ending Balance
Right-to-use subscription intangible assets	\$ -	1,364,213	\$ -	\$ 1,364,213
Accumulated amortizaion	-	(570,010)	-	(570,010)
Total Right-to-use subscription intangible assets, net	<u>\$ -</u>	<u>\$ 794,203</u>	<u>\$ -</u>	<u>\$ 794,203</u>

Amortization expense of \$570,010 was recorded for the year ended June 30, 2023.

Future minimum subscription payments required by the subscription agreements as of June 30, 2023 were as follows:

Year Ending June 30,	Total Subscription Liabilities		
	Principal	Interest	Total
2024	\$ 256,533	\$ 853	\$ 257,386
2025	69,768	232	70,000
2026	17,483	17	17,500
Total	<u>\$ 343,784</u>	<u>\$ 1,102</u>	<u>\$ 344,886</u>

NOTE 10 – LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2023 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Compensated absences	\$ 2,228,976	\$ 2,922,689	\$ (2,859,261)	\$ 2,292,404	\$ 2,266,823
Subscription liabilities	-	919,428	(575,644)	343,784	256,533
Lease liabilities	2,621,326	-	(274,310)	2,347,016	275,159
Net pension liability	8,227,578	21,084,079	(4,978,533)	24,333,124	-
Other post-employment benefits obligation	8,614,672	437,621	(1,741,161)	7,311,132	-
Total long-term liabilities	<u>\$ 21,692,552</u>	<u>\$ 25,363,817</u>	<u>\$ (10,428,909)</u>	<u>\$ 36,627,460</u>	<u>\$ 2,798,515</u>

SACRAMENTO PUBLIC LIBRARY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 11 – PENSION PLANS

Defined Benefit Plan – General Information about the Pension Plan

Plan Description: All qualified permanent and probationary employees are eligible to participate in the Authority’s Miscellaneous Plan, an agent multiple-employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and Authority resolution. CalPERS issues a publicly available report that includes a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

Benefits Provided: CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is one of the following: the Basic Death Benefit or the 1959 Survivor Benefit, Level 3. The cost of living adjustment is applied as specified by the Public Employees’ Retirement Law.

The Plan’s provisions and benefits in effect at June 30, 2023, are summarized as follows:

	Miscellaneous Plan	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula (at full retirement)	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.43% to 2.42%	1.0% to 2.5%
Required employee contribution rates	7.00%	7.25%
Required employer contribution rates	10.418%	10.418%

In addition to the contribution rates above, the Authority was also required to make a payment of \$1,727,656 toward its unfunded actuarial liability during the year ended June 30, 2023.

The Public Employees’ Pension Reform Act of 2013 (PEPRA) requires the 2.0% at 62 benefits to be used by any new participants that were not members of CalPERS on January 1, 2013.

SACRAMENTO PUBLIC LIBRARY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 11 – PENSION PLANS (Continued)

Employees Covered: At June 30, 2022 (the most recent valuation date), the following employees were covered by the benefit terms for the Plan:

Inactive employees or beneficiaries currently receiving benefits	316
Inactive employees entitled to but not yet receiving benefits	283
Active employees	<u>302</u>
Total	<u><u>901</u></u>

Contributions: Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Net Pension Liability: The Authority’s net pension liability for the Plan is measured as the total pension liability, less the plan’s fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2022, using an annual actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions: The total pension liability at the measurement date was determined using the following actuarial assumptions:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Actuarial cost method	Entry-age normal cost method
Actuarial assumptions:	
Discount rate	6.90%
Inflation	2.50%
Payroll growth	2.75%
Projected salary increase	Varies by entry age and service
Investment rate of return	7.00%
Mortality - pre-retirement	Based on 2017 CalPERS experience study for the period from 1997 to 2015

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2021 valuation were based on the results of a December 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

SACRAMENTO PUBLIC LIBRARY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 11 – PENSION PLANS (Continued)

The discount rate used to measure the total pension liability was 6.90%. To determine whether the municipal bond rate should be used in the calculation of a discount rate, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 6.90% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments (7.00%) was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the board adoption strategic asset allocation effective July 1, 2022 and the actual allocations as of September 30, 2022.

Asset Class	Policy Target Allocation	Actual Allocation
Global equity	42.00%	46.30%
Fixed income	30.00%	23.50%
Private debt	5.00%	1.80%
Private equity	13.00%	11.60%
Real assets	15.00%	17.10%
Other Trust Level	0.00%	3.80%
Leverage	-5.00%	-4.10%
Total	<u>100.0%</u>	<u>100.0%</u>

SACRAMENTO PUBLIC LIBRARY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 11 – PENSION PLANS (Continued)

Changes in the Net Pension Liability: The changes in the Net Pension Liability for the Plan follows:

Miscellaneous Plan:	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2021	\$ 101,944,717	\$ 93,717,139	\$ 8,227,578
Changes in the year:			
Service cost	3,145,185	-	3,145,185
Interest on the total pension liability	7,188,957	-	7,188,957
Differences between actual and expected experience	(333,162)	-	(333,162)
Changes in assumptions	3,615,773	-	3,615,773
Changes in benefit terms	-	-	-
Net plan to plan resource movement	-	-	-
Contribution - employer	-	3,337,233	(3,337,233)
Contribution - employee	-	1,308,138	(1,308,138)
Net investment income	-	(7,075,784)	7,075,784
Administrative expenses	-	(58,380)	58,380
Benefit payments, including refunds of employee contributions	(5,224,273)	(5,224,273)	-
Other miscellaneous income/(expense)	-	-	-
Net changes	<u>8,392,480</u>	<u>(7,713,066)</u>	<u>16,105,546</u>
Balance at June 30, 2022	<u>\$ 110,337,197</u>	<u>\$ 86,004,073</u>	<u>\$ 24,333,124</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the Authority for the Plan, calculated using the discount rate for the Plan, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Miscellaneous</u>
1% decrease	5.90%
Net pension liability	\$ 39,380,502
Current discount rate	6.90%
Net pension liability	\$ 24,333,124
1% increase	7.90%
Net pension liability	\$ 11,967,647

Pension Plan Fiduciary Net Position: Detailed information about the Plan's fiduciary net position is available in the separately issued CalPERS financial reports.

SACRAMENTO PUBLIC LIBRARY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 11 – PENSION PLANS (Continued)

Pension Expenses and Deferred Outflows/Inflows of Resources:

For the year ended June 30, 2023, the Authority recognized pension expense of \$4,275,251. At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 3,645,226	\$ -
Differences between actual and expected experience	263,879	265,003
Changes in assumptions	2,733,877	-
Net differences between projected and actual earnings on plan investments	4,345,612	-
Total	\$ 10,988,594	\$ 265,003

The \$3,645,226 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2023	\$ 1,633,362
2024	1,525,295
2025	1,135,673
2026	2,784,035
	\$ 7,078,365

Payable to the Pension Plan: At June 30, 2023, the Authority reported a payable of \$142,841 for the outstanding amount of contributions to the Plan required for the year ended June 30, 2023.

Defined Contribution Plan: The Authority has a Section 401(a) Money Purchase Plan that is a defined contribution pension plan available only to unrepresented management employees. The Plan is administered by a trustee under a trust agreement. Benefit terms, including contribution requirements, for the Plan are established and may be amended by the Authority’s Board of Directors according to the Authority’s Unrepresented Personnel Resolution. Employees may contribute up to 5% and the Authority will contribute up to 4% of the employees’ annual covered salary to an individual employee account. Contributions made during the year ended June 30, 2023 by participants and the Authority totaled \$99,925 and \$75,848, respectively. Employees vest immediately in their own contributions and the contributions of the Authority.

SACRAMENTO PUBLIC LIBRARY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS PLANS

The Authority provides two other post-employment benefits (OPEB) plans to employees that are available to employees based on their hire date.

First OPEB Plan – Retiree Health Insurance Contribution

Plan Description: The Authority offers a single employer OPEB plan (the Plan) that provides medical insurance benefits to retired employees and their eligible dependents for represented Library Unit employees hired prior to January 1, 2012, represented Supervisory Unit employees hired prior to July 1, 2012 and unrepresented employees hired prior to July 1, 2011. Employees hired after these dates are not eligible for the benefit. The Plan has a maximum monthly stipend of \$225 for retirees with 20 or more years of service and a partial stipend of 50% to 75% of the maximum stipend for retirees with 10 to 19 years of service. Eligibility rules include retirement from the Authority at age 55 or later, with 10 years of employment. There is no age limit if the employee has 30 or more years of service. The Plan is administered by the Authority. The Joint Exercise of Powers Agreement grants the authority to establish and amend the benefit terms to the Board of Directors. No assets are accumulated in a trust fund that meets the criteria in paragraph 4 of GASB Statement No. 75.

The Plan does not issue separate financial statements.

Employees Covered by Benefit Terms: At December 31, 2021, the following employees were covered by the Plan’s benefit terms:

Active employees	312
Inactive employees or beneficiaries currently receiving benefit payments	<u>140</u>
	<u><u>452</u></u>

The plan is closed to new entrants.

Contributions: The contribution requirements of Plan members and the Authority are established and may be amended by the Authority’s Board of Directors subject to the Authority’s Memorandums of Understanding with bargaining units. The required contribution is based on actual retiree health insurance premium stipend required under the Plan. For the year ended June 30, 2023, the Authority contributed \$303,673 to the Plan through pay-as-you-go health and dental insurance benefit payments on behalf of Plan members and implied subsidy payments totaled \$44,984. Plan members did not make any contributions to the Plan and the Plan is unfunded. The Authority does not contribute to a trust fund on behalf of employees.

OPEB Liability: The Authority’s OPEB liability of \$7,311,132 was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021.

SACRAMENTO PUBLIC LIBRARY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS PLANS (Continued)

Actuarial Assumptions: The net OPEB liability at June 30, 2023 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	December 31, 2021
Measurement date	December 31, 2022
Actuarial cost method	Entry age normal cost method
Discount rate	3.72%
Inflation	2.50%
Aggregate salary increase	2.75%
Healthcare cost trend rates	4.00% per year
Vision trend rate	4.00% per year
Dental trend rate	4.00% per year
Mortality rates	Derived using CalPERS membership data
Pre-Retirement	Derived using CalPERS membership data

Participation Rates: 95% of future employees are assumed to elect coverage. 80% are assumed to elect retiree health coverage at retirement. 20% are assumed to decline medical coverage and elect 2-party dental and vision coverage. For employees only eligible to continue benefits at retirement on a self-pay basis only, 10% are assumed to continue coverage. 50% of future retirees are assumed to elect to cover their spouse in their medical plan coverage.

Discount Rate: The discount rate used to measure the total OPEB liability at December 31, 2022 was 3.72% (changed from 2.06% at December 31, 2021). The discount rate is based on the average of three 20-year municipal bond rate indices: The S&P Municipal Bond 20-Year High Grade Rate Index, Bond Buyer 20-Bond GO Index, and Fidelity GO AA 20-Year Bond Index.

Changes in the OPEB Liability:

Total OPEB liability:	
Service cost	\$ 261,210
Interest	176,411
Changes of assumptions or other inputs	(1,377,922)
Benefit payments	(363,239)
Net changes in total OPEB liability	<u>(1,303,540)</u>
Total OPEB liability - beginning	8,614,672
Total OPEB liability - ending	<u><u>\$ 7,311,132</u></u>

SACRAMENTO PUBLIC LIBRARY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS PLANS (Continued)

Sensitivity of the OPEB Liability to Changes in the Discount Rate: The following presents the total OPEB liability of the Authority, as well as what the Authority’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 8,138,206	\$ 7,311,132	\$ 6,770,796

Sensitivity of the OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the total OPEB liability of the Authority, as well as what the Authority’s total OPEB liability would be if it were calculated using healthcare cost trend rates that is 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Healthcare Trend Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 7,040,551	\$ 7,311,132	\$ 7,551,886

OPEB Plan Fiduciary Net Position: The Plan does not have fiduciary net position as the Authority does not contribute to a qualified trust fund on behalf of the participants.

OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended June 30, 2023, the Authority recognized OPEB expense of \$574,813. At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Employer contributions made subsequent to the measurement date	\$ 192,888	\$ -
Differences between expected and actual experience	-	262,696
Change in assumptions	247,762	1,257,698
Total	<u>\$ 440,650</u>	<u>\$ 1,520,394</u>

SACRAMENTO PUBLIC LIBRARY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS PLANS (Continued)

The amounts reported as deferred outflows and inflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability during the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2024	\$ (12,107)
2025	(179,156)
2026	(179,156)
2027	(179,156)
2028	(179,156)
Thereafter	<u>(543,901)</u>
	<u>\$ (1,272,632)</u>

Second OPEB Plan – Health Savings Accounts

The Authority suspended the first OPEB benefit described above for represented employees hired on or after July 1, 2012 and unrepresented employees hired on or after July 1, 2011 and replaced it with a plan where the Authority makes a deposit into a retirement health savings account in the name of each eligible employee on a monthly basis. This plan is a defined contribution OPEB plan. The contributions are held in trust for employees and are administered by an external trustee. Employees may not contribute to the Plan and are fully vested in employer contributions when they are made. For employees that are members of the International Union of Operating Engineers, Stationary Local 39, AFL-CIO bargaining unit (Local 39), the change was effective July 1, 2012. Effective December 7, 2016, a contribution of \$60 per month was approved for Local 39 Supervisory Unit Employees. Effective August 4, 2018, a contribution of \$70 per month was approved for Local 39 Library Unit employees. Effective August 4, 2018, a contribution of \$70 per month was approved for Unrepresented employees. Benefit provisions and all other requirements are established and may be amended by resolution of the Authority’s Board of Directors according to the Authority’s labor agreements. The Authority contributed \$288,853 to the Plan during the year ended June 30, 2023.

NOTE 13 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority purchases insurance coverage for commercial property, commercial general liability, automobile liability, boiler and machinery, public officials’ errors and omissions, and workers’ compensation. There have been no significant reductions in insurance coverage from the prior year by major categories of risk and there have been no settlements exceeding insurance coverage for the past three years.

SACRAMENTO PUBLIC LIBRARY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 14 – COMMITMENTS AND CONTINGENCIES

At June 30, 2023, the Authority had the following outstanding contract commitments:

Name	Contract Amount	Amount Remaining
Allied Universal Security Service	\$ 5,900,000	\$ 2,116,256
Columbia Telecommunications Corporation dba CTC Technology and Energy	3,000,000	2,529,234
Califa Group	3,000,000	2,882,414
CDW-G	1,415,000	517,231
Landscape and Tree Company	1,200,000	906,765
Unique Integrated Communications - Call Center Services	1,092,560	759,710
Innovative Interfaces, Inc.	975,000	138,088
Quality Assured Cleaning Services LLC	950,000	212,373
Lyngsoe Systems, Inc.	720,300	536,537
Phoenix Motorcars	710,871	501,856
Lyngsoe Systems, Inc.	520,000	236,508
Group 4 Architecture, Research + Planning	499,282	83,501
Waste Services Of North America, LLC dba Republic Services Of Sacramento	470,000	399,767
Phoenix Motorcars	377,338	95,787
City of Sacramento	353,000	139,791
Cengage	349,720	157,514
NeoGov/SHI	300,175	127,343
Image Property Services dba Commercial Service Solutions	300,000	162,338
DFS Flooring, LP	300,000	32,901
Ojo Technologies, Inc.	300,000	117,619
Keystone Electric	300,000	233,308
Staples Contract & Commercial LLC	300,000	33,700
Marmot Library Network, Inc.	300,000	187,538
Quest Media & Supplies, Inc.	237,000	76,539
Mission Linen and Uniform Service	200,000	69,704
Cintas	200,000	154,215
Western States	200,000	171,712
AT&T	193,394	2,626
Newsbank	170,000	61,393
Fechter & Company	166,818	136,455
Forensiclean	160,000	112,630
River City Painting, Inc.	150,000	39,060
Patron Point, Inc.	140,000	68,595
PestMaster Service	100,000	80,781
Rich Custer's Junk Hauling	100,000	49,867
Ross MacDonald	100,000	37,577
Unique Management Services, Library Division, Inc.	100,000	26,333
	<u>\$ 25,850,458</u>	<u>\$ 14,195,566</u>

The Authority is subject to lawsuits and claims, which arise out of the normal course of its activities. In the opinion of management, based upon the opinion of legal counsel, the disposition of any and all such actions of which it is aware will not have a material effect on the financial position of the Authority.

SACRAMENTO PUBLIC LIBRARY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 15 – ECONOMIC DEPENDENCY

The Authority receives the majority of its funding from Sacramento County and the City of Sacramento. Funding is largely dependent on City of Sacramento General Fund contributions and special parcel taxes related to property taxes. A reduction in funding from the County and City of Sacramento could significantly impact operations of the Authority.

NOTE 16 – RELATED PARTY TRANSACTIONS

The Authority has various transactions with Members. Members provided operating grants and contributions and the Authority invests in the City of Sacramento cash and investments pool as described in Notes 1 and 2. The Authority paid the County of Sacramento \$1,562,070 for various services, including \$1,216,884 for annual maintenance of County Libraries and \$265,147 for the County's alarm dispatch center services during fiscal year 2023. Amounts reported as due to the City for various services provided and due to the County for services totaled \$20,323 and \$82,770, respectively.

NOTE 17 – SUBSEQUENT EVENTS

Events subsequent to June 30, 2023 have been evaluated through November 3, 2023, the date at which the Authority's audited financial statements were available to be issued. No other events requiring disclosure have occurred.

REQUIRED SUPPLEMENTARY INFORMATION

SACRAMENTO PUBLIC LIBRARY AUTHORITY
 REQUIRED SUPPLEMENTARY INFORMATION
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL
 GENERAL FUND

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Program revenues:				
Charges for services:				
Fines, fees, and penalties	\$ 40,000	\$ 40,000	\$ 30,440	\$ (9,560)
Operating grants and contributions:				
Other agency contributions	119,000	119,000	118,713	(287)
Federal and State grants	95,000	741,889	739,206	(2,683)
Total program revenues	254,000	900,889	888,359	(12,530)
General revenues:				
Gifts and donations	-	297,603	299,207	1,604
E-rate refund	400,000	754,994	754,994	-
Investment income, net	30,000	30,000	80,848	50,848
Other	47,000	247,000	208,928	(38,072)
Total general revenues	477,000	1,329,597	1,343,977	14,380
TOTAL REVENUES	731,000	2,230,486	2,232,336	1,850
EXPENDITURES				
Education:				
Current:				
Salaries and benefits	-	-	59,473	(59,473)
Services and supplies	2,524,218	3,946,387	708,315	3,238,072
Books and media subscriptions	7,129	7,129	-	7,129
Capital outlay:				
Books and media collection	462,203	600,692	117,656	483,036
Other capital outlay	-	113,260	286,695	(173,435)
TOTAL EXPENDITURES	2,993,550	4,667,467	1,172,139	3,495,328
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,262,550)	(2,436,981)	1,060,197	3,497,178
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	210,546	210,546
TOTAL OTHER FINANCING SOURCES (USES)	-	-	210,546	210,546
NET CHANGE IN FUND BALANCE	\$ (2,262,550)	\$ (2,436,981)	1,270,743	\$ 3,707,724
Fund balance, beginning of year			7,512,224	
FUND BALANCE, END OF YEAR			\$ 8,782,967	

SACRAMENTO PUBLIC LIBRARY AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
COUNTY OF SACRAMENTO SPECIAL REVENUE FUND
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Program revenues:				
Charges for services:				
Fines, fees, and penalties	\$ 60,000	\$ 60,000	\$ 110,890	50,890
Operating grants and contributions:				
County contributions	30,977,000	30,977,000	32,136,334	1,159,334
Total program revenues	31,037,000	31,037,000	32,247,224	1,210,224
General revenues:				
Gifts and donations	-	45,992	45,992	-
Investment income, net	200,000	200,000	475,956	275,956
Other	37,000	37,000	40,572	3,572
Total general revenues	237,000	282,992	562,520	279,528
TOTAL REVENUES	31,274,000	31,319,992	32,809,744	1,489,752
EXPENDITURES				
Education:				
Current:				
Salaries and benefits	18,376,000	18,435,250	17,256,574	1,178,676
Services and supplies	10,474,183	10,676,136	10,393,378	282,759
Capital outlay:				
Books and media collection	2,242,000	2,242,000	2,064,001	177,999
Other capital outlay	2,396,000	2,600,000	470,524	2,129,476
TOTAL EXPENDITURES	33,488,183	33,953,386	30,184,477	3,768,910
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,214,183)	(2,633,395)	2,625,267	5,258,662
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(400,000)	(400,000)	(523,630)	(123,630)
TOTAL OTHER FINANCING SOURCES (USES)	(400,000)	(400,000)	(523,630)	(123,630)
NET CHANGE IN FUND BALANCE	\$ (2,614,183)	\$ (3,033,395)	2,101,637	\$ 5,135,032
Fund balance, beginning of year			28,781,782	
Fund balance, end of year			\$ 30,883,419	

SACRAMENTO PUBLIC LIBRARY AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CITY OF SACRAMENTO SPECIAL REVENUE FUND
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Program revenues:				
Charges for services:				
Fines, fees, and penalties	\$ 40,000	\$ 40,000	\$ 66,047	\$ 26,047
Facility rental income	154,000	154,000	218,075	64,075
Galleria catering and other	16,000	16,000	5,300	(10,700)
Operating grants and contributions:				
City contributions	14,271,661	14,271,661	14,271,661	-
Total program revenues	14,481,661	14,481,661	14,561,083	79,422
General revenues:				
Gifts and donations	-	18,635	18,635	-
Investment income, net	100,000	100,000	265,151	165,151
Other	30,000	30,000	37,426	7,426
Total general revenues	130,000	148,635	321,212	172,577
TOTAL REVENUES	14,611,661	14,630,296	14,882,295	251,999
EXPENDITURES				
Education:				
Current:				
Salaries and benefits	8,694,000	8,718,750	7,824,981	893,769
Services and supplies	5,307,041	5,173,913	4,896,564	277,349
Capital outlay:				
Books and media collection	950,000	950,000	878,703	71,297
Other capital outlay	1,396,000	1,483,000	248,135	1,234,865
TOTAL EXPENDITURES	16,347,041	16,325,663	13,848,383	2,477,280
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,735,380)	(1,695,367)	1,033,912	2,729,279
OTHER FINANCING SOURCES (USES)				
Transfers in	508,000	508,000	441,159	(66,841)
TOTAL OTHER FINANCING SOURCES (USES)	508,000	508,000	441,159	(66,841)
NET CHANGE IN FUND BALANCE	\$ (1,227,380)	\$ (1,187,367)	1,475,071	\$ 2,662,438
Fund balance, beginning of year			12,539,971	
FUND BALANCE, END OF YEAR			\$ 14,015,042	

SACRAMENTO PUBLIC LIBRARY AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CITY OF SACRAMENTO PARCEL TAX SPECIAL REVENUE FUND
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Program revenues:				
Charges for services:				
Assessment and taxes	\$ 9,035,000	\$ 9,035,000	\$ 9,203,261	\$ 168,261
Fines, fees and penalties	15,000	15,000	24,107	9,107
Total program revenues	9,050,000	9,050,000	9,227,368	177,368
General revenues:				
Gifts and donations	-	16,735	16,735	-
Investment income, net	33,000	33,000	125,336	92,336
Other	40,000	40,000	64,056	24,056
Total general revenues	73,000	89,735	206,127	116,392
TOTAL REVENUES	9,123,000	9,139,735	9,433,495	293,760
EXPENDITURES				
Education:				
Current:				
Salaries and benefits	5,130,000	5,146,000	4,825,724	320,276
Services and supplies	2,408,840	2,344,272	2,476,971	(132,699)
Capital outlay:				
Books and media collection	608,000	608,000	557,595	50,405
Other capital outlay	968,000	1,022,000	72,507	949,493
TOTAL EXPENDITURES	9,114,840	9,120,272	7,932,797	1,187,475
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	8,160	19,463	1,500,698	1,481,235
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(108,000)	(108,000)	(128,075)	(20,075)
TOTAL OTHER FINANCING SOURCES (USES)	(108,000)	(108,000)	(128,075)	(20,075)
NET CHANGE IN FUND BALANCE	\$ (99,840)	\$ (88,537)	1,372,623	\$ 1,461,160
Fund balance, beginning of year			7,162,082	
FUND BALANCE, END OF YEAR			\$ 8,534,705	

SACRAMENTO PUBLIC LIBRARY AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
 SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
 Last 10 Years

As of June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability									
Service cost	\$ 3,145,185	\$ 2,968,494	\$ 2,886,116	\$ 2,802,997	\$ 2,830,469	\$ 2,798,720	\$ 2,491,319	\$ 2,478,040	\$ 2,429,839
Interest on total pension liability	7,188,957	6,861,508	6,477,236	6,125,578	5,715,186	5,392,576	5,082,077	4,818,933	4,490,108
Differences between expected and actual experience	(333,162)	423,189	(45,848)	886,344	(25,567)	(64,196)	(1,085,478)	(292,003)	-
Changes in assumptions	3,615,773	-	-	-	(338,179)	4,412,323	-	(1,155,132)	-
Changes in benefits	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds of ee cont.	(5,224,273)	(4,732,360)	(4,174,233)	(3,837,752)	(3,519,300)	(3,143,482)	(3,030,414)	(2,526,284)	(2,218,568)
Net change in total pension liability	8,392,480	5,520,831	5,143,271	5,977,167	4,662,609	9,395,941	3,457,504	3,323,554	4,701,379
Total pension liability - beginning	101,944,717	96,423,886	91,280,615	85,303,448	80,640,839	71,244,898	67,787,394	64,463,840	59,762,461
Total pension liability - ending (a)	<u>\$ 110,337,197</u>	<u>\$ 101,944,717</u>	<u>\$ 96,423,886</u>	<u>\$ 91,280,615</u>	<u>\$ 85,303,448</u>	<u>\$ 80,640,839</u>	<u>\$ 71,244,898</u>	<u>\$ 67,787,394</u>	<u>\$ 64,463,840</u>
Plan fiduciary net position									
Contributions - employer	\$ 3,337,233	\$ 3,169,241	\$ 3,003,039	\$ 2,667,742	\$ 2,385,500	\$ 2,298,424	\$ 2,302,250	\$ 2,030,568	\$ 1,951,143
Contributions - employee	1,308,138	1,261,867	1,267,584	1,199,081	1,153,449	1,087,976	1,036,690	966,013	986,310
Net investment income	(7,075,784)	17,414,241	3,664,555	4,524,806	5,380,180	6,372,823	329,318	1,246,200	8,072,125
Benefit payments	(5,224,273)	(4,732,360)	(4,174,233)	(3,837,752)	(3,519,300)	(3,143,482)	(3,030,414)	(2,526,284)	(2,218,568)
Net plan to plan resource movement	-	-	-	-	(159)	-	-	-	-
Administrative expenses	(58,380)	(76,599)	(102,944)	(48,896)	(98,801)	(83,969)	(34,293)	(63,323)	-
Other miscellaneous income/(expense)(1)	-	-	-	159	(187,626)	-	-	-	-
Net change in plan fiduciary net position	(7,713,066)	17,036,390	3,658,001	4,505,140	5,113,243	6,531,772	603,551	1,653,174	8,791,010
Plan fiduciary net position - beginning	93,717,139	76,680,749	73,022,748	68,517,608	63,404,365	56,872,593	56,269,042	54,615,868	45,824,858
Plan fiduciary net position - ending (b)	<u>\$ 86,004,073</u>	<u>\$ 93,717,139</u>	<u>\$ 76,680,749</u>	<u>\$ 73,022,748</u>	<u>\$ 68,517,608</u>	<u>\$ 63,404,365</u>	<u>\$ 56,872,593</u>	<u>\$ 56,269,042</u>	<u>\$ 54,615,868</u>
Net pension liability - ending (a)-(b)	<u>\$ 24,333,124</u>	<u>\$ 8,227,578</u>	<u>\$ 19,743,137</u>	<u>\$ 18,257,867</u>	<u>\$ 16,785,840</u>	<u>\$ 17,236,474</u>	<u>\$ 14,372,305</u>	<u>\$ 11,518,352</u>	<u>\$ 9,847,972</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>77.95%</u>	<u>91.93%</u>	<u>79.52%</u>	<u>80.00%</u>	<u>80.32%</u>	<u>78.63%</u>	<u>79.83%</u>	<u>83.01%</u>	<u>84.72%</u>
Covered payroll - measurement period	<u>\$ 18,127,870</u>	<u>\$ 18,267,653</u>	<u>\$ 17,438,770</u>	<u>\$ 16,652,789</u>	<u>\$ 16,425,656</u>	<u>\$ 15,852,282</u>	<u>\$ 15,465,385</u>	<u>\$ 15,006,598</u>	<u>\$ 13,654,614</u>
Net pension liability as percentage of covered payroll	<u>134.23%</u>	<u>45.04%</u>	<u>113.21%</u>	<u>109.64%</u>	<u>102.19%</u>	<u>108.73%</u>	<u>92.93%</u>	<u>76.76%</u>	<u>72.12%</u>

Notes to schedule:

Valuation date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Measurement period - fiscal year ended	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Benefit changes: None

Changes of Assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of discount rate 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.)

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date. Information will be added prospectively as it becomes available.

SACRAMENTO PUBLIC LIBRARY AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN
Last 10 Years

As of June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution - employer fiscal year	\$ 3,337,233	\$ 3,169,241	\$ 3,003,039	\$ 2,677,211	\$ 2,385,500	\$ 2,298,424	\$ 2,302,250	\$ 2,030,568	\$ 1,951,143
Contributions in relation to the actuarially determined contributions	(3,337,233)	(3,169,241)	(3,003,039)	(2,677,211)	(2,385,500)	(2,298,424)	(2,302,250)	(2,030,568)	(1,951,143)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll - employer fiscal year	\$18,127,870	\$18,267,653	\$17,438,770	\$ 17,269,840	\$ 16,425,656	\$ 15,852,282	\$15,465,385	\$15,006,598	\$13,654,614
Contributions as a percentage of covered payroll	18.41%	17.35%	17.22%	15.50%	14.52%	14.50%	14.89%	13.53%	14.29%

Notes to Schedule:

Valuation date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Measurement period - fiscal year ended	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Date contribution rates were computed	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal								
Amortization method	Level percentage of payroll, closed								
Remaining amortization period	Varies, not more than 30 years								
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	15-year smoothed market		
Inflation	2.50%	2.50%	2.63%	2.75%	2.75%	2.75%	2.75%	2.50%	2.50%
Salary increases	Varies by Entry Age and Service								
Payroll growth	2.75%	2.75%	2.88%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Investment rate of return (2)	7.00%	7.00%	7.25%	7.15%	7.375%	7.50%	7.50%	7.50%	7.50%
Retirement age	50-67 years. Probabilities of retirement are based on the 2017 CalPERS Experience Study for the period 1997 to 2015.								
Mortality	Based on 2017 CalPERS Experience Study for the period from 1997 to 2015.								

Notes to schedule:

- (1) The contributions and covered payroll above were revised during the year ended June 30, 2017 to be reported as of the employer's fiscal year-end according to paragraph 46d of GASB 68.
(2) Net of administrative expenses, includes inflation.

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date. Information will be added prospectively as it becomes available.

SACRAMENTO PUBLIC LIBRARY AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN THE
NET OPEB LIABILITY AND RELATED RATIOS
Last 10 Years

As of June 30, 2023

	2023	2022	2021	2020	2019	2018
Total OPEB liability:						
Service cost	\$ 261,210	\$ 240,626	\$ 233,617	\$ 222,682	\$ 236,792	\$ 229,117
Interest	176,411	185,730	264,140	296,852	270,287	264,923
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	(207,218)	(322,861)	10,463	-	-
Changes of assumptions or other inputs	(1,377,922)	(37,761)	991,057	133,276	(374,796)	-
Benefit payments	(363,239)	(414,439)	(371,137)	(399,145)	(349,930)	(333,267)
Net change in total OPEB liability	(1,303,540)	(233,062)	794,816	264,128	(217,647)	160,773
Total OPEB liability - beginning	8,614,672	8,847,734	8,052,918	7,788,790	8,006,437	7,845,664
Total OPEB liability - ending (a)	<u>\$ 7,311,132</u>	<u>\$ 8,614,672</u>	<u>\$ 8,847,734</u>	<u>\$ 8,052,918</u>	<u>\$ 7,788,790</u>	<u>\$ 8,006,437</u>
Plan fiduciary net position (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB Liability (a) - (b)	<u>\$ 7,311,132</u>	<u>\$ 8,614,672</u>	<u>\$ 8,847,734</u>	<u>\$ 8,052,918</u>	<u>\$ 7,788,790</u>	<u>\$ 8,006,437</u>
Plan fiduciary net position as a percentage of the total OPEB liability	N/A	N/A	N/A	N/A	N/A	N/A
Covered-employee payroll - measurement period	\$ 19,268,090	\$ 18,752,399	\$ 20,032,985	\$ 19,449,500	\$ 16,452,000	\$ 16,452,000
Total OPEB liability as a percentage of covered employee payroll	37.94%	45.94%	44.17%	41.40%	47.34%	48.67%
Notes to Schedule:						
Valuation date:	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016
Measurement period - year ended	12/31/2022	12/31/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017

Benefit changes. None

Change in assumptions: In 2023, the discount rate was increased to 3.72% from 2.06% in 2022. In 2021, the discount rate was 2.12%.

Omitted years: GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available.

SACRAMENTO PUBLIC LIBRARY AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
 SCHEDULE OF CONTRIBUTIONS TO THE OPEB PLAN
 Last 10 Years

As of June 30, 2023

	2023	2022	2021	2020	2019	2018
Contractually determined contribution - employer fiscal year	\$ 363,239	\$ 389,122	\$ 371,137	\$ 399,145	\$ 420,922	\$ 297,314
Contributions in relation to the contractually determined contributions	(363,239)	(389,122)	(371,137)	(399,145)	(420,922)	(297,314)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll - employer fiscal year	\$ 19,268,090	\$ 18,752,399	\$ 20,032,985	\$ 19,449,500	\$ 16,452,000	\$ 16,452,000
Contributions as a percentage of covered payroll	1.89%	2.08%	1.85%	2.05%	2.56%	1.81%

Notes to Schedule:

Valuation date	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016
Measurement period - year ended	12/31/2022	12/31/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-Age
Amortization method	Level percentage of payroll
Asset valuation method	There are no plan assets
Inflation	2.50%
Salary increases	2.75%
Healthcare cost trend rates	PPO: 6.5% to 5.0% from 2019 to 2022 and later. HMO 6.0% to 5.0% from 2019 to 2022 and
Vision costs trend rates	4% per year
Dental costs trend rates	5% per year
Retirement rates	Based on 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	Based on 2014 CalPERS Experience Study for the period from 1997 to 2011.
Participation rates	95% of future employees are assumed to elect coverage. 80% are assumed to elect retiree health coverage at retirement. 20% are assumed to decline medical coverage and elect 2-party dental and vision coverage. 50% of future retirees are assumed to elect to cover spouse with medical

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available.

COMPLIANCE REPORT

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Sacramento Public Library Authority
Sacramento, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sacramento Public Library Authority, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Sacramento Public Library Authority's basic financial statements, and have issued our report thereon dated November 3, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

To the Board of Directors
Sacramento Public Library Authority
Sacramento, California

Report on Compliance and Other Matters

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

Purpose of this Report

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

Fechter & Company,
Certified Public Accountants


Sacramento, California

November 3, 2023