

SACRAMENTO PUBLIC LIBRARY AUTHORITY
ANNUAL FINANCIAL REPORT
WITH
INDEPENDENT AUDITOR'S REPORT THEREON
JUNE 30, 2024

SACRAMENTO PUBLIC LIBRARY AUTHORITY
TABLE OF CONTENTS
June 30, 2024

Independent Auditor's Report.....	1-3
Management's Discussion and Analysis.....	4-12

BASIC FINANCIAL STATEMENTS

Statement of Net Position and Governmental Funds Balance Sheet	13-15
Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances	16-17
Notes to the Basic Financial Statements	18-45

REQUIRED SUPPLEMENTARY INFORMATION

Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - General Fund.....	46
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – County of Sacramento Special Revenue Fund	47
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – City of Sacramento Special Revenue Fund	48
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – City of Sacramento Parcel Tax Special Revenue Fund.....	49
Schedule of Changes in the Net Pension Liability and Related Ratios (Unaudited)	50
Schedule of Contributions to the Pension Plan (Unaudited).....	51
Schedule of Changes in the Net OPEB Liability and Related Ratios (Unaudited)	52
Schedule of Contributions to the OPEB Plan (Unaudited)	53

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 <i>Government Auditing Standards</i>	54-55
--	-------

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, 2024 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, 2024, 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 and pension and OPEB 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 12, 2024, 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 12, 2024

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

June 30, 2024

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, 2024. 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 total net position of the Authority as of June 30, 2024 was \$57,541,287 compared to that of the prior year balance of \$54,858,270 an increase of \$2,683,017. The increase is mainly due to higher property tax revenues, increased interest income and cost savings due to project delays and continued supply chain shortages during the fiscal year 2024. Building Improvements at various library branches, Security System upgrade, Central Library Automated Material Handling System (AMHS) expansion, Library Galleria Audio Video refresh project, System-wide Signage and Website Redesign project budgets have been carried over into fiscal year 2025 for completion.

The net investment in capital assets was \$14,961,080 as of June 30, 2024, a decrease of \$420,228 compared to the previous year balance of \$15,381,308, mainly due to acquisition of two electric bookmobiles during the prior fiscal year-ended June 30, 2023.

County of Sacramento property tax contributions were \$34,008,134 for fiscal year 2024, an increase of \$1,871,800 from the fiscal year 2023 amount of \$32,136,334, a reflection of the continued growth in the real estate market. The City of Sacramento's General Fund/Measure U contribution remained flat at \$14,271,661 for fiscal year 2024. Library staff continues to work with the City's Finance team to review 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 \$336,062 higher for Parcel Tax Measure X and Measure B combined for a total of \$9,539,323, which is in line with the Consumer Price Index (CPI) increase for fiscal year 2024.

The financial statements starting on page 13 through page 17 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, 2024. 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 \$57,541,287 fiscal year 2024 net position balance, \$14,961,080 is invested in capital assets. After factoring the adjusted long-term liabilities (net of deferred outflows and inflows of resources) in the amount of \$26,258,619 (\$15,397,019 for CalPERS; \$8,487,710 for OPEB; \$2,373,389 for accrued compensated absences), \$18,423,826 is restricted for County branches, plus \$611,224 in donations; City of Sacramento branches ended fiscal year 2024 with a restricted balance of \$12,740,898 and \$91,564 in donations; Restricted for Agency-wide includes \$2,983,843 for book purchases (includes \$1,799,902 for book purchases per the Erin C. and Heidi K. Hurst Trust Agreement); \$1,451,112 is restricted for donor approved projects; \$321,799 is restricted as described in Note 2, regarding the Permanent Fund, and \$5,935,243 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, 2024 was \$68,370,860, an increase of \$4,705,036 from the prior year balance of \$63,665,824. The increase is due primarily to higher County property tax revenues received, higher parcel tax revenues received for Measure X and Measure B, increased investment income as well as budget savings due to project delays during fiscal year 2024.

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

June 30, 2024

For the year ended June 30, 2024, program revenues in the Statement of Activities were \$59,251,071, which represents an increase of \$2,234,958 from the prior year balance of \$57,016,113. The increase is due primarily to higher County property tax revenues, higher Measure X and Measure B revenues, and increased investment income during fiscal year 2024 as noted above. Additionally, general revenues were \$3,073,141 for the year ended 2024, an increase of \$876,765 from the prior year amount of \$2,196,376. The increase is due primarily to higher investment income as a result of increasing fund balance and favorable market performance as well as a one-time American Rescue Plan Act (ARPA) funds pass-thru payment from the County of Sacramento for furniture, fixture and equipment purchases at the Isleton, Courtland and Walnut Grove Libraries. Education expenditures for fiscal year ended 2024 were \$59,641,195, an increase of \$6,227,355 from the 2023 fiscal year amount of \$53,413,840. The increase is due primarily to higher salaries and benefits expense, increased CalPERS net pension liability and increases in services and supplies expenditures.

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 through 15 of this report continues to be presented in compliance with GASB No. 54 requirements. Overall, the fund balances were \$9,595,838 for the General Fund; \$33,670,716 for County of Sacramento Fund; \$14,557,157 for City of Sacramento Fund; \$9,452,499 for City of Sacramento Parcel Tax Fund, and \$342,450 for the Permanent Fund, for a combined fund balance of \$67,618,661.

The Authority's Statement of Net Position and Governmental Funds Balance Sheet, as shown on pages 13 through 15, shows a deferred inflows balance of \$1,177,264 which represents revenues not received in the Authority's 60-day availability period and total net position balance of \$57,541,287 at June 30, 2024, an increase of \$2,683,017 from the prior year net position balance of \$54,858,270.

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 \$25,821,425 as of June 30, 2024, which represents an increase of \$1,488,301 from the prior year balance of \$24,333,124. This increase is mainly due to changes in service cost, interest on total pension liability, changes of benefit terms and differences between expected and actual experience by California Public Employees' Retirement System (CalPERS) with offsetting employer and employee contributions and net investment income as of the measurement date of June 30, 2023. In addition, deferred outflows of resources in the amount of \$10,597,234 and deferred inflows of resources in the amount of \$172,828 were recorded in its accrual basis financial statements as of June 30, 2024. 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 \$7,389,620 as of June 30, 2024, which represents an increase of \$78,488 from the prior year balance of \$7,311,132. In addition, deferred outflows of resources in the amount of \$383,438 and deferred inflows of resources

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

June 30, 2024

in the amount of \$1,481,528 were recorded in its accrual basis financial statements as of June 30, 2024. 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 \$291,592 and deferred inflows of resources for leases in the amount of \$274,021. In addition, right-to-use leased assets in the amount of \$1,976,826 along with leased liabilities in the amount of \$2,071,368 were recorded as of June 30, 2024. 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 \$224,193 along with subscription liabilities in the amount of \$87,251 were recorded as of June 30, 2024. 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.

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 17. 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, 2024. 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).

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

June 30, 2024

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 18 through 45 of this report.

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, 2024, the Authority's assets exceeded its liabilities by \$57,541,287 representing an increase of \$2,683,017 from the prior year amount of \$54,858,270. The increase is mainly due to higher property tax revenues, increased interest income and cost savings due to project delays and continued supply chain shortages during the fiscal year. Building Improvements at various library branches, Central Library Automated Material Handling System (AMHS) expansion, Library Galleria Audio Video refresh project, Security System upgrade, System-wide Signage and Website Redesign project budgets have been carried over into fiscal year 2025 for completion.

As noted above, the Statement of Net Position for fiscal year 2024 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, 2024

CONDENSED STATEMENTS OF NET POSITION
(Amounts shown in thousands)

	June 30,	
	2024	2023
Assets		
Current and other assets	\$ 72,617	\$ 67,935
Capital assets	16,938	17,651
Total assets	<u>89,555</u>	<u>85,585</u>
Deferred Outflows of Resources		
Pension plans	10,597	10,989
Other post-employment benefits	383	441
Total deferred outflows of resources	<u>10,981</u>	<u>11,429</u>
Liabilities		
Net pension liability	25,820	24,332
Other post-employment benefits obligations	7,390	7,312
Other liabilities	7,855	8,414
Total liabilities	<u>41,066</u>	<u>40,057</u>
Deferred Inflows of Resources		
Leases	274	313
Pension plans	173	265
Other post-employment benefits obligations	1,483	1,521
Total deferred inflows of resources	<u>1,928</u>	<u>2,099</u>
Net Position		
Net investment in capital assets	14,961	15,754
Restricted - County branches	19,035	17,190
Restricted - City of Sacramento branches	12,832	12,402
Restricted - Agency-wide	4,777	4,739
Unrestricted	5,935	4,773
Total net position	<u><u>\$ 57,541</u></u>	<u><u>\$ 54,858</u></u>

Overall, actual revenues ended the year at \$62,324,212 in the Statement of Activities, an increase of \$3,111,723 from the prior year total of \$59,212,489, mainly due to higher property tax revenues, higher return on investments and the one-time ARPA payment from the County of Sacramento for the Delta libraries in fiscal year 2024. Total expenditures were \$59,641,195, an increase of \$6,227,355 from the prior year total of \$53,413,840. The increase is due primarily to higher salaries and benefits expenses and increased CalPERS net pension liability, compensated absences, OPEB liability, increases in services and supplies expenses as well as increase in books and media subscriptions.

Salaries and benefits were \$34,500,563 an increase of \$3,706,194 from the prior year total of \$30,794,369 mainly due to higher salaries and benefits expenses and increased CalPERS net pension liability, compensated absences and OPEB liability as described above.

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

June 30, 2024

Services and supplies were \$14,645,642 an increase of \$2,136,981 from the prior year total of \$12,508,661, mainly due to additional resources required for programs and operations as well as increased security services during fiscal year 2024. Books and media subscriptions increased by \$295,304 as a result of higher demands for leased databases. Depreciation and amortization expense increased by \$81,489 to \$5,075,686 as of June 30, 2024.

CONDENSED STATEMENTS OF ACTIVITIES
(Amounts shown in thousands)

	June 30,	
	2024	2023
Revenues		
Program revenues		
Charges for services	\$ 10,042	\$ 8,965
Operating grants and contributions	49,209	43,755
General revenues		
Gifts and donations	436	541
E-rate	356	378
Investment income	1,466	284
Other	814	425
Total Revenues	62,324	54,348
Expenses		
Education	59,641	46,108
Increase in net position	2,683	8,240
Net position, beginning of year	54,858	40,375
Net position, end of year	\$ 57,541	\$ 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, 2024, the Authority had ending fund balances of \$67,618,662, compared to the June 30, 2023 ending fund balances of \$62,537,931. The \$5,080,729 increase in fund balance is mainly due to higher County property tax revenues, as well as budget savings due to project delays and related supply chain shortages in fiscal year 2024. The Authority's major source of revenues are from County contributions in the amount of \$34,008,134, City of Sacramento contributions in the amount of \$14,271,661 and City of Sacramento Parcel Tax in the amount of \$9,539,323. The Authority's major expenditures are personnel costs in the amount of \$34,500,563, followed by services and supplies in the amount of \$14,645,642. Note that the government-wide financial analysis is fairly applicable to the governmental funds with the exception of reconciliation discussion, as shown in Notes 3 and 4.

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

June 30, 2024

Budgetary Highlights

The final budget of the General Fund anticipated that there would be expenditures of \$3,771,669 while actual expenditures were \$1,118,052 resulting in positive variance of \$2,653,618. The budget savings is mainly due to lower salaries and benefits expenditures than anticipated, savings in services and supplies that were not purchased due to project delays as well as donations that have not been spent in fiscal year 2024. Actual revenues were higher than budgeted by \$174,083.

The final budget of the County of Sacramento Fund anticipated total expenditures and transfers out of \$35,031,302 while actual expenditures and transfers out were \$32,363,518, resulting in a budget savings of \$2,667,784. The budget savings is mainly due to lower salaries and benefits expenditures than anticipated, as well as savings from services and supplies. Actual revenues were higher than budgeted by \$181,713.

The final budget of the City of Sacramento Fund anticipated total expenditures of \$16,235,000 while actual expenditures were \$15,046,940 resulting in a budget savings of \$1,188,060 mainly due to lower salaries and benefits expenditures than anticipated, as well as cost savings in capital outlay expenditures. Actual revenues were slightly higher than budgeted by \$227,394.

The final budget of the City of Sacramento Parcel Tax Fund (Measures X & B combined) anticipated total expenditures and transfers out of \$9,689,418, while actual expenditures and transfers out were \$8,920,890, resulting in a positive variance of \$768,528 mainly due to lower salaries and benefits expenditures than anticipated as well as savings in capital outlay expenditures. Actual revenues were slightly higher than budgeted by \$333,766.

Capital Assets and Debt Administration Capital Assets

The Authority's investment in capital assets, net of accumulated depreciation is \$14,961,080. Capital assets purchased during the current year includes \$3,385,421 for books and media collections, \$289,933 for equipment and \$117,661 for building improvements. 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 \$3,385,421 in fiscal year 2024 for books and media collections. The Authority also disposed books and media collections in the amount of \$3,836,979 that were capitalized for fiscal year 2018. With the new additions and disposals, the Authority ended the fiscal year 2024 with a balance of \$20,008,196 for books and media collections.

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

June 30, 2024

Long-term Liabilities

As of June 30, 2024, 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 \$37,743,053 an increase of \$1,115,593 from the prior year balance of \$36,627,460. The major factor for this increase is the increase of net pension liability by \$1,488,301, mainly due to increased service cost, interest on total pension liability, changes of benefit terms, differences between expected and actual experience by California Public Employees' Retirement System (CalPERS) with offsetting employer and employee contributions as of the measurement date of June 30, 2023, and net investment income, bringing the total net pension liability balance at June 30, 2024 to \$25,821,425. In addition, OPEB increased by \$78,488 bringing the total OPEB balance to \$7,389,620 at June 30, 2024. 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 \$2,071,368 at June 30, 2024 a decrease of \$275,648 from the prior year balance of \$2,347,016. Of that amount, \$243,979 is due within one year. In compliance with GASB 96, the Authority recorded subscription liabilities in the amount of \$87,251 at June 30, 2024 a decrease of \$256,533 from the prior year balance of \$343,784. Of that amount, \$69,768 is due within one year. In addition, compensated absences increased by \$80,985 resulting in an ending balance of \$2,373,389 at June 30, 2024. Of that amount, \$2,298,256 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 2025, 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 \$6.9 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 \$2.7 million annually, providing funding for "core library services". The City of Sacramento placed a combined Library parcel tax Measure E on the November ballot to consolidate and extend the existing parcel taxes (Measure X and Measure B) in perpetuity in order to maintain library services. City of Sacramento residents approved Measure E by 72.27% on the November 5, 2024 ballot. Measure E will go into effect on July 1, 2025. Current parcel taxes are set to expire in three years.

Authority staff continues to work with the City of Sacramento's Finance staff to address the ongoing structural budget deficit for library branches located in the City of Sacramento. The City has built in step-up increases in their adopted Five-Year Forecast to help address the Library's budget needs.

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

June 30, 2024

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 increase by approximately \$1 million over the next five years.

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 the City’s General Fund/Measure U funding levels. The long-term fiscal impact to the Library’s revenue sources are unknown at this time. Per the Authority’s adopted Reserve Policy, \$11,592,665 (35% of budgeted operating expenditures) in reserved fund balance has been set aside for cash flow and economic uncertainty for the County fund and \$4,119,118 (17% of budgeted operating expenditures) of the City of Sacramento fund balances for economic uncertainty as of June 30, 2024.

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

BASIC FINANCIAL STATEMENTS

SACRAMENTO PUBLIC LIBRARY AUTHORITY
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
June 30, 2024

	Major Funds				Nonmajor Fund			
	General Fund	County of Sacramento Special Revenue Fund	City of Sacramento Special Revenue Fund	City of Sacramento Parcel Tax Special Revenue Fund	Permanent Fund	Total Governmental Funds	Adjustments (Note 3)	Statement of Net Position
Assets								
Cash and investments	\$ 5,359,734	\$ 32,626,335	\$ 15,113,009	\$ 9,370,903	\$ -	\$ 62,469,982	\$ -	\$ 62,469,982
Cash and investments- restricted	4,855,640	611,224	53,146	38,418	342,450	5,900,878	-	5,900,878
Receivables, net:								
Due from County of Sacramento	-	1,419,395	-	-	-	1,419,395	-	1,419,395
Fines and fees	418	60,274	38,526	15,792	-	115,010	-	115,010
Due from City of Sacramento	-	-	-	301,292	-	301,292	-	301,292
Lease receivable	-	291,592	-	-	-	291,592	-	291,592
Other	1,024,270	421	3,651	8,363	-	1,036,705	-	1,036,705
Prepaid expenditures	850,042	-	-	-	-	850,042	-	850,042
Accrued interest receivable	8,046	-	-	-	-	8,046	-	8,046
Noncurrent assets:								
Right-to-use subscription intangible assets	-	-	-	-	-	-	224,193	224,193
Right-to-use leased assets, net	-	-	-	-	-	-	1,976,826	1,976,826
Capital assets not depreciated	-	-	-	-	-	-	237,261	237,261
Capital assets depreciated, net	-	-	-	-	-	-	14,723,819	14,723,819
Total Assets	12,098,150	35,009,241	15,208,332	9,734,768	342,450	72,392,941	17,162,099	89,555,040
Deferred Outflows of Resources								
Pension plans	-	-	-	-	-	-	10,597,234	10,597,234
Other post-employment benefits	-	-	-	-	-	-	383,438	383,438
Total Deferred Outflows of Resources	-	-	-	-	-	-	10,980,672	10,980,672
Total Assets and Deferred Outflows of Resoures	12,098,150	35,009,241	15,208,332	9,734,768	342,450	72,392,941		
Liabilities, Deferred Inflows of Resources, and Fund Balances								
Liabilities								
Accounts payable and accrued expenses	722,783	308,634	255,397	62,533	-	1,349,347	-	1,349,347
Accounts payable from restricted assets	293,504	-	-	-	-	293,504	-	293,504
Due to other governments	-	-	-	-	-	-	-	-
Salaries and benefits payable	641,626	445,597	220,185	118,944	-	1,426,352	-	1,426,352
Unearned revenue	116,726	-	116,066	-	-	232,792	-	232,792
Deposits	-	-	21,000	-	-	21,000	-	21,000
Compensated absences due within one year	-	-	-	-	-	-	2,298,256	2,298,256
Subscription liabilities due within one year	-	-	-	-	-	-	69,768	69,768
Leased liabilities due within one year	-	-	-	-	-	-	243,979	243,979
Noncurrent liabilities:								
Subscription liabilities due in more than one year	-	-	-	-	-	-	17,483	17,483
Leased liabilities due in more than one year	-	-	-	-	-	-	1,827,389	1,827,389
Net pension liability	-	-	-	-	-	-	25,821,425	25,821,425
Other post-employment benefits liability	-	-	-	-	-	-	7,389,620	7,389,620
Total Liabilities	1,774,639	754,231	612,648	181,477	-	3,322,995	37,743,053	41,066,048

(CONTINUED)

SACRAMENTO PUBLIC LIBRARY AUTHORITY
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET (CONTINUED)
June 30, 2024

	Major Funds				Nonmajor Fund			
	General Fund	County of Sacramento Special Revenue Fund	City of Sacramento Special Revenue Fund	City of Sacramento Parcel Tax Special Revenue Fund	Permanent Fund	Total Governmental Funds	Adjustments (Note 3)	Statement of Net Position
Deferred Inflows of Resources								
Unavailable revenue	727,673	310,273	38,526	100,792	-	1,177,264	(1,177,264)	-
Leases	-	274,021	-	-	-	274,021	-	274,021
Pension plans	-	-	-	-	-	-	172,828	172,828
Other post-employment benefits	-	-	-	-	-	-	1,481,528	1,481,528
Total Deferred Inflows of Resources	727,673	584,294	38,526	100,792	-	1,451,285	477,092	1,928,377
Fund Balances/Net Position								
Fund Balanes								
Nonspendable:								
Prepaid expenditures	850,042	-	-	-	-	850,042	(850,042)	-
Leases	-	17,571	-	-	-	17,571	(17,571)	-
Trust obligations - nonspendable	-	-	-	-	131,181	131,181	(131,181)	-
Restricted - County of Sacramento branches	-	33,041,921	-	-	-	33,041,921	(33,041,921)	-
Restricted - City of Sacramento branches	-	-	14,504,011	9,414,081	-	23,918,092	(23,918,092)	-
Restricted - Agency-wide:								
Book purchases	2,980,899	-	-	-	-	2,980,899	(2,980,899)	-
Donations	1,451,112	611,224	53,146	38,418	-	2,153,900	(2,153,900)	-
Grant programs	47	-	-	-	-	47	(47)	-
Trust obligations - spendable	-	-	-	-	211,269	211,269	(211,269)	-
Committed - open contracts	122,293	-	-	-	-	122,293	(122,293)	-
Assigned:								
Equipment replacement	2,900,662	-	-	-	-	2,900,662	(2,900,662)	-
Open contracts	66,114	-	-	-	-	66,114	(66,114)	-
Unassigned	1,224,669	-	-	-	-	1,224,669	(1,224,669)	-
Total Fund Balances	9,595,838	33,670,716	14,557,157	9,452,499	342,450	67,618,661	(67,618,661)	-
Total Liabilities								
Deferred Inflows of Resources, and Fund Balances	\$ 12,098,150	\$ 35,009,241	\$ 15,208,331	\$ 9,734,768	\$ 342,450	\$ 72,392,941		

(CONTINUED)

SACRAMENTO PUBLIC LIBRARY AUTHORITY
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET (CONTINUED)
June 30, 2024

	Major Funds				Nonmajor Fund			
	General	County of	City of	City of		Total	Adjustments	Statement of
	Fund	Sacramento	Sacramento	Sacramento	Permanent	Governmental	(Note 3)	Net Position
		Special Revenue	Special Revenue	Parcel Tax	Fund	Funds		
		Fund	Fund	Special Revenue				
				Fund				
Net Position								
Investment in capital assets	-	-	-	-	-	-	\$ 14,961,080	\$ 14,961,080
Restricted - County branches:								
General branch expenditures	-	-	-	-	-	-	18,423,826	18,423,826
Donations	-	-	-	-	-	-	611,224	611,224
Restricted - City of Sacramento branches:								
Parcel tax carryover - Measure X	-	-	-	-	-	-	4,891,181	4,891,181
Parcel tax carryover - Measure B	-	-	-	-	-	-	273,824	273,824
General branch expenditures	-	-	-	-	-	-	7,575,893	7,575,893
Donations	-	-	-	-	-	-	91,564	91,564
Restricted - Agency-wide:								
Book purchases	-	-	-	-	-	-	2,983,843	2,983,843
Donations	-	-	-	-	-	-	1,451,112	1,451,112
Grant programs	-	-	-	-	-	-	47	47
Trust obligations - nonspendable	-	-	-	-	-	-	131,181	131,181
Trust obligations - spendable	-	-	-	-	-	-	211,269	211,269
Unrestricted:								
Agency-wide	-	-	-	-	-	-	5,935,243	5,935,243
Total Net Position							<u>\$ (10,077,374)</u>	<u>\$ 57,541,287</u>

SACRAMENTO PUBLIC LIBRARY AUTHORITY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2024

	Major Funds				Nonmajor Fund			
	County of Sacramento Special Revenue Fund	City of Sacramento Special Revenue Fund	City of Sacramento Parcel Tax Special Revenue Fund		Permanent Fund	Total Governmental Funds	Adjustments (Note 4)	Statement of Activities
Revenues:								
Program revenues:								
Charges for services:								
Assessments and taxes	\$ -	\$ -	\$ -	\$ 9,539,323	\$ -	\$ 9,539,323	\$ -	\$ 9,539,323
Fines, fees, and penalties	17,979	123,252	67,229	25,560	-	234,020	(8,426)	225,594
Facility rental income	-	-	276,664	-	-	276,664	-	276,664
Operating grants and contributions:								
County contributions	-	34,008,134	-	-	-	34,008,134	-	34,008,134
City contributions	-	-	14,271,661	-	-	14,271,661	-	14,271,661
Other agency contributions	111,308	-	-	-	-	111,308	-	111,308
Federal and State grants	818,387	-	-	-	-	818,387	-	818,387
Total program revenues	947,674	34,131,386	14,615,554	9,564,883	-	59,259,497	(8,426)	59,251,071
General revenues:								
Gifts and donations	409,443	1,102	-	25,918	-	436,463	-	436,463
E-rate refund	356,275	-	-	-	-	356,275	-	356,275
Investment income, net	177,183	677,137	399,673	191,681	20,651	1,466,325	-	1,466,325
Other	40,349	341,190	49,828	56,202		487,569	326,509	814,078
Total general revenues	983,250	1,019,429	449,501	273,801	20,651	2,746,632	326,509	3,073,141
Total Revenues	\$ 1,930,924	\$ 35,150,815	\$ 15,065,055	\$ 9,838,684	\$ 20,651	\$ 62,006,129	\$ 318,083	\$ 62,324,212

(CONTINUED)

SACRAMENTO PUBLIC LIBRARY AUTHORITY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2024

	Major Funds				Nonmajor Fund	Total Governmental Funds	Adjustments (Note 4)	Statement of Activities
	General Fund	County of Sacramento Special Revenue Fund	City of Sacramento Special Revenue Fund	City of Sacramento Parcel Tax Special Revenue Fund	Permanent Fund			
(CONTINUED)								
Expenditures/Expenses								
Education:								
Current:								
Salaries and benefits	289,075	18,289,305	8,621,386	5,335,492	-	32,535,258	1,965,305	34,500,563
Services and supplies	436,481	8,260,077	4,029,452	1,919,632	-	14,645,642	-	14,645,642
Books and media subscriptions	55,315	3,085,378	1,329,904	904,334	-	5,374,931	12,240	5,387,171
Depreciation and amortization	-	-	-	-	-	-	5,075,686	5,075,686
Debt service:								
Principal	176,660	250,343	64,133	41,045	-	532,181	(532,181)	-
Interest	9,693	22,091	213	136	-	32,133	-	32,133
Capital outlay:								
Books and media collection	150,828	1,883,163	811,708	551,962	-	3,397,661	(3,397,661)	-
Other capital outlay	-	168,161	190,144	49,289	-	407,594	(407,594)	-
Total Expenditures/Expenses	1,118,052	31,958,518	15,046,940	8,801,890	-	56,925,400	2,715,795	59,641,195
Excess of Revenues Over Expenditures	812,872	3,192,297	18,115	1,036,794	20,651	5,080,729	(2,397,713)	2,683,017
Other Financing Sources (Uses)								
Transfers in	-	-	524,000	-	-	524,000	(524,000)	-
Transfers out	-	(405,000)	-	(119,000)	-	(524,000)	524,000	-
Total Other Financing Sources (Uses)	-	(405,000)	524,000	(119,000)	-	-	-	-
Change in Fund Balances Sources (Uses)	812,872	2,787,297	542,115	917,794	20,651	5,080,729	(2,397,713)	2,683,017
Fund Balances/Net Position, Beginning of Year	8,782,966	30,883,419	14,015,042	8,534,705	321,799	62,537,932	(7,679,662)	54,858,270
Fund Balances/Net Position, End of Year	\$ 9,595,838	\$ 33,670,716	\$ 14,557,157	\$ 9,452,499	\$ 342,450	\$ 67,618,662	\$(10,077,374)	\$ 57,541,287

SACRAMENTO PUBLIC LIBRARY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

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 \$6.9 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, 2024

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, 2024

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, 2024

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, 2024, \$1,642,994 in fees are owed to the Authority. Based on an analysis of the percentage of fees historically collected, management estimated that approximately 7%, or \$115,010, of this amount will be collected and an allowance for uncollectible accounts for the remaining \$1,527,984 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, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Inflows and Unearned Revenue: Deferred inflows – unavailable revenue includes \$115,010 of deferred fees, \$335,000 of property taxes receivable under the Teeter Plan from the City and County of Sacramento, and \$727,254 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 rentals 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, 2024

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, 2024:

Restricted - County Branches:		
General branch expenditures	\$ 14,661,831	
Donations	611,224	
Restricted, committed to:		
Reserve for cash flow and economic uncertainty	11,592,665	
Supplemental services	6,362,276	
Restricted, assigned to:		
Deferred maintenance	442,720	
Total Restricted - County Branches	<u>\$ 33,670,716</u>	
	<u>City</u>	<u>City Parcel</u>
	<u>Fund</u>	<u>Tax Fund</u>
Restricted - City of Sacramento Branches:		
Parcel tax carryover	\$ -	\$ 7,874,926
Donations	53,146	38,418
General branch expenditures	11,605,929	-
Restricted, committed to:		
Reserve for economic uncertainty	2,579,963	1,539,155
Restricted, assigned to:		
Deferred maintenance	318,119	-
Open contracts	-	-
Total Restricted - City of Sacramento Branches	<u>\$ 14,557,157</u>	<u>\$ 9,452,499</u>

SACRAMENTO PUBLIC LIBRARY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

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:

- \$15,711,783 set aside for economic uncertainty that may be used according to the specific criteria defined under Resolution No. 23-31.
- 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, 2024

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, 2024, the Authority made the following interfund transfers:

Transfers Out	Transfers In	Amount
County of Sacramento Special Revenue Fund	City of Sacramento Special Revenue Fund	\$ 405,000
City of Sacramento Parcel Tax Special Revenue Fund	City of Sacramento Special Revenue Fund	119,000
		<u>\$ 524,000</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.

Subscriptions: Subscriptions are accounted for under GASB Statement No. 96, *Subscription-based information technology arrangements* (SBITA), which requires subscribers to record a right-to-use subscription intangible asset and corresponding subscription liability. The Authority uses an estimated incremental borrowing rate to calculate the subscription liability and right-to-use subscription intangible asset at the onset or modification of a subscription agreement. Right-to-use subscription intangible assets are amortized over the subscription term.

New Pronouncements: GASB Statement 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. This statement updates the recognition, measurement and disclosure requirements for compensated absences. Compensated absence is defined as leave for which employees may receive cash or noncash payments, such as vacation leave, sick leave, paid time off (PTO), and certain sabbatical leaves and should be recorded as a liability when it is attributed to services already rendered, accumulated and can be carried forward and is more likely than not the leave will be used or settled. This statement is effective for fiscal years beginning after December 15, 2023. The Authority has not determined the effect of this Statement.

SACRAMENTO PUBLIC LIBRARY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

**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	\$ 67,618,662
-------------------------------------	---------------

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	(1,140,020)
Right-to-use leased assets	2,739,056
Less: accumulated amortization	(762,230)
Capital assets	30,588,377
Less: accumulated depreciation	<u>(15,627,297)</u>

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	10,597,234
Other post-employment benefits plan	383,438

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

Compensated absences	(2,373,389)
Subscription liabilities	(87,251)
Lease liabilities	(2,071,368)
Net pension liability	(25,821,425)
Other post-employment benefits liability	(7,389,620)

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

1,177,264

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	(172,828)
Other post-employment benefits plan	<u>(1,481,528)</u>

Net position in the government-wide Statement of Net Position.	<u><u>\$ 57,541,287</u></u>
--	-----------------------------

SACRAMENTO PUBLIC LIBRARY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

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	\$ 5,080,729
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.	318,083
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	4,325,196
Depreciation and amortization expense	(5,075,686)
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	(391,360)
Change in deferred outflows of resources related to OPEB plan	(57,212)
Change in compensated absences	(80,985)
Change in net pension liability	(1,488,301)
Change in other post-employment benefits liability	(78,488)
Change in deferred inflows of resources related to pension plan	92,175
Change in deferred inflows of resources related to OPEB plan	38,866
Change in Net Position of the Statement of Activities	<u><u>\$ 2,683,017</u></u>

NOTE 5 – CASH AND INVESTMENTS

Cash and investments consisted of the following at June 30, 2024:

Unrestricted	\$ 62,469,982
Restricted	<u>5,900,878</u>
Total	<u><u>\$ 68,370,860</u></u>
Cash on hand	\$ 13,690
Bank deposits	6,132,612
Investments:	
Investment in City of Sacramento Investment Pool	60,333,393
Hurst endowment investments	1,656,327
Moore Trust Fund investments	<u>234,838</u>
Total investments	<u><u>62,224,558</u></u>
Total	<u><u>\$ 68,370,860</u></u>

SACRAMENTO PUBLIC LIBRARY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

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 \$234,838 at June 30, 2024, 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, 2024

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	Total	Maturities as of Year-end		
		12 Months or Less	13-24 Months	25-60 Months
Medium term corporate notes	\$ 1,656,327	\$ 482,522	\$ 464,456	\$ 709,349
City of Sacramento pool	60,333,393	-	60,333,393	-
Permanent Fund investments:				
Domestic mutual funds	199,086	199,086	-	-
International mutual funds	18,711	18,711	-	-
Money market funds	7,558	7,558	-	-
Real estate investment trust (REIT)	9,483	9,483	-	-
Alternative investments	-	-	-	-
Total	<u>\$ 62,224,558</u>	<u>\$ 717,360</u>	<u>\$ 60,797,849</u>	<u>\$ 709,349</u>

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	\$ 1,656,327	\$-	\$ 482,251	\$ 1,174,076	\$ -	\$ -	\$ -	\$ -
City of Sacramento pool	60,333,393	-	-	-	-	-	-	60,333,393
Permanent Fund investments								
Domestic mutual funds	199,086	-	44,750	105,740	-	20,224	28,372	-
International mutual funds	18,711	-	-	-	-	-	18,711	-
Money market funds	7,558	-	-	-	-	-	-	7,558
Real estate investment trust (REIT)	9,483	-	-	-	-	-	-	9,483
Alternative investments	-	-	-	-	-	-	-	-
Total	<u>\$62,224,558</u>	<u>\$-</u>	<u>\$ 527,001</u>	<u>\$ 1,279,816</u>	<u>\$ -</u>	<u>\$ 20,224</u>	<u>\$ 47,083</u>	<u>\$ 60,350,434</u>

SACRAMENTO PUBLIC LIBRARY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

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, 2024, the carrying amount and balance per bank of the Authority's bank deposits were \$6,094,194 and \$6,769,815, respectively. Of the balance per bank at June 30, 2024, \$250,000 was covered by federal depository insurance and \$6,519,815 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, 2024

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 7.25% 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, 2024:

		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)
	Amount			
Investments by fair value level:				
Medium term corporate notes	\$ 1,656,327	\$ -	\$ 1,656,327	\$ -
Domestic mutual funds	199,086	-	199,086	-
International mutual funds	18,711	-	18,711	-
Money market funds	7,558	-	7,558	-
Real estate investment trust (REIT)	9,483	-	9,483	-
Alternative investments	-	-	-	-
Total investments by fair value level	1,891,165	\$ -	\$ 1,891,165	\$ -
Investments uncategorized:				
City of Sacramento pool	60,333,393			
Total	<u>\$ 62,224,558</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, 2024

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, 2024, the Authority had outstanding future commitments under encumbrances reported as fund balance committed and assigned for open contracts of \$188,407.

NOTE 7 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2024 is as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets, not being depreciated:					
Construction in progress	\$ 261,987	\$ -	\$ -	\$ (24,726)	\$ 237,261
Total capital assets, not being depreciated	<u>261,987</u>	<u>-</u>	<u>-</u>	<u>(24,726)</u>	<u>237,261</u>
Capital assets, being depreciated:					
Equipment	2,474,028	289,933	\$ (37,382)	24,726	2,751,305
Building improvements	6,825,663	117,661	-	-	6,943,324
Vehicles	534,158	-	-	-	534,158
Software	49,364	-	-	-	49,364
Furniture and fixtures	64,769	-	-	-	64,769
Books and media collection	20,459,754	3,385,421	(3,836,979)	-	20,008,196
Total capital assets, being depreciated	<u>30,407,736</u>	<u>3,793,015</u>	<u>(3,874,361)</u>	<u>24,726</u>	<u>30,351,116</u>
Accumulated depreciation:					
Equipment	(1,124,009)	(434,644)	37,382	-	(1,521,271)
Building improvements	(1,991,832)	(341,604)	-	-	(2,333,436)
Vehicles	(35,611)	(106,831)	-	-	(142,442)
Software	(35,652)	(13,712)	-	-	(49,364)
Furniture and fixtures	(15,113)	(12,954)	-	-	(28,067)
Books and media collection	(12,086,198)	(3,303,498)	3,836,979	-	(11,552,717)
Total accumulated depreciation	<u>(15,288,415)</u>	<u>(4,213,243)</u>	<u>3,874,361</u>	<u>-</u>	<u>(15,627,297)</u>
Total capital assets being depreciated, net	<u>15,119,321</u>	<u>(420,228)</u>	<u>-</u>	<u>24,726</u>	<u>14,723,819</u>
Total capital assets, net	<u>\$ 15,381,308</u>	<u>\$ (420,228)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,961,080</u>

Depreciation expense was \$4,213,243 for the year ended June 30, 2024.

SACRAMENTO PUBLIC LIBRARY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

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. The Authority leases 13 vehicles under operating leases, 10 of which expired during the year ended June 30, 2024, and the remaining requiring 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, 2024.

	Beginning Balance	Additions	Disposals	Ending Balance
Right-to-use leased assets				
Leased buildings	\$ 1,697,942	\$ -	\$ -	\$ 1,697,942
Leased vehicles	444,225	-	(117,361)	326,864
Leased equipment	714,250	-	-	714,250
Total right-to-use leased assets	2,856,417		(117,361)	2,739,056
Accumulated amortizaion:	(587,158)	(292,433)	117,361	(762,230)
Total right-to-use leased assets, net	<u>\$ 2,269,259</u>	<u>\$ (292,433)</u>	<u>\$ -</u>	<u>\$ 1,976,826</u>

Amortization expense of \$292,433 was recorded for the year ended June 30, 2024.

Future minimum lease payments required by the lease agreements as of June 30, 2024 were as follows:

Year Ending June 30,	Total Lease Liabilities		
	Principal	Interest	Total
2025	\$ 243,979	\$ 27,782	\$ 271,761
2026	249,809	24,269	274,078
2027	210,300	20,950	231,250
2028	193,568	18,361	211,929
2029	197,984	15,775	213,759
Thereafter	975,728	48,672	1,024,400
Total	<u>\$ 2,071,368</u>	<u>\$ 155,809</u>	<u>\$ 2,227,177</u>

SACRAMENTO PUBLIC LIBRARY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

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, 2024.

	Beginning Balance	Additions	Disposals	Ending Balance
Right-to-use subscription intangible assets	\$ 1,364,213	-	\$ -	\$ 1,364,213
Accumulated amortizaion	(570,010)	(570,010)	-	(1,140,020)
Total Right-to-use subscription intangible assets, net	<u>\$ 794,203</u>	<u>\$ (570,010)</u>	<u>\$ -</u>	<u>\$ 224,193</u>

Amortization expense of \$570,010 was recorded for the year ended June 30, 2024.

Future minimum subscription payments required by the subscription agreements as of June 30, 2024 were as follows:

Year Ending June 30,	Total Subscription Liabilities		
	Principal	Interest	Total
2025	\$ 69,768	\$ 232	\$ 70,000
2026	<u>17,483</u>	<u>17</u>	<u>17,500</u>
Total	<u>\$ 87,251</u>	<u>\$ 249</u>	<u>\$ 87,500</u>

NOTE 10 – LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2024 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Compensated absences	\$ 2,292,404	\$ 3,134,379	\$ (3,053,394)	\$ 2,373,389	\$ 2,298,256
Subscription liabilities	343,784	-	(256,533)	87,251	69,768
Lease liabilities	2,347,016	-	(275,648)	2,071,368	243,979
Net pension liability	24,333,124	5,530,862	(4,042,561)	25,821,425	-
Other post-employment benefits obligation	<u>7,311,132</u>	<u>175,322</u>	<u>(96,834)</u>	<u>7,389,620</u>	<u>-</u>
Total long-term liabilities	<u>\$ 36,627,460</u>	<u>\$ 8,840,563</u>	<u>\$ (7,724,970)</u>	<u>\$ 37,743,053</u>	<u>\$ 2,612,003</u>

SACRAMENTO PUBLIC LIBRARY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

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, 2024, 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 \$1,665,984 toward its unfunded actuarial liability during the year ended June 30, 2024.

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, 2024

NOTE 11 – PENSION PLANS (Continued)

Employees Covered: At June 30, 2023 (the most recent valuation date), the following employees were covered by the benefit terms for the Plan:

Inactive employees or beneficiaries currently receiving benefits	326
Inactive employees entitled to but not yet receiving benefits	292
Active employees	<u>328</u>
Total	<u><u>946</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, 2023, using an annual actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 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, 2022
Measurement date	June 30, 2023
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, 2022 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, 2024

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 (6.90%) 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 long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Effective with the June 30, 2021 valuation date (June 30, 2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.9% with no changes in 2023. The accounting discount rate was 7.15% for measurement dates June 30, 2017 through June 30, 2021, 7.65% for measurement dates June 30, 2015 through June 30, 2016, and 7.50% for measurement date June 30, 2014.

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, 2022	\$ 110,337,197	\$ 86,004,073	\$ 24,333,124
Changes in the year:			
Service cost	3,186,211	-	3,186,211
Interest on the total pension liability	7,609,008	-	7,609,008
Differences between actual and expected experience	866,367	-	866,367
Changes in assumptions	-	-	-
Changes in benefit terms	264,086	-	264,086
Net plan to plan resource movement	-	-	-
Contribution - employer	-	3,707,150	(3,707,150)
Contribution - employee	-	1,465,864	(1,465,864)
Net investment income	-	5,327,600	(5,327,600)
Administrative expenses	-	(63,243)	63,243
Benefit payments, including refunds of employee contributions	(5,570,558)	(5,570,558)	-
Other miscellaneous income/(expense)	-	-	-
Net changes	6,355,114	4,866,813	1,488,301
Balance at June 30, 2023	\$ 116,692,311	\$ 90,870,886	\$ 25,821,425

SACRAMENTO PUBLIC LIBRARY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 11 – PENSION PLANS (Continued)

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	\$ 41,716,569
Current discount rate	6.90%
Net pension liability	\$ 25,821,425
1% increase	7.90%
Net pension liability	\$ 12,762,930

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

Pension Expenses and Deferred Outflows/Inflows of Resources: For the year ended June 30, 2024, the Authority recognized pension expense of \$5,645,443. At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 3,857,957	\$ -
Differences between actual and expected experience	770,687	172,828
Changes in assumptions	1,851,981	-
Net differences between projected and actual earnings on plan investments	4,116,609	-
Total	<u>\$ 10,597,234</u>	<u>\$ 172,828</u>

SACRAMENTO PUBLIC LIBRARY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 11 – PENSION PLANS (Continued)

The \$3,857,957 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	
2024	\$ 1,859,805
2025	1,470,183
2026	3,118,544
2027	117,916
	<u>\$ 6,566,448</u>

Payable to the Pension Plan: The Authority reported a payable of \$177,481 for the outstanding amount of contributions to the Plan required for the year ended June 30, 2024.

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, 2024 by participants and the Authority totaled \$95,030 and \$77,164, respectively. Employees vest immediately in their own contributions and the contributions of the Authority.

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.

SACRAMENTO PUBLIC LIBRARY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

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

The Plan does not issue separate financial statements.

Employees Covered by Benefit Terms: At December 31, 2022, the following employees were covered by the Plan's benefit terms:

Active employees	322
Inactive employees or beneficiaries currently receiving benefit payments	152
	<u>474</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, 2024, the Authority contributed \$340,993 to the Plan through pay-as-you-go health and dental insurance benefit payments on behalf of Plan members and implied subsidy payments totaled \$29,929. 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 \$7,389,620 was measured as of December 31, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022.

Actuarial Assumptions: The net OPEB liability at June 30, 2024 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	December 31, 2022
Measurement date	December 31, 2023
Actuarial cost method	Entry age normal cost method
Discount rate	3.26%
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

SACRAMENTO PUBLIC LIBRARY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

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

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, 2023 was 3.26% (changed from 3.72% at December 31, 2022). The discount rate is based on the Bond Buyer 20 Bond Index at December 31, 2023.

Changes in the OPEB Liability:

Total OPEB liability:	
Service cost	\$ 192,413
Interest	268,797
Differences between expected and actual experience	(248,288)
Changes of assumptions or other inputs	228,805
Benefit payments	(363,239)
Net changes in total OPEB liability	<u>78,488</u>
Total OPEB liability - beginning	7,311,132
Total OPEB liability - ending	<u><u>\$ 7,389,620</u></u>

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:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB liability	\$ 8,139,632	\$ 7,389,620	\$ 6,744,292

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:

	1% Decrease	Current Healthcare Trend Rate	1% Increase
Total OPEB liability	\$ 7,119,476	\$ 7,389,620	\$ 7,685,306

SACRAMENTO PUBLIC LIBRARY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

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

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, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended June 30, 2024, the Authority recognized OPEB expense of \$480,271. At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	\$ 179,777	\$ -
Differences between expected and actual experience	-	377,710
Change in assumptions	203,661	1,103,818
Total	<u>\$ 383,438</u>	<u>\$ 1,481,528</u>

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	
2025	\$ (181,297)
2026	(181,297)
2027	(181,297)
2028	(181,297)
2029	(181,297)
Thereafter	(371,382)
	<u>\$ (1,277,867)</u>

SACRAMENTO PUBLIC LIBRARY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

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

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 \$293.712 to the Plan during the year ended June 30, 2024.

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, 2024

NOTE 14 – COMMITMENTS AND CONTINGENCIES

At June 30, 2024, the Authority had the following outstanding contract commitments:

Name	Contract Amount	Amount Remaining
Imperial County Office of Education (ICOE)	\$ 3,000,000	\$ 2,760,425
Columbia Telecommunications Corporation	3,000,000	2,362,389
Califa Group	3,000,000	2,282,968
Lyngsoe Systems, Inc.	1,629,300	919,799
KONE	1,421,350	1,363,064
Landscape and Tree Company, Inc.	1,200,000	11,690
Envisionware, Inc.	1,076,000	323,915
Midwest Tape, LLC	1,000,000	241,610
Quality Cleaning Professionals, LLC	700,000	52,797
Staples Contract & Commercial LLC	500,000	402,955
EcoSanitation, LLC	500,000	387,542
Group 4 Architecture, Research + Planning, Inc	499,282	231,836
Quest Media & Supplies, Inc	491,820	98,318
Waste Management	470,000	317,127
Tyler Technologies	430,142	239,960
Interpersonal Frequency	410,310	362,220
City of Sacramento	353,000	66,600
Mission Linen Supply, Inc.	350,000	327,905
Communico	336,206	244,537
University Enterprises, Inc. (UEI)	315,000	238,062
Marmot Library Network, Inc.	300,000	128,763
River City Painting, Inc.	300,000	208,660
Keystone Electric	300,000	170,304
DFS Flooring, LP	300,000	31,730
Convergint Technologies, LLC	300,000	284,887
Ojo Technology, Inc.	300,000	171,203
Pastilla Inc	235,701	75,026
EBSCO Information Services, LLC	205,329	197,441
Cintas	200,000	91,570
Kanopy, Inc.	190,000	80,987
Newsbank	170,000	57,974
Fechter & Company, Certified Public Accountants	166,818	36,500
Forensiclean	160,000	100,760
PestMaster Services, L.P.	100,000	51,813
Rich Custer's Junk Hauling	100,000	29,057
Creative Empire, LLC	91,232	62,293
BiblioLabs	74,588	24,852
Frontier Communications	68,000	26,343
NBS Government Finance Group	65,152	54,584
CDW-G	62,000	50,453
River Delta Unified School District	60,000	55,700
Hive Class, Inc.	56,000	28,000
AtoZ databases	54,000	18,000
	<u>\$ 24,541,230</u>	<u>\$ 15,272,619</u>

SACRAMENTO PUBLIC LIBRARY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 14 – COMMITMENTS AND CONTINGENCIES (Continued)

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.

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 \$1,690,352 for various services, including \$1,216,874 for annual maintenance of County Libraries and \$399,393 for the County's alarm dispatch center services during fiscal year 2024. Amounts reported as due to the City for various services provided and due to the County for services totaled \$31,178 and \$2,181, respectively.

NOTE 17 – SUBSEQUENT EVENTS

City of Sacramento Measure E, library combined parcel tax measure, was approved by the voters at 72.27% on the November 5, 2024 election. Measure E consolidates and extends the existing parcel taxes (Measure B and Measure X) for library services, subject to the same annual adjustments as the existing taxes, until the tax is repealed by the voters. Measure E will go into effect on July 1, 2025.

Events subsequent to June 30, 2024 have been evaluated through November 12, 2024, 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, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Program revenues:				
Charges for services:				
Fines, fees, and penalties	\$ -	\$ -	\$ 17,979	\$ 17,979
Other agency contributions	114,000	114,000	111,308	(2,692)
Federal and State grants	101,000	659,591	818,387	158,796
Total program revenues	<u>215,000</u>	<u>773,591</u>	<u>947,674</u>	<u>174,083</u>
General revenues:				
Gifts and donations	-	409,440	409,443	3
E-rate refund	400,000	400,000	356,275	(43,725)
Investment income, net	30,000	30,000	177,183	147,183
Other	-	-	40,349	40,349
Total general revenues	<u>430,000</u>	<u>839,440</u>	<u>983,250</u>	<u>143,810</u>
Total Revenues	<u>645,000</u>	<u>1,613,031</u>	<u>1,930,924</u>	<u>317,893</u>
Expenditures				
Education:				
Current:				
Salaries and benefits	1,026,788	1,026,788	289,075	737,713
Services and supplies	1,248,961	2,092,549	622,834	1,469,715
Books and media subscriptions	15,506	15,506	55,315	(39,809)
Capital outlay:				
Books and media collection	512,384	636,827	150,828	485,999
Other capital outlay	-	-	-	-
Total Expenditures	<u>2,803,638</u>	<u>3,771,669</u>	<u>1,118,052</u>	<u>2,653,618</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,158,638)</u>	<u>(2,158,638)</u>	<u>812,872</u>	<u>2,971,511</u>
Net change in Fund Balance	<u>\$ (2,158,638)</u>	<u>\$ (2,158,638)</u>	<u>812,872</u>	<u>\$ 2,971,511</u>
Fund Balance, Beginning of Year			<u>8,782,965</u>	
Fund Balance, End of Year			<u>\$ 9,595,838</u>	

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, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Program revenues:				
Charges for services:				
Fines, fees, and penalties	\$ 130,000	\$ 130,000	\$ 123,252	(6,748)
Operating grants and contributions:				
County contributions	33,200,000	34,400,000	34,008,134	(391,866)
Total program revenues	33,330,000	34,530,000	34,131,386	(398,614)
General revenues:				
Gifts and donations	-	1,102	1,102	-
Investment income, net	320,000	400,000	677,137	277,137
Other	38,000	38,000	341,190	303,190
Total general revenues	358,000	439,102	1,019,429	580,327
Total Revenues	33,688,000	34,969,102	35,150,815	181,713
Expenditures				
Education:				
Current:				
Salaries and benefits	18,894,510	19,004,510	18,289,305	715,205
Services and supplies	8,970,611	9,789,792	8,532,511	1,257,281
Books and media subscriptions	-	-	3,085,378	(3,085,378)
Capital outlay:				
Books and media collection	5,832,000	5,832,000	1,883,163	3,948,837
Other capital outlay	-	-	168,161	(168,161)
Total Expenditures	33,697,121	34,626,302	31,958,518	2,667,784
Excess (Deficiency) of Revenues Over Expenditures	(9,121)	342,800	3,192,297	2,849,497
Other Financing Sources (Uses)				
Transfers (out)	(405,000)	(405,000)	(405,000)	-
Total Other Financing Sources (Uses)	(405,000)	(405,000)	(405,000)	-
Net change in Fund Balance	\$ (414,121)	\$ (62,200)	2,787,297	\$ 2,849,497
Fund Balance, Beginning of Year			30,883,419	
Fund Balance, End of Year			\$ 33,670,716	

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, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Program revenues:				
Charges for services:				
Fines, fees, and penalties	\$ 86,000	\$ 86,000	\$ 67,229	\$ (18,771)
Facility rental income	189,000	189,000	271,364	82,364
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	14,562,661	14,562,661	14,615,554	52,893
General revenues:				
Gifts and donations	-	-	-	-
Investment income, net	200,000	250,000	399,673	149,673
Other	25,000	25,000	49,828	24,828
Total general revenues	225,000	275,000	449,501	174,501
Total Revenues	14,787,661	14,837,661	15,065,055	227,394
Expenditures				
Education:				
Current:				
Salaries and benefits	8,917,255	8,917,255	8,621,386	295,869
Services and supplies	3,418,745	3,854,745	4,093,798	(239,053)
Books and media subscriptions	-	-	1,329,904	(1,329,904)
First 5 grant				-
Reimbursed improvements				
Capital outlay:				
Books and media collection	2,514,000	2,514,000	811,708	1,702,292
Other capital outlay	949,000	949,000	190,144	758,856
Total Expenditures	15,799,000	16,235,000	15,046,940	1,188,060
Excess (Deficiency) of Revenues Over Expenditures	(1,011,339)	(1,397,339)	18,115	1,415,454
Other Financing Sources (Uses)				
Transfers in	524,000	524,000	524,000	-
Total Other Financing Sources (Uses)	524,000	524,000	524,000	-
Net change in Fund Balance	\$ (487,339)	\$ (873,339)	542,115	\$ 1,415,454
Fund Balance, Beginning of Year			14,015,042	
Fund Balance, End of Year			\$ 14,557,157	

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, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Program revenues:				
Charges for services:				
Assessment and taxes	\$ 9,306,000	\$ 9,306,000	\$ 9,539,323	\$ 233,323
Fines, fees and penalties	25,000	25,000	25,560	560
Total program revenues	9,331,000	9,331,000	9,564,883	233,883
General revenues:				
Gifts and donations	-	25,918	25,918	-
Investment income, net	86,000	108,000	191,681	83,681
Other	40,000	40,000	56,202	16,202
Total general revenues	126,000	173,918	273,801	99,883
Total Revenues	9,457,000	9,504,918	9,838,684	333,766
Expenditures				
Education:				
Current:				
Salaries and benefits	5,501,942	5,534,942	5,335,492	199,450
Services and supplies	2,014,058	2,126,476	1,960,813	165,663
Books and media subscriptions	-	-	904,334	(904,334)
Capital outlay:				
Books and media collection	1,433,500	1,621,000	551,962	1,069,038
Other capital outlay	288,000	288,000	49,289	238,711
Total Expenditures	9,237,500	9,570,418	8,801,890	768,528
Excess (Deficiency) of Revenues Over Expenditures	219,500	(65,500)	1,036,794	1,102,294
Other Financing Sources (Uses)				
Transfers (out)	(119,000)	(119,000)	(119,000)	-
Total Other Financing Sources (Uses)	(119,000)	(119,000)	(119,000)	-
Net change in Fund Balance	\$ 100,500	\$ (184,500)	917,794	\$ 1,102,294
Fund Balance, Beginning of Year			8,534,705	
Fund Balance, End of Year			\$ 9,452,499	

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, 2024

	2024	2023	2022	2021	2020
Total pension liability					
Service cost	\$ 3,186,211	\$ 3,145,185	\$ 2,968,494	\$ 2,886,116	\$ 2,802,997
Interest on total pension liability	7,609,008	7,188,957	6,861,508	6,477,236	6,125,578
Differences between expected and actual experience	866,367	(333,162)	423,189	(45,848)	886,344
Changes in assumptions	-	3,615,773	-	-	-
Changes in benefits	264,086	-	-	-	-
Benefit payments, including refunds of ee cont.	(5,570,558)	(5,224,273)	(4,732,360)	(4,174,233)	(3,837,752)
Net change in total pension liability	6,355,114	8,392,480	5,520,831	5,143,271	5,977,167
Total pension liability - beginning	110,337,197	101,944,717	96,423,886	91,280,615	85,303,448
Total pension liability - ending (a)	\$ 116,692,311	\$ 110,337,197	\$ 101,944,717	\$ 96,423,886	\$ 91,280,615
Plan fiduciary net position					
Contributions - employer	\$ 3,707,150	\$ 3,337,233	\$ 3,169,241	\$ 3,003,039	\$ 2,667,742
Contributions - employee	1,465,864	1,308,138	1,261,867	1,267,584	1,199,081
Net investment income	5,327,600	(7,075,784)	17,414,241	3,664,555	4,524,806
Benefit payments	(5,570,558)	(5,224,273)	(4,732,360)	(4,174,233)	(3,837,752)
Net plan to plan resource movement	-	-	-	-	-
Administrative expenses	(63,243)	(58,380)	(76,599)	(102,944)	(48,896)
Other miscellaneous income/(expense)	-	-	-	-	159
Net change in plan fiduciary net position	4,866,813	(7,713,066)	17,036,390	3,658,001	4,505,140
Plan fiduciary net position - beginning	86,004,073	93,717,139	76,680,749	73,022,748	68,517,608
Plan fiduciary net position - ending (b)	\$ 90,870,886	\$ 86,004,073	\$ 93,717,139	\$ 76,680,749	\$ 73,022,748
Net pension liability - ending (a)-(b)	\$ 25,821,425	\$ 24,333,124	\$ 8,227,578	\$ 19,743,137	\$ 18,257,867
Plan fiduciary net position as a percentage of the total pension liability	77.87%	77.95%	91.93%	79.52%	80.00%
Covered payroll - measurement period	\$ 18,632,810	\$ 18,127,870	\$ 18,267,653	\$ 17,438,770	\$ 16,652,789
Net pension liability as percentage of covered payroll	138.58%	134.23%	45.04%	113.21%	109.64%
Notes to schedule:					
Valuation date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement period - fiscal year ended	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019

	2019	2018	2017	2016	2015
Total pension liability					
Service cost	\$ 2,830,469	\$ 2,798,720	\$ 2,491,319	\$ 2,478,040	\$ 2,429,839
Interest on total pension liability	5,715,186	5,392,576	5,082,077	4,818,933	4,490,108
Differences between expected and actual experience	(25,567)	(64,196)	(1,085,478)	(292,003)	-
Changes in assumptions	(338,179)	4,412,323	-	(1,155,132)	-
Changes in benefits	-	-	-	-	-
Benefit payments, including refunds of ee cont.	(3,519,300)	(3,143,482)	(3,030,414)	(2,526,284)	(2,218,568)
Net change in total pension liability	4,662,609	9,395,941	3,457,504	3,323,554	4,701,379
Total pension liability - beginning	80,640,839	71,244,898	67,787,394	64,463,840	59,762,461
Total pension liability - ending (a)	\$ 85,303,448	\$ 80,640,839	\$ 71,244,898	\$ 67,787,394	\$ 64,463,840
Plan fiduciary net position					
Contributions - employer	\$ 2,385,500	\$ 2,298,424	\$ 2,302,250	\$ 2,030,568	\$ 1,951,143
Contributions - employee	1,153,449	1,087,976	1,036,690	966,013	986,310
Net investment income	5,380,180	6,372,823	329,318	1,246,200	8,072,125
Benefit payments	(3,519,300)	(3,143,482)	(3,030,414)	(2,526,284)	(2,218,568)
Net plan to plan resource movement	(159)	-	-	-	-
Administrative expenses	(98,801)	(83,969)	(34,293)	(63,323)	-
Other miscellaneous income/(expense)	(187,626)	-	-	-	-
Net change in plan fiduciary net position	5,113,243	6,531,772	603,551	1,653,174	8,791,010
Plan fiduciary net position - beginning	63,404,365	56,872,593	56,269,042	54,615,868	45,824,858
Plan fiduciary net position - ending (b)	\$ 68,517,608	\$ 63,404,365	\$ 56,872,593	\$ 56,269,042	\$ 54,615,868
Net pension liability - ending (a)-(b)	\$ 16,785,840	\$ 17,236,474	\$ 14,372,305	\$ 11,518,352	\$ 9,847,972
Plan fiduciary net position as a percentage of the total pension liability	80.32%	78.63%	79.83%	83.01%	84.72%
Covered payroll - measurement period	\$ 16,425,656	\$ 15,852,282	\$ 15,465,385	\$ 15,006,598	\$ 13,654,614
Net pension liability as percentage of covered payroll	102.19%	108.73%	92.93%	76.76%	72.12%
Notes to schedule:					
Valuation date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Measurement period - fiscal year ended	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.)

SACRAMENTO PUBLIC LIBRARY AUTHORITY

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

As of June 30, 2024

	2024	2023	2022	2021	2020
Actuarially determined contribution - employer fiscal year	\$ 3,707,150	\$ 3,337,233	\$ 3,169,241	\$ 3,003,039	\$ 2,677,211
Contributions in relation to the actuarially determined contributions	<u>(3,707,150)</u>	<u>(3,337,233)</u>	<u>(3,169,241)</u>	<u>(3,003,039)</u>	<u>(2,677,211)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll - employer fiscal year	\$ 18,632,810	\$ 18,127,870	\$ 18,267,653	\$ 17,438,770	\$ 17,269,840
Contributions as a percentage of covered payroll (1)	19.90%	18.41%	17.35%	17.22%	15.50%
Notes to Schedule:					
Valuation date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement period - fiscal year ended	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Date contribution rates were computed	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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
Inflation	2.50%	2.50%	2.50%	2.63%	2.75%
Salary increases	Varies by Entry Age and Service				
Payroll growth	2.75%	2.75%	2.75%	2.88%	3.00%
Investment rate of return (2)	7.00%	7.00%	7.00%	7.25%	7.15%
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.				

	2019	2018	2017	2016	2015
Actuarially determined contribution - employer fiscal year	\$ 2,385,500	\$ 2,298,424	\$ 2,302,250	\$ 2,030,568	\$ 1,951,143
Contributions in relation to the actuarially determined contributions	<u>(2,385,500)</u>	<u>(2,298,424)</u>	<u>(2,302,250)</u>	<u>(2,030,568)</u>	<u>(1,951,143)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll - employer fiscal year	\$ 16,425,656	\$ 15,852,282	\$ 15,465,385	\$ 15,006,598	\$ 13,654,614
Contributions as a percentage of covered payroll (1)	14.52%	14.50%	14.89%	13.53%	14.29%
Notes to Schedule:					
Valuation date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Measurement period - fiscal year ended	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Date contribution rates were computed	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	15-year smoothed market			
Inflation	2.75%	2.75%	2.75%	2.50%	2.50%
Salary increases					
Payroll growth	3.00%	3.00%	3.00%	3.00%	3.00%
Investment rate of return (2)	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.

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, 2024

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability:							
Service cost	\$ 192,413	\$ 261,210	\$ 240,626	\$ 233,617	\$ 222,682	\$ 236,792	\$ 229,117
Interest	268,797	176,411	185,730	264,140	296,852	270,287	264,923
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	(248,288)	-	(207,218)	(322,861)	10,463	-	-
Changes of assumptions or other inputs	228,805	(1,377,922)	(37,761)	991,057	133,276	(374,796)	-
Benefit payments	(363,239)	(363,239)	(414,439)	(371,137)	(399,145)	(349,930)	(333,267)
Net change in total OPEB liability	78,488	(1,303,540)	(233,062)	794,816	264,128	(217,647)	160,773
Total OPEB liability - beginning	7,311,132	8,614,672	8,847,734	8,052,918	7,788,790	8,006,437	7,845,664
Total OPEB liability - ending (a)	<u>\$ 7,389,620</u>	<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>	<u>\$ -</u>
Net OPEB Liability (a) - (b)	<u>\$ 7,389,620</u>	<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	N/A
Covered-employee payroll - measurement period	\$ 19,797,962	\$ 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	37.33%	37.94%	45.94%	44.17%	41.40%	47.34%	48.67%
Notes to Schedule:							
Valuation date	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016
Measurement period - year ended	12/31/2023	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 2024, the discount rate was decreased to 3.26% from 3.72% in 2023. In 2022, the discount rate was 2.06%.

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, 2024

	2024	2023	2022	2021	2020	2019	2018
Contractually determined contribution - employer fiscal year	\$ 363,239	\$ 363,239	\$ 389,122	\$ 371,137	\$ 399,145	\$ 420,922	\$ 297,314
Contributions in relation to the contractually determined contributions	(363,239)	(363,239)	(389,122)	(371,137)	(399,145)	(420,922)	(297,314)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll - employer fiscal year	\$ 19,797,962	\$ 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	1.83%	1.89%	2.08%	1.85%	2.05%	2.56%	1.81%

Notes to Schedule:

Valuation date	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016
Measurement period - year ended	12/31/2023	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 Normal Cost Method
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	4% per year
Retirement rates	Based on 2021 CalPERS tables: 2.0%@55 rates for miscellaneous Employees hired 2012 and earlier and 2.0%@62 for miscellaneous employees hired after 2012.
Mortality	Based on 2021 CalPERS Retiree Mortality for Miscellaneous and Schools Employees table created by CalPERS.
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 coverage.

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, 2024, 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 12, 2024.

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

A handwritten signature in blue ink that reads "Fechter & Company". The signature is written in a cursive, flowing style.

Sacramento, California
November 12, 2024