



SCLC Audit and Finance Committee
Thursday, July 1, 2021
10 a.m.

Minutes

Approved August 11, 2021

Attendance

Anderson, Susan – Redondo Beach
Graf, Ann – Azusa
Lockwood, Barbara – Calabasas
Shaffer, Gary - Glendale

Other

Bednarski, Diane – SCLC
Dinuzzo, Carol – SCLC
Goldman, Elizabeth – Burbank
Graver, Lori – SCLC
Schram, Nancy - Ventura

Absent

Ryan, Joyce – Santa Fe Springs
Wong, Patty – Santa Monica

Meeting began at 10:03am.

1. Opening Gary Shaffer
 - a. Chairperson's welcome
Chairperson introduces any guests or new members.
 - b. Roll call

2. Public Forum

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Opportunity for any guest or member of the public to address the committee on any item of SCLC Audit and Finance Committee business.

Schram inquired as to whether the ideas proposed in Item 6 considered the impact on the budget.

3. Consent Calendar

All items on the consent calendar may be approved by a single motion. Any committee member may request an item be removed from the consent calendar and placed on the agenda for discussion.

a. Minutes of the April 22, 2021 Audit and Finance Committee meeting.

MSP (Lockwood/Anderson) to approve the Minutes from the April 22, 2021 meeting.

4. Adoption of Agenda

Gary Shaffer

Chair adopted the agenda, without objection.

5. Investment Report

Carol Dinuzzo

The Local Agency Investment Fund (LAIF) reflects a capital gain of \$16,163 since the beginning of fiscal year 2020/21

6. Fiscal Sustainability

Diane Bednarski

Bednarski walked through the budget and grant revenue documents contained in the agenda packet.

Last year's proposed budget (for FY20/21) started with a \$380K deficit due in great part to the 50% reduction in CLSA funding. Administrative Council passed the deficit budget and asked the Audit & Finance Committee to review the Reserve Policy to ensure that it offers the means to supplement the budget in circumstances when CLSA funding is cut. Minor adjustments were made to the policy.

As of May 27, the FY20/21 budget report showed a budget surplus of \$126,449. SCLC staff was able to overcome the start of year deficit through strong grant administration revenue.

SCLC staff cannot project FY21/22 grant revenue until after July, when the Governor's budget is signed and grant opportunities are announced. Sometimes the grant awards are late in the fiscal year. For example, SCLC was not awarded its largest grant of FY20/21 until March 2021.

Year over year grant revenue increase in FY20/21. The grant award document in the packet lists all the grants for FY19/20 and FY20/21, breaking out the SCLC revenue for Indirect and staffing costs. Indirect is typically 10% of the total grant amount, with some restrictions. Reimbursement of staffing costs was recently introduced.

SCLC revenue derives from grant management, CLSA funding and membership dues. Bednarski noted that the year is starting with a lower deficit than in 2020/21, and she is optimistic that the 21/22 budget will overcome its current deficit projection once grant opportunities are awarded. Also, there is the possibility that the final State budget will include the restoration of CLSA funds to their levels prior to the 2020/21 cuts.

Councilmembers discussed the idea of SCLC creating a Friends/Foundation group as a 501c3 entity, as this might make SCLC eligible for additional grant

opportunities. Committee members agreed not to pursue Friends group at this time, but instead directed staff to monitor non-profit only grant opportunities in the coming fiscal year and determine how many of these opportunities exist, how many dollars individually and collectively they equate to, and would we have been eligible for opportunities if we had a non-profit support group. The Controller noted that if SCLC were to convert to a 501(c)3, this might trigger a need to withdraw from CalPERS and pay outstanding pension liability.

It was suggested that SCLC can calculate the average of the prior five years of grant revenue and include that as projected grant revenue in the proposed budget (rather than only including grant revenue for opportunities for which the State Library has requested SCLC to submit an application). This concept along with the idea of a mid-year budget review by the Audit & Finance Committee were supported by several committee members.

The Controller noted that if the Committee conducts a mid-year, deep review of the budget, it would be best to move the January meeting to the end of the month or to February. Some members noted that the Thursday morning meetings are challenging. It was decided that a poll would be sent to the Committee to examine alternative meeting patterns.

7. Other

Request to Chair to appoint an Administrative Council member to fill the committee vacancy created by the departure of Ryan, who has accepted a position outside of SCLC's service area.

8. Adjournment

Meeting adjourned at 11:26am.

Gary Shaffer

Respectfully submitted by Lori Graver on August 20, 2021