

LIBRARIES FACILITIES FINANCING AUTHORITY (LFFA)

On Thursday February 8, 2024 at 9:00 AM

All LFFA Board Meetings are held in-person and open to the public. Members of the public may also view and participate in the meetings via the alternative methods provided below as a courtesy. Please note that if the Zoom or YouTube connection malfunctions for any reason, and no Board Members are attending via teleconference, the meeting will continue in-person without remote access.

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The meetings will be recorded and posted for viewing after the meetings on the Santa Cruz Public Libraries website

Public comment: There are three ways to comment during this meeting. All comments must be received prior to the close of public comment on that agenda item:

1. How to comment on agenda items via email before the meeting begins:

Members of the public may provide public comment by sending an email to the Library Board Clerk at clerk@santacruzpl.org

- Identify the agenda item number in the subject line of the email
- Emailed comments should be a maximum of 500 words, which corresponds to approximately 3 minutes of speaking time.

- All correspondences received prior to 12:00 p.m. on the Wednesday preceding a LJPA Meeting will be distributed to Board members to review prior to the meeting. Information submitted after 12 p.m. on that Wednesday may not have time to reach Board members, nor be read by them prior to consideration of an item.

2. How to comment on agenda items during the meeting and prior to the close of public comment on an item, using the Zoom Q&A feature:

- Type your comment using the “Q&A” feature found on the Zoom control bar
- Identify the agenda item first, then type your comment
- Your comment will be read aloud

3. How to comment aloud on agenda items, during the meeting and prior to the close of public comment on an item, via the Zoom “raise hand” feature:

If you are accessing the meeting using the Zoom app and using computer audio:

- During the comment period for that agenda item, use the “raise hand” icon found on the Zoom control bar
- The moderator will announce your name or the last 3 digits of your phone number when it is your turn to speak
- Unmute yourself using the microphone icon
- Identify the agenda item
- Introduce yourself using your first and last name
- You will have three minutes of speaking time

If you are accessing the meeting using telephone audio:

- During the comment period for that agenda item, press *9 to raise your hand
- The moderator will announce the last 3 digits of your phone number when it is your turn to speak
- Unmute yourself using *6 – to toggle the mute/unmute feature
- Identify the agenda item
- Introduce yourself using your first and last name
- You will have three minutes of speaking time

Chair Carlos Palacios
Vice Chair Jamie Goldstein
Board Member Mali LaGoe
Board Member Matt Huffaker



SANTA CRUZ LIBRARIES FACILITIES FINANCING AUTHORITY (LFFA) REGULAR BOARD MEETING AGENDA

THURSDAY FEBRUARY 8, 2024

9:00 A.M.

In-Person Location:
Scotts Valley Branch Library
251 Kings Village Road, Scotts Valley, CA 95066

PLEASE NOTE:

The Santa Cruz City-County Library System does not discriminate against persons with disabilities. Out of consideration for people with chemical sensitivities, we ask that you attend fragrance free. Upon request, the agenda can be provided in a format to accommodate special needs. Additionally, if you wish to attend this public meeting and will require assistance such as an interpreter for American Sign Language, Spanish, or other special equipment please call the Library Administration Office at (831) 427-7706 at least five days in advance so that we can arrange for such special assistance, or email library_admin@santacruzpl.org.

Agenda and Agenda Packet Materials: The LFFA agendas and the complete agenda packet containing public records, which are not exempt from disclosure pursuant to the California Public Records Act, are available for review on the website: www.santacruzpl.org and at Library Headquarters, located at 117 Union Street, Santa Cruz, California, during normal business hours.

Agenda Materials Submitted after Publication of the Agenda Packet: Pursuant to Government Code §54957.5, public records related to an open session agenda item submitted after distribution of the agenda packet are available at the time they are distributed or made available to the legislative body on the website at: www.santacruzpl.org and are also available for public inspection at Library Headquarters, 117 Union Street Santa Cruz, California, during normal business hours, and at the LFFA meeting.

Need more information? Contact clerk's office at 831-427-7700 ext. 7618.

1. CALL TO ORDER / ROLL CALL

Board Members Matt Huffaker, Mali LaGoe, Jamie Goldstein and Carlos Palacios

2. ADDITIONAL MATERIALS

Additional information submitted after distribution of the agenda packet.

3. ADDITIONS AND DELETIONS TO AGENDA

4. PUBLIC COMMENT

Any member of the community may address the Board during this Public Comment period on any matter included on today's agenda or on any topic not on today's agenda but within the subject matter jurisdiction of the Board. Please note, however, that for non-agendized items, the Board is not able to undertake extended discussion or take any action today without notice. Such items may be referred to staff for appropriate action, such as individual follow-up or placement on a future agenda. If you intend to address a subject or item that is on the Agenda, please hold your comments until that item is before the Board so that we may properly address all comments on that subject at the same time. In general, 3 minutes will be permitted per speaker during Public Comment; A MAXIMUM of 30 MINUTES is set aside for Public Comment at this time.

5. LIBRARY DIRECTOR REPORT

Library Director's Report for February 2024 (p.6-7)

6. CONSENT CALENDAR

A. Consider the November 9, 2023, LFFA Board Meeting Minutes

Staff Recommendation: Approve Board Meeting Minutes for November 9, 2023 (p.8-9)

B. Special Tax Bond Quarterly Financial Reports as of December 31, 2023

Staff Recommendation: Accept and file the attached financial statements of the Community Facilities District No. 2016-1 as of December 31, 2023. (P.10-12)

C. LFFA Basic Financial Statements and Independent Auditor's Report

Staff Recommendation: Accept and file the Basic Financial Statements and Independent Auditor's Report for the fiscal year ended June 30, 2023, and related correspondence. (p.13-44)

All items listed in the "Consent Calendar" will be enacted by one motion in the form listed below. There will be no separate discussion on these items prior to the time the Board votes on the action unless members of the public or the Board request specific items to be discussed for separate review. Items pulled for separate discussion will be considered following General Business.

7. GENERAL BUSINESS

A. Annual Election of Board Chair and Board Vice Chair

Staff Recommendation: Elect the Calendar year 2024 Board Chair and Vice-Chair as the City of Capitola and the City of Santa Cruz respectively. (p.45)

Other Business items are intended to provide an opportunity for public discussion of each item listed. The following procedure is followed for each Business item: 1) Staff explanation; 2) Board questions; 3) Public comment; 4) Board deliberation; 5) Decision.

8. PROJECT UPDATES AND COMMENTS BY BOARD MEMBERS

9. SCHEDULED UPCOMING MEETINGS

May 2, 2024	Aptos Branch Library	Anticipated Upcoming Agenda Items
9:00 am	7695 Soquel Drive Aptos, CA 95003	<ul style="list-style-type: none">Quarterly Reports

10. ADJOURNMENT

Adjourned to a Regular Meeting of the Libraries Facilities Financing Authority (LFFA) to be held on Thursday May 2, 2024 at 9:00 a.m. at the Aptos Branch Library, 7695 Soquel Drive, Aptos, CA, 95003.

The Santa Cruz City-County Library System does not discriminate against persons with disabilities. Out of consideration for people with chemical sensitivities, we ask that you attend fragrance free. Upon request, the agenda can be provided in a format to accommodate special needs. Additionally, if you wish to attend this public meeting and will require assistance such as an interpreter for American Sign Language, Spanish, or other special equipment please call the Library Administration Office at (831)427-7706 at least five days in advance so that we can arrange for such special assistance, or email library_admin@santacruzpl.org

February 8, 2024



Library Director's Report to the LFFA

APTOS: Grand Reopening on February 4th 2024!

The 8,000 sf building, built in 1975, suspended services in June 2021. Demolition took place on May 18, 2022 with a formal groundbreaking on June 11, 2022. The new 12,000 sf library features flexible community, meeting and study rooms; garden and terrace areas; a local history section and display space for the Aptos History Museum; children, teen and adult reading areas; it also maximizes its energy efficiency. Project Team: Design-Build by Anderson Brule Architects and Bogard Construction; Project Management and Administration by Santa Cruz County Department of Public Works Capital Projects Division.

BOULDER CREEK: Construction Complete (A new project is being planned)

Complete Interior remodel of the existing 4,500 sf library includes new infrastructure (HVAC, plumbing, entry, electrical, and lighting); upgrades throughout to comply with accessibility standards and increased exterior lighting of the parking lot; complete redo of the children's area; renovation of the main room and meeting room. Project Team: Design by Jayson Architecture; Construction by CRW builders; Construction Management by Bogard Construction, Project Management and Administration by Santa Cruz County Department of Public Works Capital Projects Division. Currently, the Library is researching costs for a natural gas generator. The intent with the generator is to have the Library serve as a community resource center. The Library reopened May 7, 2022.

BRANCIFORTE: Construction Complete

The renovation builds on the character of this iconic mid-century building (1967), refreshing the 6,800 SF interior for improved flexibility, function, and accessibility with areas for adult reading, children, and teens; electrical and telecommunication upgrades; the project also includes the development of a new community room and a children's outdoor patio. Design by Jayson Architecture; JPB Designs builder; construction management by Bogard. The library reopened on May 13, 2023.

CAPITOLA: Construction Complete

The previous temporary facility has been replaced with a stunning new 11,700 sf library. The new branch opened to the public in June and is already quite busy. A hub for community activity, the new library features a large meeting room, expanded children's wing, study and reading rooms, outdoor deck, fireplace and teen space. An energy efficient design makes this one of the greenest buildings in the Library system. The new library opened June 12, 2021.

DOWNTOWN SANTA CRUZ: The library at 224 Church Street remains open.

City of Santa Cruz is preparing for the final bond issuance for the new Downtown Library and Affordable Housing Project (DLAHP). The project team continues to work on Construction Documents that will lead to a building permit application in April/May of 2024. The DLAHP located at Cedar and Lincoln Street (Parking Lot 4) incorporates a new 41,000+ square foot facility with a large community room and outdoor rooftop deck, an upgraded children's programming room, teen room, and special collections room for genealogy and local history. The affordable housing component features 124 units of low-income housing with greenspaces, 243 parking spaces, and 258 bike parking spaces. Griffin Structures serves as the Owner's Representative; Eden Housing and For the Future Housing are the affordable housing developer team; Jayson Architecture is the master architect for the Library components. Construction is set to begin the end of 2024, with completion in late 2027. For project information visit: www.cityofsantacruz.com/downtownlibraryaffordablehousing

FELTON: Construction Complete

The Felton Library branch operated for nearly 60 years in a historic church building; a charming, but not a modern library. The first Measure S project to be completed, the new 9,000 sf branch located on 2 acres of land connects to the Felton Discovery County Park. This stunning space includes comfortable reading areas, free computers/WiFi, teen and children's areas, community room and adjacent discovery park. Teall Messer architect, Noll and Tam interior, Thompson Builders contractor. The Library opened in February 22, 2020.

GARFIELD PARK: Construction Complete

The renovation brought new life to the historic 2,300 sf Carnegie library building (1915) with refreshed and cohesive design. Features include central seating area around the fireplace, children's area, a more open plan, better use of windows for natural light, meeting room and refreshed outdoor space. Design by Jayson Architecture; CRW builders, construction management by Bogard. The Library reopened on June 11, 2022. The Library was closed January 23 and 24, 2023 to make minor repairs to the floor. The new interior Branch sign was installed in September 2023.

LA SELVA BEACH: Construction Complete (A new project is being planned)

The project included replacement of dilapidated interior finishes plus new lighting, electrical, and mechanical systems. Sliding glass wall between the adult and children's areas improves acoustics, lighting and flexibility. Lounge seating areas are provided for both children and adults for reading, tutoring and community programs; and an expanded deck increases usable outdoor space. Jayson Architecture design, C2Builders construction. Renovation completed March 20, 2021.

LIVE OAK: Construction Complete

The Live Oak Library renovation revitalized the children's area, transforming it into an ocean themed learning space. New acoustic wood ceiling and wall treatments, carpeting and redesigned seating completed the functional yet playful setting. A custom designed wall separates the children's collections from an "under-the-sea" inspired reading lounge and homework room. Design by Jayson Architecture. Live Oak Library branch reopened October 1, 2022.

LIVE OAK ANNEX: Construction began April 2022

The new Library Annex is attached to the Simpkins Swim Center. It provides a Library programming room and individual study rooms for patrons. Design by Noll and Tam; CRW builders, construction management by Bogard. The Santa Cruz Board of Supervisors selected team Sobrante dba ARTful Catalyst LLC on January 10, 2023, to provide the public art for the Live Oak Library Annex project. Construction delays continue. There is no anticipated date for opening at this time. Punch walk is scheduled for December 14th.

SCOTTS VALLEY: Construction Complete

This 13,150-sf library was opened in 2011 with design by Group 4, transforming a previous roller rink with contemporary library features such as flexible space, dedicated areas for children, teens and adults, community room and courtyard. A new roof, HVAC system, and parking lot repairs page 7 were completed in early 2021; seismic and operational upgrades were made. The Grand Reopening of the Scotts Valley Library branch took place August 6, 2022. Additional work to provide a brighter lighting solution and relocate the thermostat to the community room occurred in early October.

Chair Carlos Palacios
Vice Chair Jamie Goldstein
Board Member Mali LaGoe
Board Member Matt Huffaker



**SANTA CRUZ PUBLIC LIBRARIES
A CITY-COUNTY SYSTEM**

**SANTA CRUZ LIBRARIES FACILITIES FINANCING AUTHORITY
(LFFA)**

**REGULAR MEETING MINUTES
THURSDAY NOVEMBER 9, 2023**

9:00 A.M.

1. ROLL CALL

PRESENT: Carlos Palacios, Mali LaGoe, Jamie Goldstein, Matt Huffaker
STAFF: Eric Howard, Interim Library Director; Edith Driscoll, Treasurer

2. ADDITIONAL MATERIALS

None

3. ADDITIONS AND DELETIONS TO AGENDA

The Agenda of November 9, 2023 was approved by consensus.

4. ORAL COMMUNICATIONS

Tony Campbell, Friends of the Library, spoke about the Capitola Chapter's fundraising successes.

5. LIBRARY DIRECTOR REPORT

A. Library Director's Report – November 2023

Interim Library Director Eric Howard presented his report on the recent activities of the libraries and the status of facilities.

6. CONSENT CALENDAR

RESULT: APPROVED CONSENT CALENDAR

- A. Approved Minutes of August 3, 2023.**
 - B. Accepted and filed the attached financial statements of the Community Facilities District No. 2016-1 as of September 30, 2023.**
 - C. Accepted the Annual CFD Reports for the FY ended June 30, 2023.**
 - D. Adopted Annual Meeting Schedule for 2024.**
- [UNANIMOUS]**

MOVER: Mali LaGoe
SECONDER: Matt Huffaker
AYES: Palacios, LaGoe, Goldstein, Huffaker

7. GENERAL BUSINESS

None

8. PROJECT UPDATES BY BOARD MEMBERS

Director Goldstein and Director Huffaker complimented the Capitola Friends Chapter on their impressive volunteer work.

9. SCHEDULED UPCOMING MEETINGS

10. ADJOURNMENT

The Libraries Facilities Financing Authority (LFFA) adjourned at 9:10 a.m. to the Regular Meeting on Thursday February 8, 2024 at 9:00 a.m. at the Aptos Branch Library, 7695 Soquel Drive, Aptos, CA 95003.

ATTEST: _____
Helga Smith, Clerk of the Board

All documents referred to in these minutes are available in the Santa Cruz Public Libraries –Library Headquarters Office, 117 Union Street, Santa Cruz.

Chair Carlos Palacios
Vice Chair Jamie Goldstein
Board Member Mali LaGoe
Board Member Matt Huffaker



STAFF REPORT

AGENDA: February 8, 2024
TO: Libraries Facilities Financing Authority Board
FROM: LFFA Treasurer-Controller
RE: Special Tax Bond Quarterly Financial Reports as of December 31, 2023

RECOMMENDATION

Accept and file the attached financial statements of the Community Facilities District No. 2016-1 as of December 31, 2023.

DISCUSSION

The attached statements provide your Board with a summary of the activity and balances for funds held in trust at Bank of New York as well as an accounting of bond and special tax distributions as of December 31, 2023.

The first attachment, Improvement Fund Activity and Balances of Member Accounts Held in Trust at Bank of New York as of December 31, 2023, provides your Board with an accounting of the funds received into member trust accounts and distributed to members from both the 2017 and the 2020 bond issuances. As of December 31, 2023, the total balance in trust accounts with Bank of New York for these funds is \$1,781,032.80.

The 2017 Special Tax Bond was sold in June 2017. As of December 31, 2023, all 2017 bond funds have been drawn down to reimburse eligible expenditures. The remaining \$0.89 is interest income.

The second attachment, Member Distribution Summary as of December 31, 2023, provides your Board with an accounting of the \$40,962,660 total bond proceeds received from the two bond issuances as well as a reporting of the \$19,788,783 special tax that has been allocated to each member. Because the City of Capitola and the County of Santa Cruz have received their full distribution amounts the special tax remaining after debt payments are made will be distributed only to the City of Santa Cruz and the City of Scotts Valley until they also reach their maximum distribution amount through either bond proceeds or special tax payments.

Attachment #1 – Improvement Fund Activity and Balances of Member Accounts Held in Trust of Bank of New York

Attachment #2 – Member Distribution Summary

SANTA CRUZ LIBRARIES FACILITIES FINANCING AUTHORITY

Community Facilities District No. 2016-1

2017 & 2020 Special Tax Bonds

Improvement Fund Activity and Balances of Member Accounts Held in Trust at Bank of New York

As of December 31, 2023

Summary of activity and account balances of bond funds held in trust at Bank of New York

Description	Santa Cruz Cnty	Santa Cruz City	Capitola	Scotts Valley	Total
2017 Bonds					
Proceeds	\$ 13,100,000.00	\$ 500,000.00	\$ 7,526,447.00	\$ 500,000.00	\$ 21,626,447.00
Excess Cost of Issuance	11,756.08	448.70	6,754.33	448.70	19,407.81
Interest	465,064.78	22,723.24	263,490.15	23,524.55	774,802.72
Available funds	13,576,820.86	523,171.94	7,796,691.48	523,973.25	22,420,657.53
Drawdowns	(13,576,820.86)	(523,171.60)	(7,796,691.48)	(523,972.70)	(22,420,656.64)
Current balance 2017 Bonds	-	0.34	-	0.55	0.89
2020 Bonds					
Proceeds	15,386,032.00	-	1,824,947.00	2,094,000.00	19,304,979.00
Excess Cost of Issuance	-	-	-	11,825.62	11,825.62
Interest	288,929.08	-	661.79	3,983.95	293,574.82
Available funds	15,674,961.08	-	1,825,608.79	2,109,809.57	19,610,379.44
Drawdowns	(13,893,930.70)	-	(1,825,608.79)	(2,109,808.04)	(17,829,347.53)
Current balance 2020 Bonds	1,781,030.38	-	-	1.53	1,781,031.91
December 31, 2023 Balance at BNY:	\$ 1,781,030.38	\$ 0.34	\$ -	\$ 2.08	\$ 1,781,032.80

Santa Cruz Libraries Facilities Financing Authority
Community Facilities District No. 2016-1
Maximum Distribution Amounts & Member Distribution History
As of December 31, 2023

Modified authorized distribution amounts and member balances.

Object Code	Member	Original Distribution Percentage	Authorized Distribution Amount	Bond Proceeds	Special Tax Distribution	Total Distributions	Balance to Distribute	Modified Distribution Percentage
75236	City of Capitola	12.90%	\$ 10,000,000	\$ 9,358,148	\$ 641,852	\$ 10,000,000	\$ -	0.00%
75237	City of Santa Cruz	40.32%	31,250,000	500,449	14,226,176	14,726,625	16,523,375	98.66%
75238	City of Scotts Valley	4.84%	3,750,000	2,606,275	918,543	3,524,818	225,182	1.34%
75239	County of Santa Cruz	41.94%	32,500,000	28,497,788	4,002,212	32,500,000	-	0.00%
	Total	100.00%	\$ 77,500,000	\$ 40,962,660	\$ 19,788,783	\$ 60,751,443	\$ 16,748,557	

Chair Carlos Palacios
Vice Chair Jamie Goldstein
Board Member Mali LaGoe
Board Member Matt Huffaker



AGENDA: February 8, 2024
TO: Board of Directors
FROM: Edith Driscoll, LFFA Treasurer-Controller
SUBJECT: LFFA Basic Financial Statements and Independent Auditor's Report

RECOMMENDATION

Accept and file the Basic Financial Statements and Independent Auditor's Report for the fiscal year ended June 30, 2023, and related correspondence.

DISCUSSION

Pursuant to Section 4(d)(i) of the Amended and Restated Joint Exercise of Powers Agreement, the LFFA Treasurer-Controller is required to "prepare or cause to be prepared an independent audit to be made by a certified public accountant, or a public accountant, as required under Sections 6505, 6505.5 and 6505.6 of the Joint Powers Act." On May 4, 2023, the Board approved an amendment to the Contract with the CPA Firm of Brown Armstrong to conduct audits for fiscal years 2022-23 and 2023-24.

The 2022-23 audit was conducted 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. The audit opinion is provided on page 2 of the Independent Auditor's Report. An Unqualified Opinion, often referred to as a "clean opinion" was issued reflecting that the report was presented fairly, in all material respects and is free of any misrepresentations.

**SANTA CRUZ LIBRARIES
FACILITIES FINANCING AUTHORITY**

**BASIC FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

FOR THE YEAR ENDED JUNE 30, 2023

**SANTA CRUZ LIBRARIES FACILITIES FINANCING AUTHORITY
JUNE 30, 2023**

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Santa Cruz Libraries Facilities Financing Authority
Santa Cruz, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and general fund of the Santa Cruz Libraries Facilities Financing Authority (the Authority) as of and for the year ended June 30, 2023, and the related notes to the basic financial statements, which collectively comprise the 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 and general fund of the Authority, as of June 30, 2023, and the respective changes in financial position 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 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 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.

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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America 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 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 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information 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.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2023, on our consideration of the 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 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 the Authority's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Bakersfield, California
December 7, 2023

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**SANTA CRUZ LIBRARIES FACILITIES FINANCING AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2023**

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and investments	\$ 1,828,638
Cash with fiscal agent	<u>1,732,462</u>
Total Current Assets	<u>3,561,100</u>
LIABILITIES	
Current Liabilities	
Accounts payable	189,097
Interest payable	407,260
Bonds payable, due within one year	<u>1,080,570</u>
Total Current Liabilities	<u>1,676,927</u>
Long-Term Liabilities:	
Bonds payable, due in more than one year	<u>37,643,599</u>
Total Liabilities	<u>39,320,526</u>
NET POSITION	
Restricted:	
Other governments	1,732,462
Unrestricted	<u>(37,491,888)</u>
Total Net Position	<u>\$ (35,759,426)</u>

See accompanying notes to the basic financial statements.

**SANTA CRUZ LIBRARIES FACILITIES FINANCING AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	<u>Program Revenues</u> Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities:			
General government	\$ 11,985,265	\$ -	\$ (11,985,265)
Total governmental activities	<u>\$ 11,985,265</u>	<u>\$ -</u>	<u>(11,985,265)</u>
General Revenues:			
			4,431,028
			<u>249,008</u>
		Total general revenues	<u>4,680,036</u>
		Change in net position	(7,305,229)
Net position:			
			<u>(28,454,197)</u>
			<u>\$ (35,759,426)</u>

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

**SANTA CRUZ LIBRARIES FACILITIES FINANCING AUTHORITY
BALANCE SHEET
JUNE 30, 2023**

	General Fund
ASSETS	
Cash and investments	\$ 1,828,638
Cash with fiscal agent	1,732,462
Total Assets	\$ 3,561,100
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 189,097
Total Liabilities	189,097
Fund Balance:	
Restricted	1,732,462
Committed	1,639,541
Total Fund Balance	3,372,003
Total Liabilities and Fund Balance	\$ 3,561,100

See accompanying notes to the basic financial statements.

**SANTA CRUZ LIBRARIES FACILITIES FINANCING AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2023**

Fund Balance - Total Governmental Fund (Page 6) \$ 3,372,003

Amounts reported for governmental activities in the statement of net position are different because:

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental fund. Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the governmental fund. All liabilities are reported in the statement of net position.

Balances as of the end of the year are:

Bonds payable	(38,724,169)
Interest payable	<u>(407,260)</u>

Net Position of Governmental Activities (Page 4) \$ (35,759,426)

**SANTA CRUZ LIBRARIES FACILITIES FINANCING AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>General Fund</u>
REVENUES:	
Tax assessments	\$ 4,431,028
Interest income	249,008
	<u>4,680,036</u>
Total Revenues	
EXPENDITURES:	
Contributions to other agencies	10,784,167
Principal on long-term debt	945,000
Interest on long-term debt	1,245,407
General and administrative	58,180
	<u>13,032,754</u>
Total Expenditures	
NET CHANGE IN FUND BALANCE	<u>(8,352,718)</u>
FUND BALANCE:	
Beginning of year	<u>11,724,721</u>
End of year	<u>\$ 3,372,003</u>

See accompanying notes to the basic financial statements.

**SANTA CRUZ LIBRARIES FACILITIES FINANCING AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Net Change in Fund Balance - Total Governmental Fund (Page 8)	\$ (8,352,718)
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Repayment of debt principal was an expenditure in the governmental fund, but the repayment reduced long-term liabilities in the government-wide statement of net position:

Special Tax Bonds	945,000
Amortization of bond premium	85,570
Change in accrued interest payable	<u>16,919</u>

Change in Net Position of Governmental Activities (Page 5)	<u><u>\$ (7,305,229)</u></u>
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See accompanying notes to the basic financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

**SANTA CRUZ LIBRARIES FACILITIES FINANCING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Santa Cruz Libraries Facilities Financing Authority (the Authority) was organized on December 9, 2014, under a Joint Exercise of Powers Agreement and was amended and restated on February 28, 2017, as a result of a joint community facilities agreement. The members of the Authority include the County of Santa Cruz (the County), the City of Santa Cruz, the City of Scotts Valley, and the City of Capitola (collectively, the Members). The Authority was created under the Mello-Roos Community Facilities Act of 1982, in conformity with California Government Code Section 53311 et seq. for the purpose of financing the acquisition, construction, and/or improvement of public library facilities. Certain authorized facilities will be owned or operated by one or more of the Members, or owned by another local agency but controlled, in whole or in part, by a Member.

B. Basis of Presentation

The Authority's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States.

Government-Wide Financial Statements

The Authority's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities.

The Government-Wide Financial Statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all of the Authority's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Transactions reported as program revenues for the Authority are operating grants and contributions.

Governmental Fund Financial Statements

The Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balance for the major governmental fund. Accompanying schedules are presented to reconcile and explain the differences in fund balance as presented in these statements to the net position presented in the Government-Wide Financial Statements. Governmental funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balance presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Governmental Fund Financial Statements (Continued)

Revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the Authority, are Measure S parcel tax and interest income. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The Reconciliations of the Governmental Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences created by the integrated approach of GASB Statement No. 34.

Major Fund

The Authority reported the following major governmental fund in the accompanying financial statements:

- The General Fund - The General Fund is used for all general revenues of the Authority not specifically levied or collected for other Authority funds and the related expenditures. This is the only fund of the Authority.

C. Cash and Investments

The Authority's cash is pooled with the County's cash and investments to maximize the yield. The County pools its available cash for investment purposes.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures – An Amendment of GASB Statement No. 3*, certain disclosure requirements, if applicable, for Deposits and Investment Risks are specified in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentrations of Credit Risk
- Foreign Currency Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end, and other disclosures.

D. Restricted Cash and Investments

Certain restricted cash and investments are held by fiscal agents for the redemption of bonded debt.

E. Long-Term Liabilities

Long-term debt and other financed obligations are reported as liabilities in the Government-Wide Financial Statements. Bond premiums are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable premium or discount. Issuance costs are expensed as incurred.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Use of Restricted and Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net positions are available, the Authority's policy is to apply restricted net position first.

G. Net Position

Government-Wide Financial Statements

In the Government-Wide Financial Statements, net position is classified in the following categories:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets. For the year ended June 30, 2023, the Authority did not have any assets invested in capital assets.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributions, or laws or regulations of other governments. For the year ended June 30, 2023, the Authority had restricted net position of \$1,732,462.

Unrestricted Net Position – This amount is all net position that is not restricted or invested in capital assets. For the year ended June 30, 2023, the Authority had an unrestricted net position of negative \$37,491,888.

H. Fund Balance

Fund Financial Statements

The Authority has adopted the provisions of GASB Statement No. 54, *Fund Balance and Governmental Fund Type Definitions*. GASB Statement No. 54 establishes Fund Balance classifications based largely upon the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Governmental Fund financial statements conform to this new classification. Fund balance consists of Nonspendable, Restricted, Committed, Assigned, and Unassigned amounts as described below:

Nonspendable fund balance – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact. The Authority did not have any nonspendable fund balance as of June 30, 2023.

Restricted fund balance – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. The Authority had a restricted fund balance of \$1,732,462 as of June 30, 2023.

Committed fund balance – amounts that can only be used for specific purposes determined by formal action of the Authority's highest level of decision-making authority (the Board of Directors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period. The Authority had committed fund balance of \$1,639,541 as of June 30, 2023.

Assigned fund balance – amounts that are constrained by the Authority's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making authority, or by a body or an official designated for that purpose. The Authority did not have any assigned fund balance as of June 30, 2023.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fund Balance (Continued)

Unassigned fund balance – the residual classification for the Authority’s General Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes. The Authority did not have unassigned fund balance as of June 30, 2023.

The Board of Directors establishes, modifies, or rescinds fund balance commitments and assignments by passage of an ordinance or resolution.

The Authority considers restricted fund balance to be spent first when both restricted and unrestricted resources are available for use. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the Authority considers Committed amounts to be reduced first, followed by Assigned amounts, and then Unassigned amounts.

I. Use of Estimates

The preparation of the 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.

J. Effect of New Governmental Accounting Standards Board Pronouncements

During the year ended June 30, 2023, the Authority implemented the following standards:

GASB Statement No. 91 – *Conduit Debt Obligations*. The requirements of this statement are effective for reporting periods beginning after December 15, 2021. There was no impact on the basic financial statements due to the implementation of this statement.

GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The requirements of this statement are effective for reporting periods beginning after June 15, 2022. There was no impact on the basic financial statements due to the implementation of this statement.

GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements*. The requirements of this statement are effective for reporting periods beginning after June 15, 2022. There was no impact on the basic financial statements due to the implementation of this statement.

GASB Statement No. 99 – *Omnibus 2022*. The requirements of this statement are effective as follows:

- The requirements related to extension of the use of the London Interbank Offered Rate (LIBOR), accounting for Supplemental Nutrition Assistance Program (SNAP) distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in GASB Statement No. 34, as amended, and terminology updates related to GASB Statement No. 53 and GASB Statement No. 63 are effective upon issuance.
- The requirements related to leases, public-private and public-public partnerships (PPPs), and subscription-based information technology arrangements (SBITAs) are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of GASB Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

There was no impact on the basic financial statements due to the implementation of this statement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Future Governmental Accounting Standards Board Pronouncements

Recently released standards by GASB affecting future years are as follows:

GASB Statement No. 100 – *Accounting Changes and Error Corrections—an Amendment of GASB Statement No. 62*. For fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. The Authority has not fully judged the effect of the implementation of GASB Statement No. 100 as of the date of the basic financial statements.

GASB Statement No. 101 – *Compensated Absences*. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. The Authority has not fully judged the effect of the implementation of GASB Statement No. 101 as of the date of the basic financial statements.

NOTE 2 – CASH AND INVESTMENTS

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

	<u>Restricted</u>	<u>Unrestricted</u>	<u>Total</u>
Pooled cash and investments held by the County of Santa Cruz	\$ -	\$ 1,828,638	\$ 1,828,638
Cash with fiscal agent	<u>1,732,462</u>	<u>-</u>	<u>1,732,462</u>
Total	<u>\$ 1,732,462</u>	<u>\$ 1,828,638</u>	<u>\$ 3,561,100</u>

A. Cash Held with the County Treasurer

The Authority pools cash from all sources and all funds with the County Treasurer so that it can be invested at the maximum yield, consistent with safety and liquidity. The County Treasury Oversight Committee oversees the Treasurer's investments and policies.

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

The market value of pledged securities must equal at least 110% of the County's cash deposits. California law also allows institutions to secure County deposits by pledging first trust deed mortgage notes having a value of 150% of the County's total cash deposits. The County may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The County, however, has not waived the collateralization requirements.

NOTE 2 – CASH AND INVESTMENTS (Continued)**B. Investments**

The table below identifies the investment types that are authorized for the County by the California Government Code or the County's Investment Policy, where more restrictive. The table also identifies certain provisions of the County's Investment Policy that address interest rate risk, credit risk, and concentration risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local agency bonds	5 years	10%	None
U.S. Treasury obligations	5 years	100%	None
U.S. Governmental Agency obligations	5 years	100%	25%
Bankers' acceptances	180 days	40%	10%
Commercial paper	270 days	25%	10%
Negotiable certificates of deposit	5 years	30%	10%
Bank deposits	5 years	10%	10%
Repurchase agreements	1 year	100%	10%
Medium-term notes	5 years	30%	10%
Mutual funds/money market mutual funds	N/A	20%	10%
Local Agency Investment Fund (LAIF)	N/A	\$75 million	None
Joint Powers Authority investment funds	N/A	25%	None
Supranationals	5 years	30%	None

C. Interest Rate Risk

The County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five years or less in accordance with its investment policy.

D. Concentration of Credit Risk

At June 30, 2023, in accordance with State law and the County's Investment Policy, the County did not have 5% or more of its net investment in commercial paper, corporate bonds, or medium-term notes of a single organization, nor did it have 10% or more of its net investment in any one money market mutual fund. Investments in obligations of the U.S. government, U.S. government agencies, or government sponsored enterprises are exempt from these limitations.

E. Custodial Credit Risk

For investments and deposits held with fiscal agents, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or deposits that are in the possession of an outside party. At year-end, the County's investment pool and cash with fiscal agents had no securities exposed to custodial credit risk.

F. LAIF

The County is a participant in the LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The County's investments with LAIF at June 30, 2023, included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities:

- Structured Notes: debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or have embedded forwards or options.

NOTE 2 – CASH AND INVESTMENTS (Continued)

F. LAIF (Continued)

- Asset-Backed Securities: generally, mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2023, as included within the County’s basic financial statements, the County invested \$10,348 in LAIF. LAIF provided a fair value factor of 0.984828499 to calculate the fair value of the investments in LAIF. However, an adjustment was not made to reflect the fair value of LAIF, as the fair value adjustment was considered immaterial.

LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute.

G. Restricted Cash Held with Fiscal Agents

Restricted cash with fiscal agents in the amount of \$1,732,462 included certain amounts which are held by fiscal agents on behalf of members and distributed for qualified project costs. These funds have been invested as permitted by applicable County ordinances and resolutions.

NOTE 3 – LONG-TERM DEBT

Activity for long-term debt for the year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Amounts Due Within a Year	Amounts Due More than a Year
Governmental Activities:						
2020 Special Tax Bonds	\$ 18,160,000	\$ -	\$ (450,000)	\$ 17,710,000	\$ 475,000	\$ 17,235,000
Plus Deferred Amounts:						
For Issuance Premiums	1,144,439	-	(47,356)	1,097,083	47,356	1,049,727
2017 Special Tax Bonds	19,565,000	-	(495,000)	19,070,000	520,000	18,550,000
Plus Deferred Amounts:						
For Issuance Premiums	885,300	-	(38,214)	847,086	38,214	808,872
Total Governmental Activities						
Long-Term Liabilities	<u>\$ 39,754,739</u>	<u>\$ -</u>	<u>\$ (1,030,570)</u>	<u>\$ 38,724,169</u>	<u>\$ 1,080,570</u>	<u>\$ 37,643,599</u>

2017 Special Tax Bonds

On June 1, 2017, the Authority issued Santa Cruz Libraries Facilities Financing Authority Community Facilities District 2016-1 2017 Special Tax Bonds (2017 Special Tax Bonds) in the original amount of \$21,170,000. Interest from 3.00% to 5.00% is paid semi-annually and principal payments are made on September 1st. As of June 30, 2023, the total principal balance was \$19,070,000 and the unamortized bond premium was \$847,086. Principal and interest paid for the current period was \$1,203,706.

NOTE 3 – LONG-TERM DEBT (Continued)2017 Special Tax Bonds (Continued)

The debt service requirement to maturity for the 2017 Special Tax Bonds, including interest, is as follows:

Year Ending June 30	Governmental Activities	
	Bonds Payable	
	Principal	Interest
2024	\$ 520,000	\$ 683,331
2025	545,000	656,706
2026	575,000	628,706
2027	605,000	599,206
2028	635,000	568,206
2029-2033	3,595,000	2,428,056
2034-2038	4,220,000	1,798,659
2039-2043	4,965,000	1,037,088
2044-2046	3,410,000	181,650
Subtotal	19,070,000	\$ 8,581,608
Premium	847,086	
	<u>\$ 19,917,086</u>	

2020 Special Tax Bonds

On February 20, 2020, the Authority issued Santa Cruz Libraries Facilities Financing Authority Community Facilities District 2016-1 2020 Special Tax Bonds (2020 Special Tax Bonds) in the original amount of \$18,590,000. Interest from 3.00% to 5.00% is paid semi-annually and principal payments are made on September 1st. As of June 30, 2023, the total principal balance was \$17,710,000 and the unamortized bond premium was \$1,097,083. Principal and interest paid for the current period was \$986,700.

The debt service requirement to maturity for the 2020 Special Tax Bonds, including interest, is as follows:

Year Ending June 30	Governmental Activities	
	Bonds Payable	
	Principal	Interest
2024	\$ 475,000	\$ 513,575
2025	495,000	489,325
2026	520,000	463,950
2027	550,000	437,200
2028	575,000	409,075
2029-2033	3,315,000	1,621,325
2034-2038	3,795,000	1,163,200
2039-2043	4,230,000	717,334
2044-2046	3,755,000	190,122
Subtotal	17,710,000	\$ 6,005,106
Premium	1,097,083	
	<u>\$ 18,807,083</u>	

NOTE 4 – SUBSEQUENT EVENTS

The Authority's management has evaluated all events and transactions that occurred after June 30, 2023, and through December 7, 2023, the date the basic financial statements and accompanying notes to the basic financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**SANTA CRUZ LIBRARIES FACILITIES FINANCING AUTHORITY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Tax assessments	\$ 4,425,000	\$ 4,431,028	\$ 4,431,028	\$ -
Interest income	3,015	24,401	249,008	224,607
Total Revenues	<u>4,428,015</u>	<u>4,455,429</u>	<u>4,680,036</u>	<u>224,607</u>
EXPENDITURES:				
Contributions to other agencies	13,702,213	13,653,831	10,784,167	2,869,664
Principal on long-term debt	945,000	945,000	945,000	-
Interest on long-term debt	1,245,406	1,245,407	1,245,407	-
General and administrative	15,000	58,180	58,180	-
Total Expenditures	<u>15,907,619</u>	<u>15,902,418</u>	<u>13,032,754</u>	<u>2,869,664</u>
NET CHANGE IN FUND BALANCE	<u>\$ (11,479,604)</u>	<u>\$ (11,446,989)</u>	<u>(8,352,718)</u>	<u>\$ 3,094,271</u>
FUND BALANCE:				
Beginning of year			<u>11,724,721</u>	
End of year			<u>\$ 3,372,003</u>	

See the accompanying note to the required supplementary information.

**SANTA CRUZ LIBRARIES FACILITIES FINANCING AUTHORITY
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

General Budget Policies

The Santa Cruz Libraries Facilities Financing Authority (the Authority) shall adopt an annual budget which provides for allocating the funds it receives to Members of the Authority. The budget allocation shall be based on the First Supplement to the Amended and Restated Joint Exercise of Powers Agreement, dated September 25, 2018. Once a Member has received their maximum allocations based on the Agreement, further allocations will not be paid. The Authority shall distribute all of the funds it receives each year, less funds set aside for debt service and administrative costs, up to the maximum allocations.

OTHER 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**

Board of Directors
Santa Cruz Libraries Facilities Financing Authority
Santa Cruz, 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 basic financial statements of the governmental activities and general fund of the Santa Cruz Libraries Facilities Financing Authority (the Authority) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 7, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered the 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 the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 Authority's basic 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's basic 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 basic 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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Bakersfield, California
December 7, 2023

Chair Carlos Palacios
 Vice Chair Jamie Goldstein
 Board Member Mali LaGoe
 Board Member Matt Huffaker



STAFF REPORT

AGENDA: February 8, 2024

TO: Libraries Facilities Financing Authority

FROM: Eric Howard, Interim Library Director

SUBJECT: Annual Election of Board Chair and Board Vice-Chair

RECOMMENDATION

Elect the Calendar year 2024 Board Chair and Vice-Chair as the City of Capitola and the City of Santa Cruz respectively.

BACKGROUND

The LFFA agreement requires that at the first meeting of the new year (January/February) the Board shall elect a Chair and a Vice-Chair. The Chair is the presiding officer and shall sign all contracts of the LFFA unless otherwise provided by a Board resolution.

DISCUSSION

The rotation has been established in 2021 and is as follows for the next 3 years:

YEAR	CHAIR	VICE-CHAIR
2021	City of Santa Cruz	City of Scotts Valley
2022	City of Scotts Valley	County of Santa Cruz
2023	County of Santa Cruz	City of Capitola
2024	City of Capitola	City of Santa Cruz

Report Prepared by: Kira Henifin
 Principal Management Analyst

Reviewed and Forwarded by: Eric Howard, Interim Library Director