



SCLC Audit and Finance Committee Meeting  
Wednesday, April 6, 2022  
3:30pm

Join Zoom Meeting

<https://us02web.zoom.us/j/82836551868?pwd=MUF6NXJ2TEp0VnAveXZxc3JtWldiQT09>

### AGENDA

All items may be considered for action

1. Opening Gary Shaffer
  - a. Chairperson's welcome  
*Chairperson introduces new attendees and Committee members.*
  - b. Roll call
  
2. Public Forum Gary Shaffer  
*Opportunity for any guest or member of the public to address the committee on any item of SCLC Audit and Finance Committee business. Three minutes per speaker on any Audit and Finance Committee-related business topic.*
  
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 February 2, 2022 Audit and Finance Committee meeting.
  
4. Adoption of Agenda Gary Shaffer

- |     |                                  |               |
|-----|----------------------------------|---------------|
| 5.  | Investments Report               | Carol Dinuzzo |
| 6.  | Funding Pension Liability Update | Gary Shaffer  |
| 7.  | Proposed Budget FY2022/23        | Carol Dinuzzo |
| 8.  | Staff Salary Schedule            | Gary Shaffer  |
| 9.  | Staff Bonuses                    | Gary Shaffer  |
| 10. | Other                            | Gary Shaffer  |
| 11. | Adjournment                      | Gary Shaffer  |



## ACTION ITEMS

Meeting: \_\_\_\_\_ Audit and Finance Committee \_\_\_\_\_

Date: \_\_\_\_\_ April 6, 2022 \_\_\_\_\_

Library: \_\_\_\_\_

Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Agenda Item: \_\_\_\_\_

\_\_\_\_\_ Aye

\_\_\_\_\_ Nay

\_\_\_\_\_ Abstain

Agenda Item: \_\_\_\_\_

\_\_\_\_\_ Aye

\_\_\_\_\_ Nay

\_\_\_\_\_ Abstain

Agenda Item: \_\_\_\_\_

\_\_\_\_\_ Aye

\_\_\_\_\_ Nay

\_\_\_\_\_ Abstain

Agenda Item: \_\_\_\_\_

\_\_\_\_\_ Aye

\_\_\_\_\_ Nay

\_\_\_\_\_ Abstain

Agenda Item: \_\_\_\_\_

\_\_\_\_\_ Aye

\_\_\_\_\_ Nay

\_\_\_\_\_ Abstain

Agenda Item: \_\_\_\_\_

\_\_\_\_\_ Aye

\_\_\_\_\_ Nay

\_\_\_\_\_ Abstain



Audit Item 03a

SCLC Audit and Finance Committee Meeting  
Wednesday, February 2, 2022  
3:00pm

Minutes draft

**Attendance**

Anderson, Susan – Redondo Beach  
Garcia, Diana – Monterey Park  
Lockwood, Barbara – Calabasas  
Schram, Nancy – Ventura  
Shaffer, Gary - Glendale

**Other**

Bednarski, Diane – SCLC  
Dinuzzo, Carol - SCLC  
Goldman, Elizabeth – Burbank  
Graver, Lori – SCLC  
Walker, Wayne - SCLC

**Absent**

Graf, Ann - Azusa

1. Opening Gary Shaffer  
Meeting began at 3:01pm.
  
2. Public Forum Gary Shaffer  
*Opportunity for any guest or member of the public to address the committee on any item of SCLC Audit and Finance Committee business. Three minutes per speaker on any Audit and Finance Committee-related business topic.*  
None.

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 September 29, 2021 Audit and Finance Committee meeting. MSP (Garcia/Anderson) to pass Consent Calendar, with edit made to Item \* of the Minutes, adding a caveat for "further discussion." (5 yes, 0 no, 0 abstain)
  
4. Adoption of Agenda Gary Shaffer  
Chair passed without objection.
  
5. Investments Report Carol Dinuzzo  
Ending balances as of December 31, 2021: LAIF \$1,826,902 (+\$97,257) and CEPPT \$100,000 (+\$348).
  
6. Budget Planning Carol Dinuzzo  
The SCLC Controller provided grant revenue and expense projections, as a starting point to finalize FY2022/23 Proposed Budget at the April 2022 Audit and Finance Committee meeting.
  
7. Pension Liability Paydown Carol Dinuzzo  
MSP (Schram/Lockwood) to recommend to Administrative Council the 15 year plan on paper, with the caveat that both the cost remains the same as the 10 year plan, and with the goal to pay off the Pension Liability within 10 years. (5 yes, 0 no, 0 abstain)
  
8. Annual Salary Schedule Updates Gary Shaffer  
MSP (Lockwood/Anderson) to recommend to Administrative Council that the staff salary schedule include an annual 2.5% Cost of Living increase, to be reviewed again in three years.
  
9. Other Gary Shaffer  
None.
  
10. Adjournment Gary Shaffer  
Meeting adjourned at 4:02pm.



DATE: April 6, 2022  
 TO: SCLC Audit & Finance Committee  
 FROM: Carol Dinuzzo, Controller, SCLC  
 SUBJECT: Investments Report

INVESTMENTS: The investment overview reflects the balance of the LAIF account as of February 2022. The CEPPT account balance is as of December 2021, as the quarterly statement will not be available until early May.

Investment Fund	Beginning Balance	Ending Balance	Difference
Local Agency Investment Fund (LAIF)	\$1,924,159	\$1,827,969	(\$96,190)
California Employers Pension Prefunding Trust (CEPPT)	\$100,000	\$99,652	(\$348)
<b>TOTALS</b>	<b>\$2,024,159</b>	<b>\$1,927,621</b>	<b>(\$96,538)</b>

FISCAL IMPACT: None at this time.

RECOMMENDATION: Informational



DATE: April 6, 2022  
TO: SCLC Audit & Finance Committee  
FROM: Gary Shaffer, Chair, Audit & Finance Committee  
SUBJECT: Funding Pension Liability Update

**BACKGROUND:** Over the past year, SCLC has taken steps to address its unfunded pension liability. In August 2021, the Administrative Council accepted a recommendation from the Audit & Finance Committee to open a California Employer's Pension Prefunding Trust (CEPPT) and fund it with \$100,000 from the LAIF account. Funds are held in the CEPPT and gather interest until the Administrative Council takes an action to approve a payment to CalPERS for the unfunded liability.

As a next step, the Audit & Finance Committee received information at its February 2, 2022, meeting regarding CalPERS estimates of the annual payments required to pay down the entire pension over a period of either 10 or 15 years. Committee members expressed a goal to pay off the liability in 10 years, which saves significantly on interest payments. This was reported to the Administrative Council on March 15 as information only.

**DISCUSSION:** To move forward with a pension paydown plan, action by the Administrative Council and an allocation of funds will be necessary. Based on budgetary status for FY21-22 and budgetary predictions for FY22-23, the Audit & Finance Committee should vote on a recommendation to the Administrative Council for how to move forward in the current and next fiscal year.

**FISCAL IMPACT:** None currently.

**RECOMMENDATION:** Recommend to the Administrative Council to direct SCLC staff to:

- 1) Pay \$270,399 to CalPERS by June 30, including \$154,769 already budgeted and \$115,630 additional.
- 2) Budget for \$270,399 in FY22-23 for the next year of pension liability payment
- 3) Add anything to CEPPT?

Attachment: CalPERS amortization schedule for 30-year, 15-year and 10-year paydown of pension liability.

## Amortization Schedule and Alternatives (continued)

Date	<u>Current Amortization Schedule</u>		<u>Alternate Schedules</u>			
	Balance	Payment	15 Year Amortization		10 Year Amortization	
			Balance	Payment	Balance	Payment
6/30/2022	1,964,514	154,769	1,964,514	208,518	1,964,514	270,399
6/30/2023	1,941,938	165,851	1,886,337	208,518	1,822,327	270,399
6/30/2024	1,906,318	177,656	1,802,688	208,518	1,670,187	270,399
6/30/2025	1,855,991	185,137	1,713,183	208,518	1,507,397	270,398
6/30/2026	1,794,405	192,231	1,617,413	208,518	1,333,213	270,399
6/30/2027	1,721,167	196,986	1,514,939	208,519	1,146,835	270,399
6/30/2028	1,637,884	201,872	1,405,291	208,518	947,411	270,398
6/30/2029	1,543,717	206,892	1,287,969	208,519	734,028	270,399
6/30/2030	1,437,768	212,051	1,162,433	208,518	505,707	270,399
6/30/2031	1,319,063	217,352	1,028,111	208,519	261,404	270,398
6/30/2032	1,186,569	214,949	884,385	208,519		
6/30/2033	1,047,286	212,266	730,598	208,518		
6/30/2034	901,025	206,424	566,047	208,518		
6/30/2035	750,570	196,873	389,978	208,519		
6/30/2036	599,462	179,794	201,583	208,519		
6/30/2037	455,443	110,608				
6/30/2038	372,910	99,167				
6/30/2039	296,433	90,301				
6/30/2040	223,777	84,612				
6/30/2041	151,918	65,114				
6/30/2042	95,197	47,681				
6/30/2043	52,541	37,355				
6/30/2044	17,578	18,183				
6/30/2045						
6/30/2046						
6/30/2047						
6/30/2048						
6/30/2049						
6/30/2050						
6/30/2051						
<b>Total</b>		<b>3,474,124</b>		<b>3,127,776</b>		<b>2,703,987</b>
<b>Interest Paid</b>		<b>1,509,610</b>		<b>1,163,262</b>		<b>739,473</b>
<b>Estimated Savings</b>				<b>346,348</b>		<b>770,137</b>





DATE: April 6, 2022  
TO: SCLC Audit & Finance Committee  
FROM: Carol Dinuzzo, Controller, SCLC  
SUBJECT: Budget Planning, FY2022/23

**BACKGROUND:** The Audit & Finance Committee has previously expressed interest in beginning the budget planning process earlier in the year. I have provided both a current budget status update and a starting point for the FY2022/23 proposed budget for reference.

**REVENUE:** Grant revenue in the Proposed Budget template reflect projections based on the average of the past 5 years.

**EXPENSES:** Personnel expenses include step increases, cost of living adjustments and vacation payouts. The base salary for the Executive Director is assumed at \$175,000 and the additional vacation and sick leave payouts for the Interim Executive Director have been included. No substantial change in operating expenses is anticipated at this time. Grant expenses are also based on the projected grant project revenue.

**PRIOR YEAR:** I have populated the Prior Year column with the appropriations from the current year budget for comparison.

**OUTCOME:** This will be a starting point to engage with SCLC staff in the budget planning process and give the Committee the opportunity to ask questions or request additional information they would like to see presented. The goal is to use feedback from the Committee to finalize the Proposed Budget for the May Administrative Council meeting.

**FISCAL IMPACT:** None.

**RECOMMENDATION FOR ADMINISTRATIVE COUNCIL:** TBD.

REVENUES/EXPENSES (Proposed)	Proposed	Prior Year	Actuals	Balance	%	Notes
<b>REVENUE</b>						
				Unrealized		
CLSA Communications & Delivery	\$ 512,466	\$ 568,881		\$ 512,466	0%	Projected FY22/23
CLSA System Administration	\$ 310,720	\$ 342,926		\$ 310,720	0%	Projected FY22/23
System Supplements to CLSA	\$ -	\$ -		\$ -	0%	Projected FY22/23
Grant Project Revenue	\$ 3,364,024	\$ 3,287,839		\$ 3,364,024	0%	Projected FY22/23
Grant Indirect (All Systems)	\$ 286,970	\$ 291,001		\$ 286,970	0%	Projected FY22/23
Grant Staffing (All Systems)	\$ 94,078	\$ 48,757		\$ 94,078	0%	Projected FY22/23
SCLC Member Dues	\$ 211,552	\$ 205,717		\$ 211,552	0%	Projected FY22/23
Investment Income	\$ 18,750	\$ 18,750		\$ 18,750	0%	Projected FY22/23
<b>TOTAL REVENUE</b>	<b>\$ 4,798,560</b>	<b>\$ 4,763,871</b>	<b>\$ -</b>	<b>\$ 4,779,810</b>		

<b>EXPENDITURES</b>						
<b>Personnel Services</b>						
Salaries & Wages	\$ 642,156	\$ 589,377		\$ 642,156	0%	SCLC Staff & Interim ED
Retirement Benefits	\$ 71,453	\$ 68,050		\$ 71,453	0%	CalPERS
Health Insurance - Current Employees	\$ 50,280	\$ 48,000		\$ 50,280	0%	Health Stipend
Health Insurance - Retirees	\$ 80,448	\$ 76,800		\$ 80,448	0%	Health Stipend
Dental/Vision	\$ 6,552	\$ 6,552		\$ 6,552	0%	Ameritas
Life Insurance	\$ 1,224	\$ 1,224		\$ 1,224	0%	Dearborn
Unfunded Accrued Liability	\$ 149,621	\$ 138,339		\$ 149,621	0%	CalPERS - Annual Prepayment
Other Personnel Expenses	\$ 3,101	\$ 3,101		\$ 3,101	0%	Worker's Comp
<b>Personnel Service Subtotal</b>	<b>\$ 1,004,835</b>	<b>\$ 931,443</b>	<b>\$ -</b>	<b>\$ 1,004,835</b>		

REVENUES/EXPENSES	Proposed	Prior Year	Actuals	Balance	%	Notes
<b>Operating Expenses</b>						
Office space Lease	\$ 32,000	\$ 3,200		\$ 32,000	0%	Lease TBD
Professional & Contract Services	\$ 65,000	\$ 65,000		\$ 65,000	0%	Legal, Payroll/HR, Consulting, etc.
Telecommunications	\$ 30,000	\$ 30,000		\$ 30,000	0%	Progent, Microsoft, Internet, RingCentral, A2 (CLSA*) and Communications Allowance
Delivery	\$ 66,000	\$ 66,000		\$ 66,000	0%	Reliant (CLSA)
Audit Fees	\$ 12,270	\$ 12,270		\$ 12,270	0%	Fedak & Brown (CLSA)
Software Licenses	\$ 3,479	\$ 3,479		\$ 3,479	0%	Keeper, Intuit (paid biennially)
Office Supplies & Printing	\$ 8,500	\$ 8,500		\$ 8,500	0%	Office Supplies, Postage, Moving cost, etc.
E-Resources	\$ 137,180	\$ 137,180		\$ 137,180	0%	Gale, PressReader (CLSA)
Resource Sharing	\$ 35,000	\$ 35,000		\$ 35,000	0%	Digilabs (CLSA)
Memberships	\$ 14,500	\$ 14,500		\$ 14,500	0%	Califa, CLA, etc.
Travel & Conferences	\$ 15,000	\$ 10,000		\$ 15,000	0%	Travel for meetings, conference, and audit
Postage	\$ 800	\$ 800		\$ 800	0%	
Other	\$ 350	\$ 350		\$ 350	0%	Bank Analysis Fees
<b>Operating Expenses Subtotal</b>	<b>\$ 420,079</b>	<b>\$ 386,279</b>	<b>\$ -</b>	<b>\$ 420,079</b>		
<b>Grant Expenses</b>						
Grant Projected Expenses	\$ 3,364,024	\$ 3,187,565		\$ 3,364,024	0%	Passthrough Funds Projected FY22/23
<b>Grant Expenses Subtotal</b>	<b>\$ 3,364,024</b>	<b>\$ 3,187,565</b>	<b>\$ -</b>	<b>\$ 3,364,024</b>		
<b>TOTAL EXPENDITURES</b>	<b>\$ 4,788,938</b>	<b>\$ 4,505,287</b>	<b>\$ -</b>	<b>\$ -</b>		
<b>Surplus (Deficit)</b>	<b>\$ 9,623</b>	<b>\$ 258,584</b>	<b>\$ -</b>			

<b>SCLC ACCOUNT BALANCES</b>						
As of June 30, 2021	\$ 3,116,749		\$ 681,944			Pacific Western Bank as of December 31, 2021
As of June 30, 2021	\$ 1,924,159		\$ 1,826,902			Local Agency Investment Fund (LAIF)
As of October 31, 2021	\$ 100,000		\$ 99,652			California Employer's Pension Prefunding Trust (CEPPT)

<b>SCLC MEMBER DEPOSIT ACCOUNT</b>						
As of March 31, 2021	\$ 170,689		\$ 170,689			Pacific Western Bank as of December 31, 2021

<b>CARRY OVER CLSA FUNDS</b>						
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SCLC FY2022/23 Proposed Budget  
April 6, 2022

	<b>Estimated</b>		<b>Expended</b>		<b>Balance</b>	<b>Notes</b>
E-Reources	\$ 113,993	\$	113,993	\$	-	Press Reader
Resource Sharing	\$ 65,848	\$	-	\$	65,848	Digilabs
Delivery	\$ 17,718	\$	17,718	\$	-	Reliant
Telecommunication	\$ 16,724	\$	7,315	\$	9,409	
<b>Total Estimated Carry Over</b>	<b>\$ 214,283</b>	<b>\$</b>	<b>139,026</b>	<b>\$</b>	<b>75,257</b>	

\*Telecommunications defined by the CLSA Plan of Service as: Internet, web/tech support, phone/fax/VOIP/telecomm equipment maintenance, and web software



DATE: April 6, 2022  
TO: SCLC Audit & Finance Committee  
FROM: Gary Shaffer, Chair, Audit & Finance Committee  
SUBJECT: SCLC Staff Salary Schedule

**BACKGROUND:** At the September 6, 2021, meeting of the Audit & Finance Committee meeting, adjustments to the SCLC staff salary schedule were discussed. One possibility discussed involved alignment of the salary schedule with the consumer price index (CPI). No vote was taken but the discussion was resolved by informally deciding to bring the item forward at the next Administrative Council meeting in November. There was no action taken at the November 2021 Administrative Council Meeting.

The Audit & Finance Committee discussed staff salary schedules again at its February 2, 2022, meeting. At that meeting, the Committee approved bringing to the Administrative Council the concept of raising the staff salary schedule, 2.5% per position. However, the item did not appear on the Administrative Council agenda at the March meeting, as Audit & Finance Committee felt the future budget situation was in flux.


**DISCUSSION:** In order to prevent pay from falling out of line with comparable industry positions, it is a recognized best practice to develop a system for regular adjustments to salary schedules. The adjustment to a salary schedule does not indicate a raise for any individual staff member. Movement within the salary range remains at the discretion of the Executive Director for all positions they supervise and at the discretion of the Administrative Council for the Executive Director.

Recognizing that cost of living has increased but that fluctuations in the Consumer Price Index make an inflation-based adjustment to the salary schedule complex, the Audit & Finance Committee should revisit the most recent proposal of adjusting the salary schedule 2.5 percent per year for each of the next three years.

**FISCAL IMPACT:** Varies based on increases in salary; these will be budgeted in advance and awarded based on merit. The fiscal impact of this proposal will be a maximum of \$10,000 in FY22-23, \$10,300 in FY23-24, and \$10,500 in FY24-25, for a total fiscal impact of no more than \$30,500 over three years. The actual fiscal impact may be less should employees not meet performance standards for movement within their salary range.

RECOMMENDATION: Recommend to the Administrative Council to increase the SCLC staff salary range for each position by 2.5 percent for each of the next three fiscal years.

ATTACHMENT: SCLC FY22 salary schedule

SOUTHERN CALIFORNIA LIBRARY COOPERATIVE								DRAFT 4/6/2022		
FY21/22 Full Time Job Classification and Salary Schedule										
JOB CLASSIFICATIONS		STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	COLA	COLA	COLA	
1) Executive Director	Per Hour					\$ 88.34				
	Annual					\$ 183,750.00				
2) Deputy Executive Director	Per Hour	\$ 50.00	\$ 52.50	\$ 55.13	\$ 57.88	\$ 60.78	\$ 62.30	\$ 63.86	\$ 65.46	
	Annual	\$ 104,000.00	\$ 109,200.00	\$ 114,670.40	\$ 120,390.40	\$ 126,422.40	\$ 129,584.00	\$ 132,828.80	\$ 136,156.80	
3) Controller	Per Hour	\$ 50.00	\$ 52.50	\$ 55.13	\$ 57.88	\$ 60.78	\$ 62.30	\$ 63.86	\$ 65.46	
	Annual	\$ 104,000.00	\$ 109,200.00	\$ 114,670.40	\$ 120,390.40	\$ 126,422.40	\$ 129,584.00	\$ 132,828.80	\$ 136,156.80	
4) Project Manager	Per Hour	\$ 40.49	\$ 42.52	\$ 44.64	\$ 46.88	\$ 49.22	\$ 50.45	\$ 51.71	\$ 53.00	
	Annual	\$ 84,223.36	\$ 88,434.53	\$ 92,856.25	\$ 97,509.60	\$ 102,373.49	\$ 104,936.00	\$ 107,556.80	\$ 110,240.00	
6) Administrative Assistant	Per Hour	\$ 33.18	\$ 34.84	\$ 36.58	\$ 38.41	\$ 40.33	\$ 41.34	\$ 42.37	\$ 43.43	
	Annual	\$ 69,014.40	\$ 72,467.20	\$ 76,086.40	\$ 79,892.80	\$ 83,886.40	\$ 85,987.20	\$ 88,129.60	\$ 90,334.40	
*COLA or CPI increase (if approved):										
* Executive Director is authorized to award an employee up to a 2 step increase in any given year. Merit increases beyond two steps in a given year must be approved by the Executive Committee and Administrative Council.										
* Each salary amount upgraded annually with council approved cost of living percentage.										



DATE: April 6, 2022  
TO: SCLC Audit & Finance Committee  
FROM: Gary Shaffer, Chair, Audit & Finance Committee  
SUBJECT: Staff Bonuses

**BACKGROUND:** In February of 2022, SCLC's Executive Director retired suddenly, requiring a reassignment of her duties among the four remaining staff members. These tasks included contract system management and oversight, meeting facilitation, grant and project management, and day-to-day operational support.

**DISCUSSION:** In recognition of the exemplary performance of SCLC staff in performing these additional tasks, it was proposed at the March 15, 2022, Administrative Council meeting that the Audit & Finance Committee consider making a staff bonus recommendation in consideration of staff's service in this challenging transitional period. To make such a recommendation, Audit & Finance Committee understands the necessity to consider SCLC's overall financial position and the singular nature of this action.

To ensure any action taken would create the least disruption to the organization, both financially or administratively, and to remain equitable, it would be advisable to consider options that offer a set total bonus amount.

**FISCAL IMPACT:** Unknown. Based upon the actions of the Administrative Council.

**RECOMMENDATION:** Recommend to the Administrative Council a one-time bonus for all SCLC staff to account for the additional workload during the period following the retirement of the immediate past Executive Director and the appointment of the current Interim Executive Director, not to exceed \$5,000 total.



SCLC Audit and Finance Committee Meeting Dates  
*Approved August 11, 2021*

2021/22

Thursday, July 1, 2021  
10:00-11:00am

Wednesday, September 29, 2021  
3:30-4:30pm

Wednesday, February 2, 2022  
~~3:30-4:30pm~~  
3:00-4:00pm

Wednesday, April 6, 2022  
3:30-4:30pm

Meetings will be held by conference call.  
Locations will be determined if needed.