

GENERAL INFORMATION FOR JOINT BOARD MEETINGS OF LIBRARY FACILITIES FINANCING AUTHORITY BOARD (LFFA) and LIBRARY JOINT POWERS AUTHORITY (LJPA)

On Thursday February 5, 2026 at 9:00 AM

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

Public Viewing:

The meeting will be broadcast through the Santa Cruz Libraries YouTube channel <https://www.youtube.com/user/SantaCruzPL> which you can access through the Santa Cruz Libraries website by scrolling to the bottom of the page and clicking on the YouTube icon. The meetings will be recorded and posted for viewing after the meetings on the Santa Cruz Public Libraries website.

Public Participation:

Members of the public may provide public comments to the Board in-person during the meeting for any item on the agenda or within the subject matter jurisdiction of the Board. Any public comment for a specific item on the agenda must be received prior to the close of the public comment period for that item.

Any person who is not able to attend in-person may submit a written comment as indicated below.
Please be aware that the Board will not read aloud written comments during the meeting.

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

- Members of the public may provide public comment prior to the meeting 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.

Submitted written public comments will be included as part of the record of the meeting, either in Written Correspondence or in the Minutes, depending on when received by staff. All written comments received prior to 12:00 p.m. on the Wednesday preceding a Board Meeting will be distributed to Board members to review prior to the meeting with the published Agenda packet. Written comments submitted after the Agenda and packet have been published will be distributed as Additional Materials at the commencement of the meeting.

Meeting Accommodations:

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.

CHAIR MALI LAGOE
VICE CHAIR NICOLE COBURN
BOARD MEMBER JAMIE GOLDSTEIN
BOARD MEMBER MATT HUFFAKER



SANTA CRUZ CITY/COUNTY LIBRARY FACILITIES FINANCING AUTHORITY BOARD (LFFA) and LIBRARIES JOINT POWERS AUTHORITY BOARD (LJPA)

JOINT REGULAR MEETING

**February 5, 2026
9:00 AM**

**In-Person Location:
Aptos Library
7695 Soquel Dr, Aptos, CA 95003**

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 and LJPA 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 LJPA meeting.

Need more information? Contact clerk's office at 831-427-7700 ext. 5606.

1. GENERAL JOINT MEETING INFORMATION

A. CALL TO ORDER / ROLL CALL

Chair: Mali LaGoe; Vice Chair: Nicole Coburn; Board Members: Jamie Goldstein, Matt Huffaker.

B. ADDITIONAL MATERIALS

Additional information submitted after distribution of the agenda packet.

C. ADDITIONS AND DELETIONS TO AGENDA

D. PUBLIC COMMENT

Any member of the community may address the Board during this Public Comment period on any "Consent Calendar" item 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.

E. REPORT BY LIBRARY DIRECTOR

- i. Library Director's Report – February 5, 2026 (p.6-7)

F. REPORT BY FRIENDS OF THE SANTA CRUZ PUBLIC LIBRARIES (FSCPL)

- i. Friends of SCPL Report– (oral)

G. REPORT BY LIBRARY ADVISORY COMMISSION (LAC)

- i. Commissioners' Report (oral)

2. LIBRARY FACILITIES FINANCING AUTHORITY BOARD (LFFA)

A. CONSENT CALENDAR

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 the Board request specific items to be discussed for separate review. Items pulled for separate discussion will be considered following General Business.

- i. Consider the December 18, 2025 LFFA Board Meeting Minutes
Staff Recommendation: Approve the December 18, 2025 Board Meeting Minutes (p.8-10)
- ii. Special Tax Bond Quarterly Financial Reports as of December 31, 2025
Staff Recommendation: Accept & file the attached financial statements of the Community Facilities District No. 2016-1 as of September 30, 2025. (p.11-13)
- iii. 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, 2025, and related correspondence. (p.14-47)
- iv. Libraries Facilities Financing Authority Proposed Budgets for FY 27
Staff Recommendation: Accept the Proposed FY 27 LFFA Budgets, including the General Fund Proposed Budget and the Debt Service Fund Proposed Budget and recommend placing the approval of the Final Budgets on the next agenda. (p.46-48)

B. GENERAL BUSINESS

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.

C. PROJECT UPDATES AND COMMENTS BY BOARD MEMBERS

3. LIBRARY JOINT POWERS AUTHORITY (LJPA)

A. CONSENT CALENDAR

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 the Board request specific items to be discussed for separate review. Items pulled for separate discussion will be considered following General Business.

- i. Consider the December 18, 2025 Board Meeting Minutes
Staff Recommendation: Approve the December 18, 2025 Board Meeting Minutes (p.49-51)
- ii. Analysis of Patron Count Data 2nd Qtr. FY 2026
Staff Recommendation: Accept & File Analysis of 2nd Qtr. Patron Count Data for FY26 (p.52-57)
- iii. Community Impact Measures for 2nd Qtr. FY 2026
Staff Recommendation: Accept & File 2nd Qtr. Community Impact Measures for FY26 (p.58-62)
- iv. Incident Report for 2nd Qtr. FY 2026
Staff Recommendation: Accept & File 2nd Qtr. Incident Report for FY26 (p.63-66)
- v. Financial Statements and Independent Auditors' Report for FY 2025
Staff Recommendation: Accept & File prepared Financial Statements and Independent Auditors' Report for FY 2025. (p.67-111)
- vi. Library Insights Report
Staff Recommendation: Information only. Accept & File. (p.112-135)
- vii. Carnegie Corporation Donation
Staff Recommendation: Accept the Carnegie Corporation donation in the amount of \$20,000 and amend the FY 26 operating budget. (p.136-137)

B. GENERAL BUSINESS

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.

- i. Presentation on the Downtown Library Historical Materials Scanning Project
Staff Recommendation: Information only.
- ii. Library Administrative Services Agreement
Staff Recommendation: Approve the Library Administrative Services Agreement with the City of Santa Cruz. (p.138-144)
- iii. FY 27 Operating Budget Assumptions for Draft Budget Proposal

Staff Recommendation: Review and discuss budget assumptions for FY 27. (p.145-147)

C. COMMENTS BY BOARD MEMBERS

4. SCHEDULED UPCOMING JOINT MEETING

May 7, 2026 @ 9:00 AM	Scotts Valley Library	251 Kings Village Rd, Scotts Valley, CA 95066
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5. ADJOURNMENT

Adjourned to the next joint regular meeting of the LFFA & LJPA to be held on Thursday, May 7, 2026 at 9:00 am at the Scotts Valley Branch Library, 251 Kings Village Rd, Scotts Valley, CA 95066.

Chair Mali LaGoe
Vice Chair Nicole Coburn
Board Member Jamie Goldstein
Board Member Matt Huffaker



Director's Report to the Library Facilities Financing Authority & Library Joint Powers Authority

February 5, 2026

Introduction

The window between this and the previous Board meeting has been relatively quiet, punctuated by the holidays, strategic planning work, and preparation for hiring a new Library IT Manager as well as numerous recruitment interviews for library vacancies.

We were in communication with the County's Office of Response, Recovery and Resilience (OR3) to activate our new MOU for the potential use of Community Rooms at Boulder Creek, Felton, Scotts Valley and/or Aptos branches for resiliency centers during storms over New Year's Day and weekend. Luckily it was not needed but this gave us an opportunity to coordinate the logistics of this MOU in real time with OR3 staff.

Our Community Relations Specialist Ana Maria Treadwell represents the Library on the City of Santa Cruz' Sister Cities Committee and on January 11th, the Downtown Library welcomed The Fratello Marionettes to celebrate the kickoff of the Sister Cities Hans Christian Andersen Writing Contest in Santa Cruz' Sister City of Sestri Levante. The program welcomed 66 attendees including many families with young children.

Ana Maria also coordinated our submission to the California State Library's Every Story Counts initiative, which aims to showcase the importance of public libraries statewide with anecdotal feedback from library patrons and information about various libraries across California.

During this period, I met with Laurie Egan of the Coastal Watershed Council, attended the quarterly MOBAC meeting, staffed the January Library Advisory Commission meeting, and participated in the Solar Project Celebration coordinated by the Friends Chapter of the Capitola Library.

Library Team

Current Vacancies:

	Position Title	Position No.	Union	Library FTE
VACANT	Library IT Manager	832-003	Mid Management	1.0
VACANT	Library Assistant III- Capitola	363-002	Supervisor	1.0
VACANT	Library Assistant III- Felton	363-011	Supervisor	1.0
VACANT	Library Assistant III- Live Oak	363-003	Supervisor	1.0
VACANT	Librarian I/II (Teen)- Downtown	750-033	Mid Management	1.0
VACANT	Librarian I/II (Adult)- Downtown	750-036	Mid Management	1.0
VACANT	Librarian I/II (Adult)- Downtown	750-009	Mid Management	1.0
VACANT	Building Maintenance Worker II	118-007	SEIU	1.0



New Hires & Promotions:

Daniel Ruiz: Facilities Maintenance Supervisor (former Building Maintenance Worker II)
Laura Weeksler: Youth Librarian- Capitola (formerly Library Aide)
Susan Nilsson: Outreach Librarian (former Adult Librarian- Downtown)
Abby Hope: Library Assistant II- Garfield Park (former LA II Floater)
Ciera Dudley: Library Assistant II- Capitola (former On-Call Library Assistant II)
Hillary Crivello: Library Assistant II- Felton (former Library Aide)
Luca Kodish: Library Assistant II- Felton
Sue Powell- Library Assistant II Floater (temp)

Facilities

APTOS: Library IT has been resolving an ongoing Wi-Fi connectivity issue in portions of the building. In the meantime, we have extra hotspots in use in the space to mitigate the problem.

BOULDER CREEK: The America ByDesign segment on Boulder Creek is live on [ABC's YouTube channel](#) and the AIA.org website. The Boulder Creek portion begins just after the 18-minute mark.

CAPITOLA: The Capitola Friends of the Library Chapter coordinated a ribbon cutting acknowledging their contribution to the new solar infrastructure installed on Capitola Branch Library's roof on Saturday, January 24th. Part of this project includes a public display station inside the Library reflecting live information about the energy the panels are processing. We are grateful for their much-appreciated commitment to this project from idea to reality.

FELTON: County staff are coordinating with SCPL to review the consideration of installing a permanent generator or battery backup storage solution.

LA SELVA BEACH: America ByDesign will be filming the La Selva Beach segment for their design show on February 9th.

SCOTTS VALLEY: Lighting improvements for the Fireside Room have been installed.

HEADQUARTERS: The roof repair project is complete. We are reconfiguring some internal office space to accommodate the anticipated relocation of select staff to that building as part of the Downtown Library move.

Services

The Library's expansion of open hours began effective February 1st. Announcements were made through a press release, notices in branches as well as online and Library social media.

As we enter the home stretch of our strategic planning process, it is timely that the Urban Libraries Council (ULC) released its own 2025 Library Insights Report that surveyed current trends from 122 major library systems across North America. This report, included in this packet for reference, indicates the biggest changes in public libraries were double digit increases in room reservations and digital collections use, alongside more modest increases in programming. It also highlighted the core importance of early literacy and school aged programming. SCPL is not a member of ULC but our own data, and feedback we received from our strategic work, shows we with these trends.

**SANTA CRUZ LIBRARIES
LIBRARY FACILITIES FINANCING AUTHORITY BOARD (LFFA)
and
JOINT POWERS AUTHORITY (LJPA)
JOINT REGULAR BOARD MEETING**

**In person and online provided meeting
THURSDAY DECEMBER 18, 2025
9:00 A.M.**

1. GENERAL JOINT MEETING INFORMATION

A. ROLL CALL

PRESENT: Mali LaGoe, Jamie Goldstein, Matt Huffaker. ABSENT: Nicole Coburn
STAFF: Christopher Platt, Library Director

B. ADDITIONAL MATERIALS

None

C. ADDITIONS AND DELETIONS TO AGENDA

None

D. PUBLIC COMMENT

Toni Campbell, of the Capitola Chapter of Friends of the Santa Cruz Public Libraries, discussed the Friends' desire to start a \$200,000 endowment for the SCPL system. The \$200,000 comes from funds raised through the Friends of the Capitola Library Used Bookstore, located in the Capitola Mall. The Friends presented this proposal to their Board on 9/18/2025, and asked for the endowment to be put on their agenda. As of 12/18/2025 the Friends Board has not done so.

E. LIBRARY DIRECTOR REPORT

Library Director submitted his report highlighting the following items:

- This meeting is the first Combined LFFA and LJPA Meeting.
- Carlos Silva, Library IT Manager, has retired. Library Administration is working with HR to expedite the recruitment to fill the vacancy.
- The Capitola Branch solar project begins 12/22/2025.
- On Saturday 12/20/2025 the CBS show America By Design airs Season 5, Episode 3, which includes their segment on the Boulder Creek Library. The La Selva Beach Library will also be making an appearance on America By Design in the future.
- Regarding the Web Migration project- Patrons are now able to book study rooms online.
- New Branch Extended Hours begin February 1, 2026.

F. REPORT BY FRIENDS OF THE SANTA CRUZ PUBLIC LIBRARIES

Sarah Beck, FSCPL Executive Director, shared that the final revisions of the Friends Strategic Plan are being made, and the Friends are excited to align with SCPL's Strategic Plan in 2026. The Friends have formed a new Literacy Fund Committee, and they will be shifting their fundraising structure for this new committee. The Friends End of Year Fundraising Campaign is at \$63,000, with a goal of \$75,000, and the Downtown Campaign has raised \$2,573,000 towards their \$3 Million goal.

G. REPORT BY the Library Advisory Commission (LAC)

None

2. LIBRARY FACILITIES FINANCING AUTHORITY BOARD (LFFA)

A. CONSENT CALENDAR

RESULT: APPROVED CONSENT CALENDAR

- i. Approved the September 4, 2025 Board Meeting Minutes.
- ii. Accepted the Annual Community Facilities District Reports for the fiscal year ended June 30, 2025.
- iii. Accepted & filed the financial statements of the Community Facilities District No. 2016-1 as of September 30, 2025.
- iv. Adopted the Annual Meeting Schedule 2026.
- v. Accepted the Communities Facilities District No.2016-1 – FY 25 Annual Report

MOVER: *Jamie Goldstein*

SECONDER: *Mali LaGoe*

AYES: *Goldstein, LaGoe, Huffaker*

B. GENERAL BUSINESS

i. Election of Chair and Vice Chair for 2026

RESULT: Elected the Calendar year 2026 Board Chair and Vice-Chair as the City of Scotts Valley and Santa Cruz County respectively.

MOVER: *Jamie Goldstein*

SECONDER: *Matt Huffaker*

AYES: *Goldstein, Huffaker, LaGoe*

C. PROJECT UPDATES AND COMMENTS BY BOARD MEMBERS

Board Member Jamie Goldstein commented on the Friends Endowment issue. He suggested the LFFA/LJPA have a future agenda item to review how endowments work and which endowments already exist.

3. LIBRARY JOINT POWERS AUTHORITY (LJPA)

A. CONSENT CALENDAR

RESULT: APPROVED CONSENT CALENDAR

- i. Approved the September 4, 2025 Board Meeting Minutes.
- ii. Accepted & Filed Analysis of 1st Qtr. Patron Count Data for FY26.
- iii. Accepted & Filed 1st Qtr. Community Impact Measures for FY26.
- iv. Accepted & Filed 1st Qtr. Incident Report for FY26.
- v. Accepted & Filed Financial Dashboard Report.
- vi. Adopted the Annual Meeting Schedule 2026.
- vii. Approved the deletion of a vacant Library Information Specialist position and replace it with a Librarian I/II.
- viii. Adopted the 2026 Holiday Closure schedule with the addition of Cesar Chaves Day, March 31, and the rescheduled Staff In-Service Day, April 23.
- ix. Accepted and filed the Fifth Amendment to the Library Joint Powers Agreement. Directed staff to forward to jurisdictions for approval at their next regular meeting.

MOVER: *Mali LaGoe*

SECONDER: *Jamie Goldstein*

AYES: *LaGoe, Goldstein, Huffaker*

B. GENERAL BUSINESS

i. Strategic Planning Update

RESULT: No Action Needed- Information Only.

ii. Collections Audit Update

RESULT: No Action Needed- Information Only.

iii. Election of Chair and Vice Chair for 2026

RESULT: Elected the Calendar year 2026 Board Chair and Vice-Chair as the City of Scotts Valley and Santa Cruz County respectively.

MOVER: Jamie Goldstein

SECONDER: Matt Huffaker

AYES: Goldstein, Huffaker, LaGoe

C. COMMENTS BY BOARD MEMBERS

The Board thanked Christopher Platt, Library Staff, and the Friends of the SCPL for their hard work in 2025.

4. SCHEDULED UPCOMING MEETINGS

Next regularly scheduled joint meeting of the LFFA and LJPA is on February 5, 2026 at 9am at the Aptos Branch Library.

5. ADJOURNMENT

The joint regular meeting of the LFFA & LJPA adjourned at 9:56 am to the joint regular meeting on Thursday, February 5, 2026 at 9:00 am at the Aptos Branch Library, 7695 Soquel Drive, Aptos CA 95003.

6. WRITTEN CORRESPONDENCE

None

ATTEST: Devin Schwarz, 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 Mali LaGoe
Vice Chair Nicole Coburn
Board Member Jamie Goldstein
Board Member Matt Huffaker



STAFF REPORT

AGENDA: February 5, 2026

TO: Libraries Facilities Financing Authority Board

FROM: LFFA Treasurer-Controller

RE: Special Tax Bond Quarterly Financial Reports as of December 31, 2025

RECOMMENDATION

Accept and file the attached financial reports of the Community Facilities District No. 2016-1 as of December 31, 2025.

DISCUSSION

The attached reports provide your Board with a summary of the activity and balances for funds held in trust at Bank of New York and an accounting of bond and special tax distributions as of December 31, 2025.

The first attachment, Improvement Fund Activity & Balances of Member Accounts Held in Trust at Bank of New York, provides your Board with an accounting of activity in member improvement fund accounts held in trust at Bank of New York. It includes bond proceeds distributed to members from 2017, 2020, and 2025 bond issuances, interest earned on account balances, and funds drawn down by members. As of December 31, 2025, the total balance in trust accounts is \$19,866,539.67.

The second attachment, Maximum Distribution Amounts & Member Distribution Summary, provides your Board with a summary of bond proceeds and special taxes distributed by the Authority to members as well as the remaining authorized distribution amounts as of December 31, 2025. Bond Proceeds Distributed includes bond proceeds deposited into member improvement fund accounts and excess cost of issuance distributed to members after the original bond issuance. Special Tax Distributions represent excess special tax revenue distributed to members after required debt service payments were made. Remaining Authorized Distributions reflect the difference between amounts authorized and amounts distributed that may be funded in the future. Interest earned on improvement fund accounts does not count toward each member's maximum distribution and is therefore not included in this report. As of December 31, 2025, \$83,772,399 has been distributed to members including \$59,797,142 in bond proceeds and \$23,975,257 in special tax. The total remaining authorized distribution is \$23,727,601.

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

Attachment #2 – Maximum Distribution Amounts & Member Distribution Summary

SANTA CRUZ LIBRARIES FACILITIES FINANCING AUTHORITY**Community Facilities District No. 2016-1****2017, 2020, & 2025 Special Tax Bonds****Improvement Fund Activity & Balances of Member Accounts Held in Trust at Bank of New York****As of December 31, 2025****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)
2017 Bond fund balances:	-	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	360,638.13	-	661.79	3,983.95	365,283.87
Available funds	15,746,670.13	-	1,825,608.79	2,109,809.57	19,682,088.49
Drawdowns	(15,096,749.10)	-	(1,825,608.79)	(2,109,808.04)	(19,032,165.93)
2020 Bond fund balances:	649,921.03	-	-	1.53	649,922.56
2025 Bonds					
Proceeds	-	18,831,395.96	-	-	18,831,395.96
Excess Cost of Issuance	-	3,086.33	-	-	3,086.33
Interest	-	382,132.93	-	-	382,132.93
Available funds	-	19,216,615.22	-	-	19,216,615.22
Drawdowns	-	-	-	-	-
2025 Bond fund balances:	-	19,216,615.22	-	-	19,216,615.22
December 31, 2025 Balance at BNY:	\$ 649,921.03	\$ 19,216,615.56	\$ -	\$ 2.08	\$ 19,866,538.67

Santa Cruz Libraries Facilities Financing Authority
Community Facilities District No. 2016-1
Maximum Distribution Amounts & Member Distribution Summary
As of December 31, 2025

Modified authorized distribution amounts and member balances.

Object Code	Member	Original Distribution Percentage	Authorized Distribution Amount	Bond Proceeds Distributed*	Special Tax Distributions	Total Distributions	Remaining Authorized Distributions**	Modified Distribution Percentage
75236	City of Capitola	12.90%	\$ 13,870,000	\$ 9,358,148	\$ 695,754	\$ 10,053,902	\$ 3,816,098	12.90%
75237	City of Santa Cruz	40.32%	43,346,000	19,334,931	17,958,320	37,293,251	6,052,749	40.32%
75238	City of Scotts Valley	4.84%	5,202,000	2,606,275	1,143,725	3,750,000	1,452,000	4.84%
75239	County of Santa Cruz	41.94%	45,082,000	28,497,788	4,177,458	32,675,246	12,406,754	41.94%
Total		100.00%	\$ 107,500,000	\$ 59,797,142	\$ 23,975,257	\$ 83,772,399	\$ 23,727,601	

* Bond Proceeds include bond proceeds deposited into member improvement fund accounts held at Bank of New York and include Excess Cost of Issuance.

** Remaining Authorized Distributions do not represent funds currently held by the authority, they reflect authorized amounts that may be funded in the future.

Chair Mali LaGoe
Vice Chair Nicole Coburn
Board Member Jamie Goldstein
Board Member Matt Huffaker



Memo

AGENDA: February 5, 2026

TO: Board of Directors

FROM: 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, 2025, 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 September 4, 2025, the Board approved an amendment to the Contract with the CPA Firm of Brown Armstrong to conduct audits for fiscal years 2024-25, 2025-26 and 2026-27.

The 2024-25 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 1 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.

ATTACHMENT:

SANTA CRUZ LIBRARIES FACILITIES FINANCING AUTHORITY BASIC FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED JUNE 30, 2025

**SANTA CRUZ LIBRARIES
FACILITIES FINANCING AUTHORITY

BASIC FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED JUNE 30, 2025**

**SANTA CRUZ LIBRARIES FACILITIES FINANCING AUTHORITY
JUNE 30, 2025**

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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, 2025, 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, 2025, 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 November 19, 2025, 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
November 19, 2025

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

SANTA CRUZ LIBRARIES FACILITIES FINANCING AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2025

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and investments	\$ 2,465,976
Cash with fiscal agent	<u>19,486,159</u>
Total Current Assets	<u>21,952,135</u>
LIABILITIES	
Current Liabilities	
Interest payable	520,033
Bonds payable, due within one year	<u>1,212,489</u>
Total Current Liabilities	<u>1,732,522</u>
Long-Term Liabilities:	
Bonds payable, due in more than one year	<u>54,661,162</u>
Total Liabilities	<u>56,393,684</u>
NET POSITION	
Restricted:	
Other governments	19,486,159
Unrestricted	<u>(53,927,708)</u>
Total Net Position	<u><u>\$ (34,441,549)</u></u>

See accompanying notes to the basic financial statements.

**SANTA CRUZ LIBRARIES FACILITIES FINANCING AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u> Operating Grants and Contributions	<u>Net (Expense) Revenue and Changes in Net Position</u>
Governmental activities:			
General government	\$ 3,307,827	\$ -	\$ (3,307,827)
Total governmental activities	<u>\$ 3,307,827</u>	<u>\$ -</u>	<u>\$ (3,307,827)</u>
General Revenues:			
			4,459,465
			<u>84,167</u>
		Total general revenues	<u>4,543,632</u>
		Change in net position	1,235,805
		Net position:	
		Beginning of year	<u>(35,677,354)</u>
		End of year	<u>\$ (34,441,549)</u>

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

**SANTA CRUZ LIBRARIES FACILITIES FINANCING AUTHORITY
BALANCE SHEET
JUNE 30, 2025**

	General Fund
ASSETS	
Cash and investments	\$ 2,465,976
Cash with fiscal agent	19,486,159
	<hr/>
Total Assets	\$ 21,952,135
	<hr/>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ -
	<hr/>
Total Liabilities	-
	<hr/>
Fund Balance:	
Restricted	19,486,159
Committed	2,465,976
	<hr/>
Total Fund Balance	21,952,135
	<hr/>
Total Liabilities and Fund Balance	\$ 21,952,135
	<hr/>

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, 2025**

Fund Balance - Total Governmental Fund (Page 6) \$ 21,952,135

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	(55,873,651)
Interest payable	<u>(520,033)</u>

Net Position of Governmental Activities (Page 4) \$ (34,441,549)

See accompanying notes to the basic financial statements.

**SANTA CRUZ LIBRARIES FACILITIES FINANCING AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>General Fund</u>
REVENUES:	
Tax assessments	\$ 4,459,465
Interest income	<u>84,167</u>
Total Revenues	<u>4,543,632</u>
EXPENDITURES:	
Contributions to other agencies	1,488,960
Principal on long-term debt	1,040,000
Interest on long-term debt	1,146,031
General and administrative	<u>117,821</u>
Total Expenditures	<u>3,792,812</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>750,820</u>
OTHER FINANCING SOURCES (USES):	
Issuance of debt	18,680,000
Premium on long-term debt	678,282
Bond issuance costs	<u>(513,889)</u>
Total other financing sources (uses)	<u>18,844,393</u>
NET CHANGE IN FUND BALANCE	<u>19,595,213</u>
FUND BALANCE:	
Beginning of year	<u>2,356,922</u>
End of year	<u><u>\$ 21,952,135</u></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, 2025**

Net Change in Fund Balance - Total Governmental Fund (Page 8)	\$ 19,595,213
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Issuance of debt principal is an other financing source in the governmental fund, but the issuance increases long-term liabilities in the statement of net position.

Bond issuance:	
Bond principal	(18,680,000)
Bond premium	(678,282)

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	1,040,000
Amortization of bond premium	88,230
Change in accrued interest payable	(129,356)

Change in Net Position of Governmental Activities (Page 5)	\$ 1,235,805
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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, 2025

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, 2025, 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, 2025, the Authority had restricted net position of \$19,486,159.

Unrestricted Net Position – This amount is all net position that is not restricted or invested in capital assets. For the year ended June 30, 2025, the Authority had an unrestricted net position of negative \$53,927,708.

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, 2025.

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 \$19,486,159 as of June 30, 2025.

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 \$2,465,976 as of June 30, 2025.

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, 2025.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fund Balance (Continued)

Fund Financial Statements (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, 2025.

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, 2025, the Authority implemented the following standards:

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

GASB Statement No. 102 – *Certain Risk Disclosures*. The requirements of this statement are effective for fiscal years beginning after June 15, 2024. There was no impact on the basic financial statements due to the implementation of this statement.

K. Future Governmental Accounting Standards Board Pronouncements

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

GASB Statement No. 103 – *Financial Reporting Model Improvements*. The requirements of this statement are effective for fiscal years beginning after June 15, 2025. The Authority has not fully judged the effect of the implementation of GASB Statement No. 103 as of the date of the basic financial statements.

GASB Statement No. 104 – *Disclosure of Certain Capital Assets*. The requirements of this statement are effective for fiscal years beginning after June 15, 2025. The Authority has not fully judged the effect of the implementation of GASB Statement No. 104 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, 2025:

	Restricted	Unrestricted	Total
Pooled cash and investments held by the County of Santa Cruz	\$ -	\$ 2,465,976	\$ 2,465,976
Cash with fiscal agent	19,486,159	-	19,486,159
Total	<u>\$ 19,486,159</u>	<u>\$ 2,465,976</u>	<u>\$ 21,952,135</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.

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%
Non-negotiable certificates of deposit	5 years	None	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

NOTE 2 – CASH AND INVESTMENTS (Continued)

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, 2025, 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 Local Agency Investment Fund (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, 2025, 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.
- **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, 2025, as included within the County's basic financial statements, the County invested \$45M in LAIF. LAIF provided a fair value factor of 1.001198310 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 \$19,486,159 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, 2025, was as follows:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025	Amounts Due Within a Year	Amounts Due More than a Year
Governmental Activities:						
2017 Special Tax Bonds	\$ 18,550,000	\$ -	\$ (545,000)	\$ 18,005,000	\$ 575,000	\$ 17,430,000
Plus Deferred Amounts:						
For Issuance Premiums	808,872	-	(38,214)	770,658	38,214	732,444
2020 Special Tax Bonds	17,235,000	-	(495,000)	16,740,000	520,000	16,220,000
Plus Deferred Amounts:						
For Issuance Premiums	1,049,727	-	(47,356)	1,002,371	47,356	955,015
2025 Special Tax Parity Bonds	-	18,680,000	-	18,680,000	-	18,680,000
Plus Deferred Amounts:						
For Issuance Premiums	-	678,282	(2,660)	675,622	31,919	643,703
Total Governmental Activities						
Long-Term Liabilities	<u>\$ 37,643,599</u>	<u>\$ 19,358,282</u>	<u>\$ (1,128,230)</u>	<u>\$ 55,873,651</u>	<u>\$ 1,212,489</u>	<u>\$ 54,661,162</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 1. As of June 30, 2025, the total principal balance was \$18,005,000 and the unamortized bond premium was \$770,658. Principal and interest paid for the current period was \$1,201,706.

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
2026	\$ 575,000	\$ 628,706
2027	605,000	599,206
2028	635,000	568,206
2029	665,000	539,031
2030	690,000	511,931
2031-2035	3,850,000	2,176,047
2036-2040	4,500,000	1,515,475
2041-2045	5,310,000	682,406
2046	1,175,000	20,563
Subtotal	18,005,000	\$ 7,241,572
Premium	770,658	
	<u>\$ 18,775,658</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 1. As of June 30, 2025, the total principal balance was \$16,740,000 and the unamortized bond premium was \$1,002,371. Principal and interest paid for the current period was \$984,325.

NOTE 3 – LONG-TERM DEBT (Continued)

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
2026	\$ 520,000	\$ 463,950
2027	550,000	437,200
2028	575,000	409,075
2029	605,000	379,575
2030	635,000	348,575
2031-2035	3,550,000	1,405,725
2036-2040	3,955,000	996,356
2041-2045	4,425,000	513,313
2046	1,925,000	48,438
Subtotal	16,740,000	\$ 5,002,207
Premium	1,002,371	
	<u>\$ 17,742,371</u>	

2025 Special Tax Parity Bonds

On May 14, 2025, the Authority issued Santa Cruz Libraries Facilities Financing Authority Community Facilities District 2016-1 2025 Special Tax Parity Bonds (2025 Special Tax Parity Bonds) in the original amount of \$18,680,000. Interest from 4.125% to 5.00% is paid semi-annually and principal payments are made on September 1. As of June 30, 2025, the total principal balance was \$18,680,000 and the unamortized bond premium was \$675,622. Principal and interest paid for the current period was \$0.

The debt service requirement to maturity for the 2025 Special Tax Parity Bonds, including interest, is as follows:

Year Ending June 30	Governmental Activities	
	Bonds Payable	
	Principal	Interest
2026	\$ -	\$ 650,533
2027	530,000	847,750
2028	555,000	820,625
2029	585,000	792,125
2030	610,000	762,250
2031-2035	3,500,000	3,313,250
2036-2040	4,400,000	2,330,250
2041-2045	5,430,000	1,229,238
2046	1,215,000	104,656
2047	1,855,000	39,419
Subtotal	18,680,000	\$ 10,890,096
Premium	675,622	
	<u>\$ 19,355,622</u>	

NOTE 4 – SUBSEQUENT EVENTS

The Authority's management has evaluated all events and transactions that occurred after June 30, 2025, and through November 19, 2025, 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, 2025**

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Tax assessments	\$ 4,450,000	\$ 4,459,465	\$ 4,459,465	\$ -
Interest income	18,555	84,171	84,167	(4)
Total Revenues	4,468,555	4,543,636	4,543,632	(4)
EXPENDITURES:				
Contributions to other agencies	2,199,524	1,488,960	1,488,960	-
Principal on long-term debt	1,040,000	1,040,000	1,040,000	-
Interest on long-term debt	1,146,031	1,146,031	1,146,031	-
General and administrative	59,000	117,820	117,821	(1)
Total Expenditures	4,444,555	3,792,811	3,792,812	(1)
REVENUES UNDER EXPENDITURES	24,000	750,825	750,820	(5)
OTHER FINANCING SOURCES (USES):				
Issuance of debt	-	18,680,000	18,680,000	-
Premium on long-term debt	-	461,073	678,282	217,209
Bond issuance costs	-	(296,680)	(513,889)	(217,209)
Total Other Financing Sources (Uses)	-	18,844,393	18,844,393	-
NET CHANGE IN FUND BALANCE	<u>\$ 24,000</u>	<u>\$ 19,595,218</u>	<u>19,595,213</u>	<u>\$ (5)</u>
FUND BALANCE:				
Beginning of year			2,356,922	
End of year			<u>\$ 21,952,135</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, 2025**

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, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 19, 2025.

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
November 19, 2025

Chair Mali LaGoe
Vice Chair Nicole Coburn
Board Member Jamie Goldstein
Board Member Matt Huffaker



STAFF REPORT

AGENDA: February 5, 2026

TO: Libraries Facilities Financing Authority Board

FROM: LFFA Treasurer-Controller

RE: Libraries Facilities Financing Authority Proposed Budgets for 2026-27

RECOMMENDATION

Accept the Proposed 2026-2027 Libraries Facilities Financing Authority (LFFA) Budgets including the General Fund Proposed Budget and the Debt Service Fund Proposed Budget and recommend placing the approval of the Final Budgets on the next agenda.

DISCUSSION

The attached 2026-2027 Proposed Budgets reflect Sources and Uses of LFFA Funds. The primary source of funds is Measure S Special tax revenue. After payment of debt service and other operating expenses each member receives a share of the remaining special tax revenue up to their maximum authorized distribution amounts.

The LFFA Amended and Restated Joint Exercise of Powers Agreement provides that bond proceeds and net special taxes are to be distributed to members after the September debt service payment in the maximum amounts specified below using the percentages specified below.

Member	Revised Maximum Distribution Amounts	Distribution Percentages per JPA
City of Capitola	\$13,870,000	12.90%
City of Santa Cruz	43,346,000	40.32%
City of Scotts Valley	5,202,000	4.84%
County of Santa Cruz	45,082,000	41.94%
Total	\$107,500,000	100.00%

Libraries Facilities Financing Authority
General Fund - 76190
Proposed Budget

Fiscal Year: 2026-27

Detail by Revenue and Expenditure Object		2024-25 Actuals	2025-26 YTD Adj Budget	2025-26 YTD Actuals	2025-26 Estimated Actuals	2026-27 Proposed Budget
REVENUES						
ASSESSMENTS	40192	\$ 4,459,465	\$ 4,450,000	\$ 2,210,094	\$ 4,460,408	\$ 4,450,000
INTEREST	40430	45,793	25,000	22,126	35,000	35,000
BOND PREMIUM	42498	678,282	-	-	-	-
BOND PROCEEDS	42500	18,680,000	-	-	-	-
TOTAL REVENUES		23,863,540	4,475,000	2,232,220	4,495,408	4,485,000
EXPENDITURES						
ACCOUNTING AND AUDITING FEES	62301	-	5,000	5,500	5,500	5,560
TAX COLLECTION FEES	62314	44,597	45,000	-	44,604	45,000
PROF & SPECIAL SERV-OTHER	62381	9,750	5,000	-	5,000	5,000
CONTRIB TO CITY OF CAPITOLA	75236	-	162,491	53,903	53,903	169,472
CONTRIB TO CITY OF SANTA CRUZ	75237	1,427,829	438,400	98,999	98,999	92,078
CONTRIB TO CITY OF SCOTTS VALL	75238	19,539	60,965	195,688	195,688	63,585
CONTRIB TO COUNTY	75239	-	528,284	175,246	175,246	550,980
DEBT ISSUANCE COSTS	75500	296,680	-	-	-	-
UNDERWRITERS DISCOUNT	75501	217,209	-	-	-	-
TOTAL EXPENDITURES		2,015,604	1,245,140	529,336	578,940	931,675
TRANSFERS						
INTRAFUND TRANSFERS OUT	95002	(764,856)	(3,611,126)	(1,648,311)	(5,276,731)	(3,596,832)
INTRAFUND TRANSFERS OUT	95046	(18,844,393)	-	-	-	-
TOTAL TRANSFERS		(19,609,249)	(3,611,126)	(1,648,311)	(5,276,731)	(3,596,832)
CHANGE		2,238,687	(381,266)	54,573	(1,360,263)	(43,507.00)
BEGINNING FUND BALANCE	34400	(2,310)	2,236,377	2,236,377	2,236,377	876,114
ENDING FUND BALANCE		\$ 2,236,377	\$ 1,855,111	\$ 2,290,950	\$ 876,114	\$ 832,607 *

* Due to cash flow needs distributions of excess Special Tax are now made in September, after the September debt service as allowed by the JPA.

Libraries Facilities Financing Authority
Debt Service Fund - 76191
Proposed Budget

Fiscal Year: 2026-27

Detail by Revenue and Expenditure Object		2024-25 Actuals	2025-26 YTD Adj Budget	2025-26 YTD Actuals	2025-26 Estimated Actuals	2026-27 Proposed Budget
REVENUES						
INTEREST-NON COUNTY TREASURER	40435	\$ 1,399	\$ 155	\$ -	\$ 200	\$ 200
TOTAL REVENUES		1,399	155	-	200	200
EXPENDITURES						
ADMINISTRATIVE COSTS	62305	\$ -	\$ -	\$ -	\$ 5,000	\$ 5,000
FISCAL AGENTS FEES	62345	2,500	10,000	-	5,000	5,000
PRINCIPAL ON LONG-TERM DEBT	74110	1,040,000	1,095,000	1,095,000	1,095,000	1,685,000
INTEREST ON LONG-TERM DEBT	74425	1,146,031	1,743,190	780,049	1,743,190	1,884,156
TOTAL EXPENDITURES		2,188,531	2,848,190	1,875,049	2,848,190	3,579,156
INTRAFUND TRANSFERS						
INTRAFUND TRANSFERS IN	95001	764,856	2,848,190	1,648,311	5,276,731	3,596,832
TOTAL TRANSFERS		764,856	2,848,190	1,648,311	5,276,731	3,596,832
CHANGE		(1,422,276)	155	(226,738)	2,428,741	17,876
BEGINNING FUND BALANCE	34400	1,651,875	229,599	229,599	229,599	2,658,340
ENDING FUND BALANCE		\$ 229,599	\$ 229,754	\$ 2,861	\$ 2,658,340	\$ 2,676,216 *

* Required for September debt service

**SANTA CRUZ LIBRARIES
LIBRARY FACILITIES FINANCING AUTHORITY BOARD (LFFA)
and
JOINT POWERS AUTHORITY (LJPA)
JOINT REGULAR BOARD MEETING**

**In person and online provided meeting
THURSDAY DECEMBER 18, 2025
9:00 A.M.**

1. GENERAL JOINT MEETING INFORMATION

A. ROLL CALL

PRESENT: Mali LaGoe, Jamie Goldstein, Matt Huffaker. ABSENT: Nicole Coburn
STAFF: Christopher Platt, Library Director

B. ADDITIONAL MATERIALS

None

C. ADDITIONS AND DELETIONS TO AGENDA

None

D. PUBLIC COMMENT

Toni Campbell, of the Capitola Chapter of Friends of the Santa Cruz Public Libraries, discussed the Friends' desire to start a \$200,000 endowment for the SCPL system. The \$200,000 comes from funds raised through the Friends of the Capitola Library Used Bookstore, located in the Capitola Mall. The Friends presented this proposal to their Board on 9/18/2025, and asked for the endowment to be put on their agenda. As of 12/18/2025 the Friends Board has not done so.

E. LIBRARY DIRECTOR REPORT

Library Director submitted his report highlighting the following items:

- This meeting is the first Combined LFFA and LJPA Meeting.
- Carlos Silva, Library IT Manager, has retired. Library Administration is working with HR to expedite the recruitment to fill the vacancy.
- The Capitola Branch solar project begins 12/22/2025.
- On Saturday 12/20/2025 the CBS show America By Design airs Season 5, Episode 3, which includes their segment on the Boulder Creek Library. The La Selva Beach Library will also be making an appearance on America By Design in the future.
- Regarding the Web Migration project- Patrons are now able to book study rooms online.
- New Branch Extended Hours begin February 1, 2026.

F. REPORT BY FRIENDS OF THE SANTA CRUZ PUBLIC LIBRARIES

Sarah Beck, FSCPL Executive Director, shared that the final revisions of the Friends Strategic Plan are being made, and the Friends are excited to align with SCPL's Strategic Plan in 2026. The Friends have formed a new Literacy Fund Committee, and they will be shifting their fundraising structure for this new committee. The Friends End of Year Fundraising Campaign is at \$63,000, with a goal of \$75,000, and the Downtown Campaign has raised \$2,573,000 towards their \$3 Million goal.

G. REPORT BY the Library Advisory Commission (LAC)

None

2. LIBRARY FACILITIES FINANCING AUTHORITY BOARD (LFFA)

A. CONSENT CALENDAR

RESULT: APPROVED CONSENT CALENDAR

- i. Approved the September 4, 2025 Board Meeting Minutes.
- ii. Accepted the Annual Community Facilities District Reports for the fiscal year ended June 30, 2025.
- iii. Accepted & filed the financial statements of the Community Facilities District No. 2016-1 as of September 30, 2025.
- iv. Adopted the Annual Meeting Schedule 2026.
- v. Accepted the Communities Facilities District No.2016-1 – FY 25 Annual Report

MOVER: *Jamie Goldstein*

SECONDER: *Mali LaGoe*

AYES: *Goldstein, LaGoe, Huffaker*

B. GENERAL BUSINESS

i. Election of Chair and Vice Chair for 2026

RESULT: Elected the Calendar year 2026 Board Chair and Vice-Chair as the City of Scotts Valley and Santa Cruz County respectively.

MOVER: *Jamie Goldstein*

SECONDER: *Matt Huffaker*

AYES: *Goldstein, Huffaker, LaGoe*

C. PROJECT UPDATES AND COMMENTS BY BOARD MEMBERS

Board Member Jamie Goldstein commented on the Friends Endowment issue. He suggested the LFFA/LJPA have a future agenda item to review how endowments work and which endowments already exist.

3. LIBRARY JOINT POWERS AUTHORITY (LJPA)

A. CONSENT CALENDAR

RESULT: APPROVED CONSENT CALENDAR

- i. Approved the September 4, 2025 Board Meeting Minutes.
- ii. Accepted & Filed Analysis of 1st Qtr. Patron Count Data for FY26.
- iii. Accepted & Filed 1st Qtr. Community Impact Measures for FY26.
- iv. Accepted & Filed 1st Qtr. Incident Report for FY26.
- v. Accepted & Filed Financial Dashboard Report.
- vi. Adopted the Annual Meeting Schedule 2026.
- vii. Approved the deletion of a vacant Library Information Specialist position and replace it with a Librarian I/II.
- viii. Adopted the 2026 Holiday Closure schedule with the addition of Cesar Chaves Day, March 31, and the rescheduled Staff In-Service Day, April 23.
- ix. Accepted and filed the Fifth Amendment to the Library Joint Powers Agreement. Directed staff to forward to jurisdictions for approval at their next regular meeting.

MOVER: *Mali LaGoe*

SECONDER: *Jamie Goldstein*

AYES: *LaGoe, Goldstein, Huffaker*

B. GENERAL BUSINESS

i. Strategic Planning Update

RESULT: No Action Needed- Information Only.

ii. Collections Audit Update

RESULT: No Action Needed- Information Only.

iii. Election of Chair and Vice Chair for 2026

RESULT: Elected the Calendar year 2026 Board Chair and Vice-Chair as the City of Scotts Valley and Santa Cruz County respectively.

MOVER: Jamie Goldstein

SECONDER: Matt Huffaker

AYES: Goldstein, Huffaker, LaGoe

C. COMMENTS BY BOARD MEMBERS

The Board thanked Christopher Platt, Library Staff, and the Friends of the SCPL for their hard work in 2025.

4. SCHEDULED UPCOMING MEETINGS

Next regularly scheduled joint meeting of the LFFA and LJPA is on February 5, 2026 at 9am at the Aptos Branch Library.

5. ADJOURNMENT

The joint regular meeting of the LFFA & LJPA adjourned at 9:56 am to the joint regular meeting on Thursday, February 5, 2026 at 9:00 am at the Aptos Branch Library, 7695 Soquel Drive, Aptos CA 95003.

6. WRITTEN CORRESPONDENCE

None

ATTEST: Devin Schwarz, 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 Mali LaGoe
Vice Chair Nicole Coburn
Board Member Jamie Goldstein
Board Member Matt Huffaker



STAFF REPORT

DATE: February 05, 2026
TO: Library Joint Powers Authority Board
FROM: Christopher Platt, Library Director
RE: FY 26 2nd Qtr. Patron Count Data by Branch

STAFF RECOMMENDATION

Accept and file the FY 26 2nd Qtr. patron count data by branch.

DISCUSSION

This report provides patron count data by branch extracted from the SenSource People Counting System. The first quarter report quantifies the time period between October 1, 2025 to December 31, 2025.

Definition of Branches and Information on Sensors

Branch with less than 5,000 square feet of space (hereinafter “Small-Sized Branches”), are between 5001 – 10,000 square feet of space (hereinafter “Medium-Sized Branches”), and over 10,001 square feet of space (hereinafter “Large-Sized Branches”) were analyzed.

The following information pertains to the location of the sensors at each branch location. There is a total of 13 sensors for the system.

Sensor Name	Size Definition	Commissioned
Aptos Main	Large-Sized Branch	2/4/24
Boulder Creek Door 1	Small-Sized Branch	8/3/22
Branciforte Door 1	Medium-Sized Branch	1/12/23
Capitola Door 1	Large-Sized Branch	9/20/22
Capitola Door 2		8/2/22
Downtown Door 1	Large-Sized Branch	8/2/22
Downtown Door 2		8/2/22
Felton Door 1	Medium-Sized Branch	8/3/22
Garfield Park Door 1	Small-Sized Branch	9/13/22
Garfield Park Door 2		9/13/22
La Selva Door 1	Small-Sized Branch	3/8/23
La Selva Door 2		3/8/23
Live Oak Door 1	Medium-Sized Branch	9/13/22
Scotts Valley Main	Large-Sized Branch	9/13/22

During the 2nd quarter period, library staff welcomed approximately 227K patrons at its ten locations resulting in a 11% increase from last year during this same time period. The following describes noteworthy trends:

Small-Sized Branches

- Boulder Creek saw a 19% increase in patron visits from the same time last year.
- Garfield Park saw a 19% increase in patron visits from the same time last year.
- La Selva Beach saw a 13% increase in patron visits from the same time last year.

Medium-Sized Branches

- Branciforte saw a 28% increase in patron visits from the same time last year.
- Felton saw a 7% increase in patron visits from the same time last year.
- Live Oak saw a 2% decrease in patron visits from the same time last year.

Large-Sized Branches

- Aptos saw a 16% increase in patron visits from the same time last year.
- Capitola saw a -5% decrease in patron visits from the same time last year.
- Downtown saw a 7% increase in patron visits from the same time last year.
- Scotts Valley saw a 31% increase in patron visits from the same time last year.

Day and Hour Heatmap

Heatmapping is available through the patron count system. Heatmaps can illustrate patron visits by day and hour.

Most of the library branches are open from 10 a.m. to 6 p.m. Monday through Thursday and 10 a.m. to 5 p.m. Friday through Saturday. La Selva Beach Branch Library is closed on Mondays.

Large-Sized Branches

Aptos- 2nd Qtr. Heatmap by Average Visitor								
Aptos	10a	11a	12p	1p	2p	3p	4p	5p
Sunday								
Monday	83	59	60	61	60	66	50	25
Tuesday	79	61	54	43	56	91	80	21
Wednesday	70	51	55	62	61	77	61	42
Thursday	56	43	43	55	55	58	60	24
Friday	54	59	63	52	51	48	35	
Saturday	67	58	58	58	51	55	34	

Capitola- 2nd Qtr. Heatmap by Average Visitor								
	10a	11a	12p	1p	2p	3p	4p	5p
Sunday								
Monday	62	45	45	49	47	52	47	25
Tuesday	61	45	39	46	41	55	51	22
Wednesday	74	49	46	39	41	50	42	23
Thursday	46	31	33	37	35	47	37	19
Friday	46	39	43	38	38	40	28	
Saturday	56	53	49	41	50	45	33	

Downtown- 2nd Qtr. Heatmap by Average Visitor								
	10a	11a	12p	1p	2p	3p	4p	5p
Sunday				182	111	92	67	
Monday	121	80	86	107	98	101	78	39
Tuesday	106	82	78	92	91	90	77	48
Wednesday	94	66	94	123	109	99	90	45
Thursday	119	83	79	84	71	68	63	35
Friday	85	89	85	104	88	82	69	
Saturday	91	76	93	102	97	95	73	

Scotts Valley- 2nd Qtr. Heatmap by Average Visitor								
	10a	11a	12p	1p	2p	3p	4p	5p
Sunday								
Monday	44	38	41	40	50	72	53	27
Tuesday	52	44	32	35	56	69	58	26
Wednesday	45	36	34	40	56	85	64	24
Thursday	32	28	52	113	84	63	50	23
Friday	38	46	39	43	46	55	35	
Saturday	52	53	56	57	42	38	29	

Medium-Sized Branches

Felton- 2nd Qtr. Heatmap by Average Visitor								
	10a	11a	12p	1p	2p	3p	4p	5p
Sunday								
Monday	40	30	44	41	41	43	34	19
Tuesday	32	31	36	37	41	36	31	11
Wednesday	36	27	29	31	33	42	24	17
Thursday	43	36	26	27	38	37	24	17
Friday	34	29	25	27	28	31	22	
Saturday	39	35	39	33	28	29	21	

Live Oak- 2nd Qtr. Heatmap by Average Visitor								
	10a	11a	12p	1p	2p	3p	4p	5p
Sunday								
Monday	26	23	27	24	29	25	22	11
Tuesday	32	36	24	23	29	24	23	10
Wednesday	43	22	27	23	26	29	21	11
Thursday	23	22	20	19	19	21	27	11
Friday	21	27	22	23	30	27	18	
Saturday	17	19	26	29	25	23	15	

Branciforte- 2nd Qtr. Heatmap by Average Visitor								
	10a	11a	12p	1p	2p	3p	4p	5p
Sunday								
Monday	29	26	31	33	33	33	28	21
Tuesday	36	24	27	26	28	33	25	18
Wednesday	35	29	27	29	31	33	29	17
Thursday	23	18	25	22	28	34	23	15
Friday	29	27	28	60	32	28	22	
Saturday	44	27	27	24	26	33	24	

Small-Sized Branches

Boulder Creek- 2nd Qtr. Heatmap by Average Visitor								
	10a	11a	12p	1p	2p	3p	4p	5p
Sunday								
Monday	13	11	13	13	18	16	11	5
Tuesday	11	9	14	10	11	17	12	7
Wednesday	23	24	12	26	21	18	11	5
Thursday	12	9	10	9	10	25	14	8
Friday	14	11	12	11	11	19	12	
Saturday	14	11	14	17	17	12	6	

Garfield Park- 2nd Qtr. Heatmap by Average Visitor								
	10a	11a	12p	1p	2p	3p	4p	5p
Sunday								
Monday	20	21	20	22	21	30	22	12
Tuesday	19	18	17	20	23	25	17	12
Wednesday	32	23	20	20	23	29	24	14
Thursday	15	13	16	16	15	20	23	12
Friday	17	14	17	18	19	20	19	
Saturday	18	17	18	17	19	19	18	

La Selva Beach- 2nd Qtr. Heatmap by Average Visitor								
	10a	11a	12p	1p	2p	3p	4p	5p
Sunday								
Monday								
Tuesday	16	18	14	13	16	16	15	10
Wednesday	23	32	18	13	13	18	14	14
Thursday	15	10	11	10	10	13	15	11
Friday	21	11	17	15	15	18	12	
Saturday	14	19	26	19	23	18	15	

Key			
	≥1		≥50
	≥10		≥60
	≥20		≥70
	≥30		≥80
	≥40		≥90

Attachment: FY 26 1st Qtr. Patron Data County Comparison Report

Report Prepared by: Kira Henifin, Principal Management Analyst

Reviewed and Approved by: Christopher Platt, Library Director

Chair Mali LaGoe
Vice Chair Nicole Coburn
Board Member Jamie Goldstein
Board Member Matt Huffaker



STAFF REPORT

DATE: February 5, 2026
TO: Library Joint Powers Authority Board
FROM: Christopher Platt, Library Director
RE: 2nd Quarter FY26 Community Impact Measures

STAFF RECOMMENDATION

Accept and File Community Impact Measures for 2nd Qtr. FY26.

DISCUSSION

This 2nd quarter report covers the time period of October 1, 2025 through December 31, 2025 and compares this data to the previous year.

- Total circulation system-wide increased by 6%.
- The total number of SCPL App circulation increased by 106%.
- Total hours of public internet computer use system-wide increased by 20%.
- Total sessions of public internet use increased by 4%.
- Total number of new registrations increased by 13%.
- Total hours of meeting room use decreased by 1%.
- The total number of programs held system-wide increased by 6%.
- The total number of program attendance system-wide decreased by 1%.

Attachment: 2nd Quarter Community Impact Measures FY26

Report Prepared by: Devin Schwarz, Administrative Assistant II
Christine Campbell, Library Assistant III

Reviewed and Forwarded by: Christopher Platt, Library Director

Community Impact Measures Report- FY 2026

Circulation By Branch

	Quarter 1			Quarter 2			Quarter 3			Quarter 4			YTD Totals	
Branch	FY25	FY26	Change	FY25	FY26	Change	FY25	FY26	Change	FY25	FY26	Change	FY25	FY26
Aptos	28,196	27,598	-2%	24,951	25,839	4%	27,282			27,031			107,460	
Boulder Creek	6,055	6,408	6%	5,571	5,883	6%	6,314			5,892			23,832	
Branciforte	11,987	13,571	13%	11,203	12,431	11%	12,494			12,209			47,893	
Capitola	29,159	25,988	-11%	24,916	22,356	-10%	25,722			24,805			104,602	
Downtown	29,488	27,410	-7%	28,410	24,934	-12%	28,561			27,629			114,088	
Felton	17,900	16,476	-8%	15,009	15,279	2%	16,515			15,309			64,733	
Garfield Park	10,163	10,572	4%	9,397	9,722	3%	10,749			10,216			40,525	
La Selva Beach	4,328	4,431	2%	3,866	3,972	3%	4,036			4,194			16,424	
Live Oak	15,553	14,998	-4%	15,266	13,309	-13%	16,081			15,653			62,553	
Live Oak Annex	0	338	NA	33	321	873%	187			327			547	
Scotts Valley	27,536	28,170	2%	23,872	24,367	2%	26,542			27,268			105,218	
Outreach	5,843	1,887	-68%	5,809	2,926	-50%	5,391			4,520			21,563	
TOTAL	186,208	177,847	-4%	168,303	161,339	-4%	179,874	0		175,053	0		709,438	0
Digital Branch	148,926	179,851	21%	158,862	185,938	17%	166,673			170,407			644,868	
TOTAL + DIGITAL	335,134	357,698	7%	327,165	347,277	6%	346,547	0		345,460	0		1,354,306	0

SCPL App Circulation

	Quarter 1			Quarter 2			Quarter 3			Quarter 4			YTD Totals	
Branch	FY25	FY26	Change	FY25	FY26	Change	FY25	FY26	Change	FY25	FY26	Change	FY25	FY26
Aptos	1,170	3,036	159%	1,506	2,561	70%	1,246			2,184			6,106	
Boulder Creek	152	578	280%	172	468	172%	180			367			871	
Branciforte	346	1,116	223%	553	1,438	160%	416			741			2,056	
Capitola	1,104	2,080	88%	1,042	2,076	99%	1,143			1,464			4,753	
CMS	157	749	377%	127	694	446%	120			550			954	
Downtown	1,215	2,551	110%	1,315	2,220	69%	1,183			2,091			5,804	
Felton	358	1,144	220%	469	1,350	188%	445			878			2,064	
Garfield Park	311	631	103%	383	546	43%	306			532			1,472	
La Selva Beach	341	416	22%	323	512	59%	308			370			1,342	
Live Oak	402	968	141%	435	803	85%	465			629			1,931	
Live Oak Annex	0	41	NA	0	122	NA	12			51			63	
Outreach	110	226	105%	165	264	60%	106			221			602	
Scotts Valley	1,073	2,504	133%	1,200	2,769	131%	1,057			1,175			4,505	
TOTAL	6,739	16,040	138%	7,690	15,823	106%	6,987	0		11,253	0		32,523	0

Community Impact Measures Report- FY 2026

Hours of Public Internet Computer Use

	Quarter 1			Quarter 2			Quarter 3			Quarter 4			YTD Totals	
Branch	FY25	FY26	Change	FY25	FY26	Change	FY25	FY26	Change	FY25	FY26	Change	FY25	FY26
Aptos	1,330	1,614	21%	1,265	1,587	25%	1,489			1,643			5,727	
Boulder Creek	630	636	1%	509	683	34%	690			610			2,439	
Branciforte	926	1,199	29%	946	1,105	17%	1,078			1,028			3,978	
Capitola	1,800	1,769	-2%	1,456	1,910	31%	1,755			1,737			6,748	
Downtown	9,923	9,206	-7%	7,318	9,024	23%	7,980			8,597			33,818	
Felton	947	1,107	17%	1,033	884	-14%	908			899			3,787	
Garfield Park	462	868	88%	814	742	-9%	547			557			2,380	
La Selva Beach	50	113	126%	64	52	-19%	114			112			340	
Live Oak	1,336	1,153	-14%	1,209	1,446	20%	1,768			1,832			6,145	
Scotts Valley	1,385	1,716	24%	1,379	1,753	27%	1,616			1,672			6,052	
TOTAL HOURS	18,789	19,381	3%	15,993	19,186	20%	17,945	0		18,687	0		71,414	0

Sessions of Public Internet Use

	Quarter 1			Quarter 2			Quarter 3			Quarter 4			YTD Totals	
Branch	FY25	FY26	Change	FY25	FY26	Change	FY25	FY26	Change	FY25	FY26	Change	FY25	FY26
Aptos	2,073	2,683	29%	1,997	2,702	35%	2,538			2,681			9,289	
Boulder Creek	858	791	-8%	656	801	22%	968			855			3,337	
Branciforte	1,572	1,745	11%	1,460	1,649	13%	1,716			1,615			6,363	
Capitola	2,503	2,356	-6%	2,031	2,316	14%	2,326			2,293			9,153	
Downtown	8,604	7,673	-11%	8,353	7,376	-12%	7,480			7,475			31,912	
Felton	1,356	1,422	5%	1,408	1,334	-5%	1,385			1,397			5,546	
Garfield Park	702	944	34%	699	796	14%	851			816			3,068	
La Selva Beach	117	163	39%	126	115	-9%	200			186			629	
Live Oak	1,716	1,730	1%	1,585	1,640	3%	1,892			2,015			7,208	
Scotts Valley	2,168	2,513	16%	2,026	2,506	24%	2,229			2,323			8,746	
TOTAL	21,669	22,020	2%	20,341	21,235	4%	21,585	0		21,656	0		85,251	0

Community Impact Measures Report- FY 2026

New Registrations

	Quarter 1			Quarter 2			Quarter 3			Quarter 4			YTD Totals	
Branch	FY25	FY26	Change	FY25	FY26	Change	FY25	FY26	Change	FY25	FY26	Change	FY25	FY26
Aptos	636	633	0%	491	563	15%	568			523			2,218	
Boulder Creek	114	104	-9%	101	124	23%	115			161			491	
Branciforte	223	242	9%	186	239	28%	186			185			780	
Capitola	501	441	-12%	359	364	1%	463			431			1,754	
Downtown	1,037	1,209	17%	853	1,059	24%	1,082			1,079			4,051	
Felton	215	220	2%	155	188	21%	197			170			737	
Garfield Park	118	171	45%	90	117	30%	125			152			485	
La Selva Beach	75	72	-4%	67	49	-27%	57			57			256	
Live Oak	325	266	-18%	214	209	-2%	312			261			1,112	
Live Oak Annex	0	1	NA	0	1	NA	3			1			4	
Scotts Valley	376	407	8%	312	96	-69%	383			123			1,194	
Outreach	120	117	-3%	126	333	164%	118			332			696	
TOTAL	3,740	3,883	4%	2,954	3,342	13%	3,609	0		3,475	0		13,778	0

Hours of Meeting Room Use

	Quarter 1			Quarter 2			Quarter 3			Quarter 4			YTD Totals	
Branch	FY25	FY26	Change	FY25	FY26	Change	FY25	FY26	Change	FY25	FY26	Change	FY25	FY26
Aptos	1,380	1,304	-6%	1,391	1,291	-7%	1,467			1,395			5,633	
Boulder Creek	124	181	46%	166	181	9%	218			258			766	
Branciforte	347	440	27%	378	472	25%	344			339			1,408	
Capitola	1,190	1,024	-14%	1,160	1,008	-13%	1,104			1,085			4,539	
Downtown	375	461	23%	444	453	2%	569			526			1,914	
Felton	499	491	-2%	479	530	11%	479			477			1,934	
Garfield Park	0	0	NA	0	0	NA	0			0			0	
La Selva Beach	0	0	NA	0	0	NA	0			0			0	
Live Oak Annex	0	0	NA	0	0	NA	0			0			0	
Scotts Valley	946	846	-11%	1,084	1,091	1%	895			832			3,757	
TOTAL HOURS	4,861	4,747	-2%	5,102	5,026	-1%	5,076	0		4,912	0		19,951	0

Community Impact Measures Report- FY 2026

Number of Programs

Branch	Quarter 1			Quarter 2			Quarter 3			Quarter 4			YTD Totals	
	FY25	FY26	Change	FY25	FY26	Change	FY25	FY26	Change	FY25	FY26	Change	FY25	FY26
Aptos	131	136	4%	157	173	10%	192			189			669	
Boulder Creek	52	76	46%	83	94	13%	83			90			308	
Branciforte	58	70	21%	53	96	81%	26			38			175	
Capitola	74	90	22%	93	77	-17%	88			101			356	
Downtown	118	192	63%	172	182	6%	214			210			714	
Felton	112	99	-12%	125	121	-3%	134			106			477	
Garfield Park	43	59	37%	57	64	12%	65			60			225	
La Selva Beach	42	78	86%	40	90	125%	65			77			224	
Live Oak	88	62	-30%	112	77	-31%	112			72			384	
Live Oak Annex	0	29	NA	0	44	NA	0			51			51	
Scotts Valley	71	81	14%	96	103	7%	98			95			360	
Outreach	131	79	-40%	115	52	-55%	117			119			482	
Virtual	22	24	9%	23	24	4%	25			22			92	
TOTAL	942	1,075	14%	1,126	1,197	6%	1,219	0		1,230	0		4,517	0

Program Attendance

Branch	Quarter 1			Quarter 2			Quarter 3			Quarter 4			YTD Totals	
	FY25	FY26	Change	FY25	FY26	Change	FY25	FY26	Change	FY25	FY26	Change	FY25	FY26
Aptos	1,858	1,667	-10%	1,924	2,703	40%	2,192			2,964			8,938	
Boulder Creek	585	929	59%	959	1,089	14%	995			1,203			3,742	
Branciforte	290	1,116	285%	214	1,384	547%	175			574			1,253	
Capitola	843	1,094	30%	1,299	1,134	-13%	1,924			2,256			6,322	
Downtown	1,162	1,556	34%	2,251	2,645	18%	2,345			1,990			7,748	
Felton	1,431	901	-37%	1,258	1,501	19%	1,952			1,219			5,860	
Garfield Park	474	669	41%	412	536	30%	532			717			2,135	
La Selva Beach	563	831	48%	513	1,184	131%	646			896			2,618	
Live Oak	995	798	-20%	1,500	1,473	-2%	1,445			856			4,796	
Live Oak Annex	0	204	NA	0	426	NA	0			471			471	
Scotts Valley	1,430	1,408	-2%	2,210	1,576	-29%	2,029			2,001			7,670	
Outreach	2,962	2,469	-17%	4,300	772	-82%	2,583			3,160			13,005	
Virtual	208	371	78%	248	410	65%	455			380			1,291	
TOTAL	12,801	14,013	9%	17,088	16,833	-1%	17,273	0		18,687	0		65,849	0

Chair Mali LaGoe
Vice Chair Nicole Coburn
Board Member Jamie Goldstein
Board Member Matt Huffaker



STAFF REPORT

DATE: February 5, 2025
TO: Library Joint Powers Authority Board
FROM: Christopher Platt, Library Director
RE: FY 26 2nd Qtr. SCPL Incident Report

STAFF RECOMMENDATION

Accept and File FY 26 2nd Qtr. Incident Report.

DISCUSSION

The attached report shows the number of incidents that have occurred system-wide by branch, and the number of suspensions issued by branch. The report also compares this information to the prior year.

Attachment: Incident Report for FY 26 2nd Quarter

Prepared by: Gabe Reyes, Administrative Assistant II
 Kira Henifin,
 Principal Management Analyst

Reviewed and forwarded by: Christopher Platt, Library Director

SCPL Incident Report by Branch - FY 26															
	QTR 1			QTR 2			QTR 3			QTR 4			YTD Totals		
	FY25	FY 26	% Change	FY25	FY 26	% Change	FY25	FY 26	% Change	FY25	FY 26	% Change	FY25	FY 26	% Change
Aptos	14	9	-36%	3	10	233%	12			4			33	19	-42%
Boulder Creek	3	11	267%	5	4	-20%	4			12			24	15	-38%
Branciforte	5	16	220%	12	7	-42%	15			9			41	23	-44%
Capitola	25	16	-36%	16	3	-81%	12			11			64	19	-70%
Downtown	64	44	-31%	68	51	-25%	60			39			231	95	-59%
Felton	3	1	-67%	7	4	-43%	8			4			22	5	-77%
Garfield Park	1	2	100%	2	2	0%	1			3			7	4	-43%
La Selva Beach	0	0		1	1	0%	1			0			2	1	-50%
Live Oak	4	2	-50%	4	3	-25%	9			8			25	5	-80%
Scotts Valley	4	4	0%	3	6	100%	2			2			11	10	-9%
TOTAL	123	105	-15%	121	91	-25%	124			92			460	196	-57%
Suspensions by Branch - FY 26															
	QTR 1			QTR 2			QTR 3			QTR 4			YTD Totals		
	FY25	FY 26	% Change	FY25	FY 26	% Change	FY25	FY 26	% Change	FY25	FY 26	% Change	FY25	FY 26	% Change
Aptos	0	0		0	0	0%	0			0			0	0	0%
Boulder Creek	0	2		0	1		0			4			4	3	-25%
Branciforte	1	6	500%	4	6	50%	5			3			13	12	-8%
Capitola	3	3	0%	3	1	-67%	2			5			13	4	-69%
Downtown	33	34	3%	37	34	-8%	32			22			124	68	-45%
Felton	1	0	-100%	0	2		1			1			3	2	-33%
Garfield Park	0	0		1	1	0%	0			3			4	1	-75%
La Selva Beach	0	0		0	0	0%	0			0			0	0	0%
Live Oak	1	1	0%	2	2	0%	3			0			6	3	-50%
Scotts Valley	0	0		0	2		2			0			2	2	0%
TOTAL	39	46	18%	47	49	4%	45			38			169	95	-44%

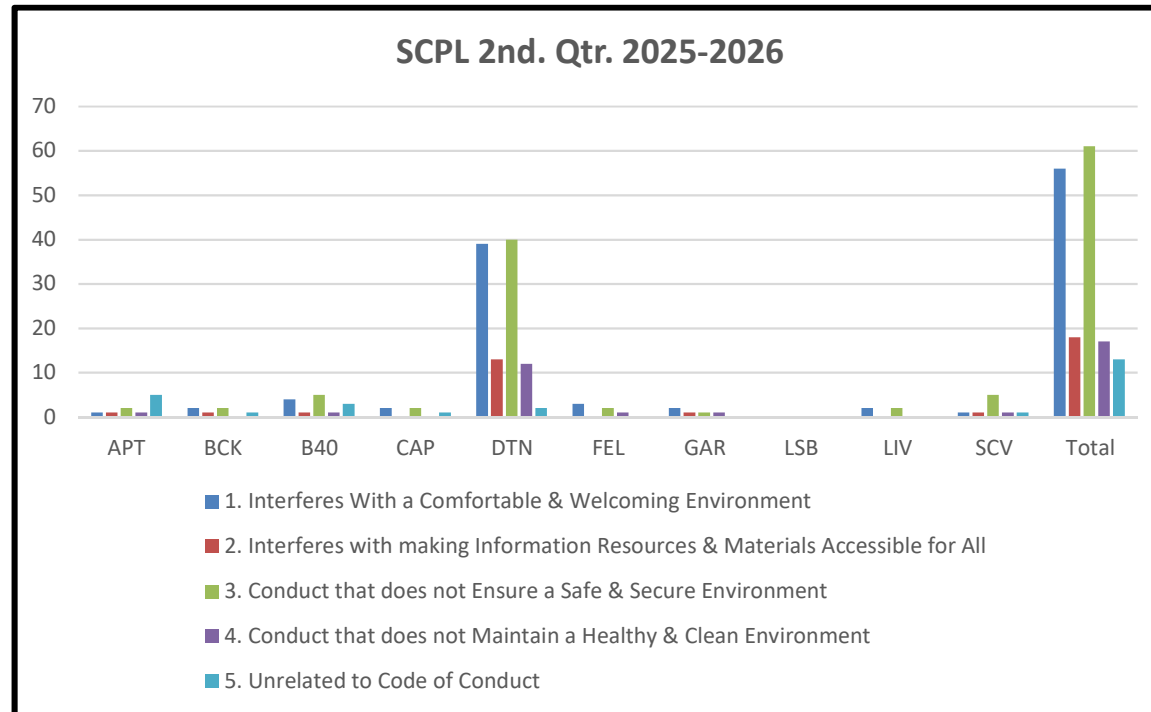
SCPL Summary of Incident Infraction Categories - FY 25/26

The Library's Patron Code of Conduct is comprised of five categories. Within each category, there are multiple types of infractions (four to twelve), that may occur. A single incident might begin with the violation of one infraction and then escalate to violation of several different infractions, potentially resulting in an ejection for the day or a suspension.

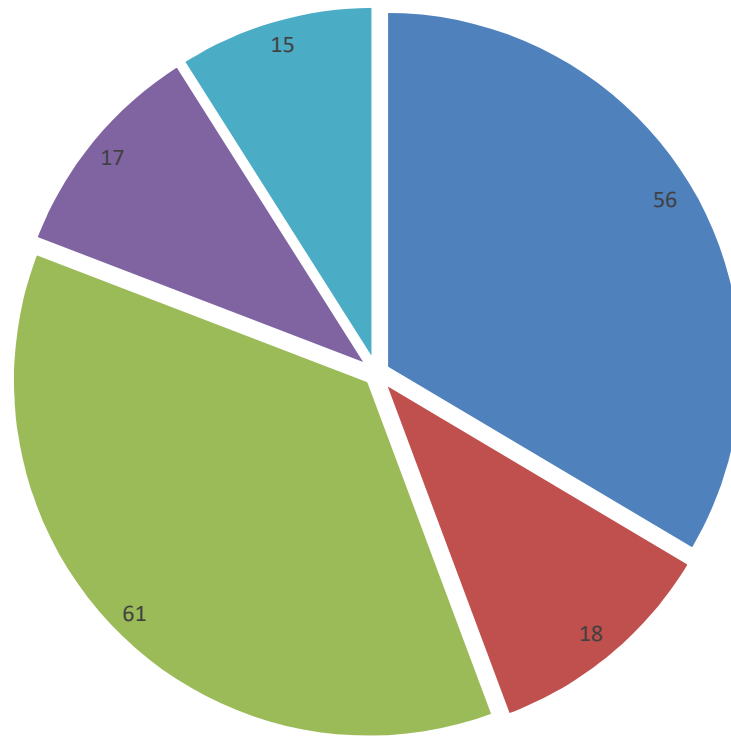
2nd. Qtr. Infraction Category Summary

Out of the five Infraction Categories, the highest number of infractions occurred in Category 3: Conduct that Does Not Ensure a Safe & Secure Environment at 61 (down from 75 in 1st qtr.), followed by Category 1: Interferes with a Comfortable & Welcoming Environment, with 56 incidents (down from 66 in 1st qtr.)

Infraction Categories	APT	BCK	B40	CAP	DTN	FEL	GAR	LSB	LIV	SCV	Total
1. Interferes With a Comfortable & Welcoming Environment	1	2	4	2	39	3	2	0	2	1	56
2. Interferes with making Information Resources & Materials Accessible for All	1	1	1	0	13	0	1	0	0	1	18
3. Conduct that does not Ensure a Safe & Secure Environment	2	2	5	2	40	2	1	0	2	5	61
4. Conduct that does not Maintain a Healthy & Clean Environment	1	0	1	0	12	1	1	0	0	1	17
5. Unrelated to Code of Conduct	4	2	1	1	5	1	0	1	0	0	15
											167



SCPL 1st. Qtr. FY 25/26
Summary of Incidents by Infraction Category Systemwide = 193



- 1. Interferes With a Comfortable & Welcoming Environment
- 2. Interferes with making Information Resources & Materials Accessible for All
- 3. Conduct that does not Ensure a Safe & Secure Environment
- 4. Conduct that does not Maintain a Healthy & Clean Environment
- 5. Unrelated to Code of Conduct

Chair Mali LaGoe
Vice Chair Nicole Coburn
Board Member Jamie Goldstein
Board Member Matt Huffaker



STAFF REPORT

DATE: February 5, 2026
TO: Library Joint Powers Authority Board
FROM: Christopher Platt, Library Director
RE: Financial Statements and Independent Auditors' Report for FY 2025

STAFF RECOMMENDATION

Accept and file prepared Financial Statements and Independent Auditors' Report for FY 2025.

DISCUSSION

Please review attached Independent Auditors' Report for FY 2025 for the year ending on June 30, 2025.

Attachment: Financial Statements and Independent Auditors' Report for FY 2025

Santa Cruz Public Libraries Joint Powers Authority

Santa Cruz, California

Financial Statements and Independent Auditor's Report

For the Year Ended June 30, 2025

Santa Cruz Public Libraries Joint Powers Authority
Financial Statements
For the Year Ended June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of the Santa Cruz Public Libraries Joint Powers 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 the major fund of the City of Santa Cruz Public Libraries Joint Powers Authority (the "Authority"), a custodial fund of the City of Santa Cruz, California (the "City"), as of and for the year ended June 30, 2025, and the related notes to the 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 the major fund of the Authority as of June 30, 2025, 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. 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.

Emphasis of a Matter

As described in Note 1 to the fund financial statements, these fund financial statements present only the financial position and results of operations of the Authority and are not intended to present fairly the financial position and results of operations of the City in conformity with accounting principles generally accepted in the United States of America.

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 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, 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 Management's Discussion and Analysis, and Budgetary Comparison Schedule 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.

To the Board of Directors
of the Santa Cruz Public Libraries Joint Powers Authority
Santa Cruz, California
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Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Combining Schedule of Balance Sheets by Program, the Combining Schedule of Revenues, Expenditures and Changes in Sub-Fund Balances by Program, and Authority's Financial Condition are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Combining Schedule of Balance Sheets by Program and the Combining Schedule of Revenues, Expenditures and Changes in Sub-Fund Balances by Program, and Authority's Financial Condition are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The PwC Group, LLP

Santa Ana, California
January 20, 2026

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Santa Cruz Public Libraries Joint Powers Authority
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2025

Management of the Santa Cruz Public Libraries Joint Powers Authority (Authority) provides this Management Discussion and Analysis (MD&A) for readers of the Authority's basic financial statements. This narrative overview and analysis of the financial activities of the Authority is for the fiscal year ended June 30, 2025.

Financial Highlights

Government-wide highlights:

The assets of the Authority exceeded its liabilities at the close of the fiscal year by \$15,200,865 (Net Position). A component of this balance represents \$1,228,679 of investment in capital assets; however, the remainder of net position consists of unrestricted net position of \$13,972,186. Unrestricted net position represents the amount normally used to meet the Authority's ongoing obligations.

Changes in Net Position - The Authority's total net position increased by \$1,242,810 in fiscal year 2025 due to an increase in maintenance of effort contributions coupled with underspending in budgeted expenditures.

By the end of the fiscal year, the Authority's total assets increased by \$942,468. The top current asset increase was due to cash and cash equivalents with a \$936,944 increase.

The Authority's total liabilities sustained a decrease of \$300,342 during the fiscal year primarily due to a decrease of \$79,451 in accounts payable and other current liabilities and a decrease in leases payable according to the amortization schedules.

Fund highlights:

As of the close of the fiscal year, the Authority's general fund reported a fund balance of \$13,993,539 which is an increase of \$1,132,947 when compared with the prior year amount. The fund balance is a measure of whether the Authority will have sufficient resources to meet its near-term obligations.

The Authority's General Fund total assets increased by \$1,053,496 and the total liabilities decreased by \$79,451 during the fiscal year. The increases were primarily attributable to an increase in the Authority's cash and cash equivalents and a decrease in accounts payable and other current liabilities.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Authority's basic financial statements. The Santa Cruz Public Libraries Joint Powers Authority's basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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 and liabilities with the difference between the total assets and the total liabilities reported as net position.

Santa Cruz Public Libraries Joint Powers Authority
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

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., interest on long-term debt due but unpaid at the end of the fiscal year).

The Authority's library services function is principally supported by taxes and intergovernmental revenues and is therefore considered a governmental activity. The government-wide financial statements can be found on pages 13-14 of this report.

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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements can be found on pages 15-18 of this report.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, however, governmental fund statements focus on near-term inflows and outflows of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Since the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Readers will then be able to better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Authority has one governmental fund, the general fund, which is used to account for all of its activities.

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 21-29 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information providing a budgetary comparison schedule for the General Fund. Required supplementary information can be found on page 33-34 of this report.

Santa Cruz Public Libraries Joint Powers Authority
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

Government-Wide Financial Analysis

Analyses of Net Position

About 8% of the Authority's net position reflects its investment in capital assets, primarily machinery, furnishings, equipment and leasehold improvements. These assets are used to provide services to citizens; consequently, they are not available for future spending. The table below shows the components of the net position.

Santa Cruz Public Libraries
Net Position
At June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Total assets	\$ 19,003,481	\$ 18,061,013
Total liabilities	\$ 3,802,616	\$ 4,102,958
Net position:		
Investment in capital assets	1,228,679	1,113,952
Unrestricted	13,972,186	12,844,103
Total net position	<u>\$ 15,200,865</u>	<u>\$ 13,958,055</u>

Governmental Activities

All the activities of the Authority are governmental, so it has no business-type activities:

Santa Cruz Public Libraries
Changes in Net Position
Fiscal years ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
General revenues:		
Sales taxes	\$ 10,637,539	\$ 10,707,815
Unrestricted investment earnings	729,439	572,291
Unrestricted donations	59,779	583,245
Miscellaneous	38,221	251,712
Total general revenues	11,464,978	12,115,063
Program revenues	9,066,510	8,347,067
Total revenues	20,531,488	20,462,130
Expenditures	19,288,678	19,040,604
Changes in net position	1,242,810	1,421,526
Beginning of year	13,958,055	12,536,529
End of year	<u>\$ 15,200,865</u>	<u>\$ 13,958,055</u>

The Authority's net position increased \$1,242,810 during the fiscal year due to an increase in maintenance of effort contributions coupled with some underspending in budgeted expenditures.

**Santa Cruz Public Libraries Joint Powers Authority
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025**

Financial Analysis of the General Fund

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – The focus of the Authority's governmental 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, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the close of the fiscal year 2025, the Authority's General Fund reported an ending fund balance of \$13,993,539, an increase of \$1,132,947 or 8.81% in comparison with the prior fiscal year, primarily due to underspending.

General Fund Budgetary Highlights

The final amended budget is more than the original budget for revenues and other financing sources by \$458,737 primarily due to an increase in intergovernmental revenues related to the Maintenance of Effort from the participating jurisdictions and donations from the Friends of the Library. The actual revenues and other financing sources were more than the final amended budget by \$120,138.

The final amended budget is more than the original budget for expenditures and other financing uses by \$377,957 primarily due to increases in supplies and other charges such as legal services and technological applications. The actual expenditures and other financing uses were less than the final amended budget by \$2.5 million.

Capital Assets and Debt Administration

As of June 30, 2025, the Authority's capital assets holdings were \$4,651,832 (net of accumulated depreciation and amortization), which is \$111,028 less than the prior year. The decrease was attributed to the net effect of depreciation/amortization exceeding additions to capital assets. Information about capital assets can be found in Note 3.

As of June 30, 2025, the Authority had \$3,423,153 of long term-debt. Information on debt can be found in Note 5.

Economic Factors and Next Year's Budgets and Rates

Of the Authority's fiscal year 2024-25 revenues (excluding other financing sources), 52% came from a dedicated quarter cent sales tax approved by the voters in 1996 and was made permanent in 2008. The balance of the Authority's revenues come from local contributions, bequest income, donations, fees and fines. Sales tax revenues are driven by the general health of the local economy, this revenue decreased over the prior year by \$70,276 or 0.7% in fiscal year 2024-25.

The budget for fiscal year 2025-26 builds on the priorities established through the various plans that are now in place: Strategic Plan, Service Model/Staffing Plan, Facilities Master Plan, and Technology Plan. Over the last year, the Authority completed various projects, including moving the Library's website to a hosted site, embarking on a new 3-5 year Strategic Plan, and celebrating the final Measure S project with the groundbreaking of the new Downtown Library, as part of the Downtown Santa Cruz Library Affordable Housing project, set to open in Spring 2027.

**Santa Cruz Public Libraries Joint Powers Authority
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025**

The Authority's proposed fiscal year 2025-26 operating budget is being presented as a balanced budget with the use of funds from unrestricted fund balance. To finance ongoing operations, key strategic initiatives and capital projects, the library system depends largely on Measure R, which is expected to see similar results in fiscal year 2026 but further increase in 2027, and the Maintenance of Effort (MOE) contributions, which with the recent agreement, have increased 10.3% through fiscal year 2025.

Requests for Information

This financial statement is designed to provide a general overview of the fund's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Libraries, 117 Union Street, Santa Cruz, California, 95060.

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BASIC FINANCIAL STATEMENTS

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Santa Cruz Public Libraries Joint Powers Authority
Statement of Net Position
June 30, 2025

	Governmental Activities
<hr/>	
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 12,698,860
Accounts receivable	745,943
Interest receivable	57,070
Taxes receivable	849,776
Total current assets	<u>14,351,649</u>
Noncurrent assets:	
Capital assets - non-depreciable/amortizable	71,353
Capital assets - depreciable/amortizable, net	4,580,479
Total noncurrent assets	<u>4,651,832</u>
Total assets	<u><u>19,003,481</u></u>
 LIABILITIES	
Current liabilities:	
Accounts payable and other current liabilities	358,110
Interest payable	21,353
Leases payable - due in one year	226,758
Total current liabilities	<u>606,221</u>
Noncurrent liabilities:	
Leases payable - due in more than one year	3,196,395
Total noncurrent liabilities	<u>3,196,395</u>
Total liabilities	<u><u>3,802,616</u></u>
 NET POSITION	
Net investment in capital assets	1,228,679
Unrestricted	13,972,186
Total net position	<u><u>\$ 15,200,865</u></u>

Santa Cruz Public Libraries Joint Powers Authority
Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
Governmental activities:				
Library services	\$ 19,218,495	\$ -	\$ 9,066,510	\$ (10,151,985)
Interest	70,183	-	-	(70,183)
Total governmental activities	<u>\$ 19,288,678</u>	<u>\$ -</u>	<u>\$ 9,066,510</u>	<u>\$ (10,222,168)</u>
General revenues:				
Sales taxes				10,637,539
Unrestricted investment earnings				729,439
Unrestricted donations				59,779
Miscellaneous				38,221
Total general revenues				<u>11,464,978</u>
Change in net position				<u>1,242,810</u>
Net position - beginning of year				<u>13,958,055</u>
Net position - end of year				<u>\$ 15,200,865</u>

Santa Cruz Public Libraries Joint Powers Authority
Governmental Fund Balance Sheet
June 30, 2025

	General Fund
ASSETS	
Cash and cash equivalents	\$ 12,698,860
Accounts receivable	745,943
Interest receivable	57,070
Taxes receivable	849,776
Total assets	\$ 14,351,649
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable and other current liabilities	\$ 358,110
Total liabilities	358,110
FUND BALANCE	
Assigned	3,977,403
Unassigned	10,016,136
Total fund balance	13,993,539
Total liabilities and fund balance	\$ 14,351,649

Santa Cruz Public Libraries Joint Powers Authority
Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
June 30, 2025

Total Fund Balance - Governmental Fund	\$ 13,993,539
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Amounts reported for Governmental Activities in the Statement of Net Position were different because:

Capital assets used in governmental activities are not current financial resources. Therefore, they are not reported in the governmental fund. Except for the internal service funds reported below, the capital assets are adjusted as follows:

Construction in progress	71,353
Infrastructure	579,683
Lease improvements	2,102,593
Machinery and equipment	2,715,684
Intangible leases	4,307,076
Software	3,983
Less accumulated depreciation and amortization	(5,128,540)
Total capital assets	4,651,832

Long-term debt used in governmental activities are not current financial resources. Therefore, they are not reported in the governmental fund. Long-term debt is adjusted as follows:

Lease liabilities	(3,423,153)
Total long-term debt	(3,423,153)

Interest payable did not use current financial resources. Therefore it is not included in the governmental fund.	(21,353)
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Net Position of Governmental Activities	\$ 15,200,865
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Santa Cruz Public Libraries Joint Powers Authority
Statement of Revenues, Expenditures, and Change in Fund Balance
For the Year Ended June 30, 2025

	General Fund
REVENUES:	
Taxes	\$ 10,637,539
Federal grants	93,066
State grants	28,602
Local grants	7,000
Maintenance of effort	8,937,842
Fines and forfeitures	38,221
Use of money and property	729,439
Donations	59,779
Total revenues	20,531,488
EXPENDITURES:	
Current:	
Contracted personnel services	13,786,029
Services, supplies, and other charges	5,234,444
Capital outlay	86,994
Debt service:	
Principal	225,755
Interest and fiscal charges	65,319
Total expenditures	19,398,541
NET CHANGE IN FUND BALANCE	1,132,947
FUND BALANCE:	
Beginning of year	12,860,592
End of year	\$ 13,993,539

Santa Cruz Public Libraries Joint Powers Authority
Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balance
to the Statement of Activities
For the Year Ended June 30, 2025

Net Change in Fund Balance - Governmental Fund	\$ 1,132,947
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Amounts reported for Governmental Activities in the Statement of Activities were different because:

The governmental fund reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated useful lives as depreciation/amortization expense. This is the amount of capital outlay recorded as capital assets in the current period.	86,994
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Depreciation/amortization expense on capital assets was reported in the Government-Wide Statement of Activities, but did not require the use of current financial resources. Therefore, depreciation/amortization expense was not reported as an expenditure.	(198,022)
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Principal expenditures were an outflow of resources in the governmental funds, but reduced long-term liabilities on the Statement of Activities.	225,755
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Interest expense on long-term debt was reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. This amount represented the change in accrued interest from prior year.	(4,864)
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Change Net Position of Governmental Activities	\$ 1,242,810
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NOTES TO THE BASIC FINANCIAL STATEMENTS

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Santa Cruz Public Libraries Joint Powers Authority
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies

The basic financial statements of the Santa Cruz Public Libraries Joint Powers Authority (“Authority”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to governmental agencies. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Authority’s significant accounting policies are described below.

A. Reporting Entity

In May 1996 the County of Santa Cruz (“County”), City of Santa Cruz (“City”), City of Watsonville, City of Capitola, and the City of Scotts Valley entered into a joint exercise of powers agreement to provide library services to their respective jurisdictions representing the entire incorporated and unincorporated areas of Santa Cruz County. On November 5, 1996, the voters approved an additional one-quarter percent increase in the sales tax to fund the library system. This revenue is collected by the County Library Financing Authority and is subsequently passed through to the Authority. In addition to the sales tax funding, under the joint powers agreement, each entity has maintenance of effort requirements based on the respective entities’ previous funding levels.

The Authority is a separate entity with a nine-member board consisting of two members of the County Board of Supervisors, two members of the City of Santa Cruz City Council, one member each of the City Councils of Capitola and Scotts Valley, and three at-large citizens appointed by the Board. The City administers the library system.

B. Basis of Accounting and Measurement Focus

The accounts of the Authority are organized on the basis of funds. Each fund is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The Authority uses only one fund, the General Fund, to record the results of its operations.

Government-Wide Financial Statements

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, 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.

Certain types of transactions are reported as program revenues for the City. These transactions include:

- Charges for services and
- Operating grants and contributions

Santa Cruz Public Libraries Joint Powers Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all governmental funds aggregated. The Authority has presented one major fund which is the General Fund. The General Fund is used to account for sources and uses of financial resources traditionally associated with governments, and which are not required to be accounted for in another fund.

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 Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current resources. 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. Generally, revenues are considered available if they are collected within 60 days after fiscal year end. If revenues are not subject to accrual, they are recorded when received in cash. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues, and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Unavailable revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, these amounts are removed from the balance sheet and the revenues are recognized.

An accompanying schedule is presented to reconcile and explain the differences in fund balance as presented in the Fund Financial Statements to the net position presented in the Government-Wide Financial Statements.

C. Use of Restricted Fund Balance

Net Position Flow Assumptions

Sometimes the Authority will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

Fund Balance Flow Assumptions

Sometimes the Authority will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first. Unassigned fund balance is applied last.

Santa Cruz Public Libraries Joint Powers Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

D. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include currency on hand and deposits in the City's cash and investment pool. These deposits have the same characteristics for the participating funds as demand deposit accounts, in that the funds may deposit additional cash at any time and also effectively withdraw cash at any time without prior notice or penalty. The City's cash and investments are stated at fair value, which is based on a quoted market price. This includes all investments except the City's investment in the California Local Agency Investment Fund ("LAIF"). The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The City valued its investments in LAIF at June 30, 2025, by multiplying its balance by a fair value factor determined by LAIF. The fair value factor was calculated by dividing the total fair value for all participants by the total amortized cost.

E. Capital Assets

Government-Wide Financial Statements

Capital assets are defined by the Authority as assets having an estimated useful life in excess of one year, and an initial, individual cost in excess of the capitalization thresholds described below:

Infrastructure	\$ 25,000
Buildings and Lease Improvement	10,000
Machinery and Equipment	5,000
Software (if qualified)	5,000

All capital assets are valued at historical cost or estimated historical cost if historical cost is not available. Donated capital assets are valued at their acquisition value on the date donated. Assets acquired under capital leases are capitalized in accordance with GAAP. Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's useful life are not capitalized. Depreciation/amortization is recorded on a straight-line basis over the useful lives of the assets as follows:

Infrastructure	20 years
Buildings and Lease Improvements	15–50 years
Machinery and Equipment	5–20 years
Software (if qualified)	5 years

Assets are grouped by asset type into one of the following accounts: land, land improvements, buildings (and improvements), machinery and equipment, lease improvements, and software.

Fund Financial Statements

Capital assets are not presented in the governmental fund financial statements; consequently, capital assets are shown as a reconciling item in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

Santa Cruz Public Libraries Joint Powers Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

F. Leases

As Lessee

At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

G. Interest Payable

In the Government-Wide Financial Statements, interest payable on long-term debt is recognized as the liability is incurred for both, governmental and business-type activities. In the Fund Financial Statements, only proprietary fund types recognize the interest payable when the liability is incurred. Governmental funds recognize interest payable when due.

H. Long-Term Debt

Government-Wide Financial Statements - Long-term debt and other long-term obligations are reported as liabilities in the governmental activities.

Fund Financial Statements - The governmental fund financial statements do not present long-term liabilities. Consequently, long-term debt is shown as a reconciling item in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

I. Program Revenues

Amounts reported as program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided or fines imposed by a given function or segment, and (2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

J. Property Taxes

Assessed property values are determined annually by the County Assessor as of March 1, and become a lien on real property at January 1. Taxes are levied on July 1 and are payable in two installments on November 1 and February 1, and are delinquent if not paid by December 10 and April 10, respectively.

The County bills and collects property taxes and remits them to the Authority under the State-authorized method of apportioning taxes whereby all local agencies, including cities, receive from the county their respective shares of the amount of ad valorem taxes collected. Property tax revenues are recognized when levied, provided the measurement and availability criteria have been met.

Santa Cruz Public Libraries Joint Powers Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

K. Net Position

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 amortization and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets, as applicable.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted Net Position – This amount is the portion that does not meet the definition of “net investment in capital assets” or “restricted net position.”

L. Fund Balances

Nonspendable – This category consists of amounts that are either not in spendable form or are legally or contractually required to maintain intact.

Restricted – This category consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed – This category consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council through approval of Resolutions. Formal action is taken with the passage of a simple majority vote at or prior to the last meeting for the applicable fiscal year. It also includes contractual obligations for which existing resources have been committed. Those committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action it employed previously to commit those amounts.

Assigned – This category consists of amounts that are intended to be used by the Authority for specific purposes, but do not meet the criteria to be classified as committed.

Unassigned – This category represents amounts that have not been restricted, committed, or assigned to specific purposes. At June 30, 2025, the entire fund balance of the Authority is unassigned.

M. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the amounts reported and the disclosure of contingent assets, liabilities, and deferred inflows and outflows. In addition, estimates affect the reported amount of revenues, expenditures/expenses, and disclosures. Actual results could differ from these estimates and assumptions.

Santa Cruz Public Libraries Joint Powers Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 2 – Cash Deposits and Investments

Cash and investments held by the Authority at June 30, 2025, consisted of \$12,698,860 in cash pooled with the City's cash and investments.

Investments authorized by the California Government Code and the City of Santa Cruz's investment policy:

Allowable investment instruments are defined in the California Government Code Section 53600, et. seq., as amended. If the Code is further revised to allow additional investments or is changed regarding the limits on certain categories of investments, the City is authorized to conform to these changes, excluding those changes that may be prohibited by this policy. Where the Government Code specifies a percentage limitation for a particular category of investments, that percentage is applicable only at the date of purchase. The City's pool is not rated and is not registered with the Securities Exchange Commission ("SEC"). The City's average maturity of its investments is less than one year.

California Local Agency Investment Fund – The City is a participant in the Local Agency Investment Fund ("LAIF"), which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in the LAIF pool is reported in the statements provided at amounts based on the City's pro-rata share of the fair value provided by LAIF, for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdraw is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis, which is different from the fair value of the City's position in the LAIF pool. The fund is subject to regulatory oversight by the State of California and is not registered with the SEC.

Fair Value Hierarchy – The City 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 2 inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. Level 3 inputs are significant unobservable inputs. Investments in LAIF are uncategorized as deposits and withdrawals are made on the basis of \$1 and not fair value.

Risk Disclosures

Interest Rate Risk – In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to two-and-one-half (2½) years or less. The City is in compliance with this provision of the investment policy with a weighted average maturity of 158 days at June 30, 2025.

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City manages credit risk by evaluating and pre-qualifying banks and primary dealers and by investing in securities with top ratings issued by nationally recognized statistical rating organizations.

Concentration of Credit Risk – The City's investment policy states that not more than 25% of the portfolio shall be invested in any one entity or any one instrument to protect the City from concentration of credit risk, with the following exceptions: U.S. Treasury Obligations and the external investment pool (LAIF). In addition, purchases of mutual funds must not exceed 20% of the value of the portfolio. Purchases in a single mutual fund may not exceed 10% of the value of the portfolio. The City is in compliance with these provisions of the investment policy. The City did not maintain investments in any one issuer (other than U.S. Treasury securities and external investment pools) that represent 5% or more of total investments at June 30, 2025.

Santa Cruz Public Libraries Joint Powers Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 3 – Capital Assets

At June 30, 2025, the Authority's capital assets consisted of the following:

	Balance June 30, 2024	Additions	Deletions	Adjustments	Balance June 30, 2025
Non-depreciable/amortizable assets:					
Construction in progress	\$ 71,353	\$ -	\$ -	\$ -	\$ 71,353
Total non-depreciable/amortizable assets	71,353	-	-	-	71,353
Depreciable/amortizable assets:					
Infrastructure	579,683	-	-	-	579,683
Lease improvements	2,102,593	-	-	-	2,102,593
Machinery and equipment	2,628,690	86,994	-	-	2,715,684
Intangible leases - buildings	4,307,076	-	-	-	4,307,076
Software	3,983	-	-	-	3,983
Total depreciable/amortizable assets, at cost	9,622,025	86,994	-	-	9,709,019
Less accumulated depreciation/amortization:					
Infrastructure	(411,504)	(12,985)	-	-	(424,489)
Lease improvements	(2,014,789)	(6,254)	-	-	(2,021,043)
Machinery and equipment	(2,307,388)	(114,498)	-	-	(2,421,886)
Intangible leases - buildings	(192,854)	(64,285)	-	-	(257,139)
Software	(3,983)	-	-	-	(3,983)
Total accumulated depreciation/amortization	(4,930,518)	(198,022)	-	-	(5,128,540)
Total depreciable/amortizable assets, net	4,691,507	(111,028)	-	-	4,580,479
Total capital assets, net	\$ 4,762,860	\$ (111,028)	\$ -	\$ -	\$ 4,651,832

Depreciation/amortization expense of the governmental activities for the year ended June 30, 2025 was \$198,022 and is included in the Library Services expense line item on the Statement of Activities.

Note 4 – Related Party Transactions

The cities of Santa Cruz and Watsonville and the County are required to provide funding to the Santa Cruz County Library Financing Authority ("Financing Authority") in accordance with the maintenance of effort agreement. The net revenues received by the Financing Authority are then passed through to the Authority and the City of Watsonville based on a prescribed formula. For fiscal year 2025, the Authority's share of the revenues was \$8,937,842 or 77.46%.

Distribution of the member contributions are as follows:

Contributing Member Agencies	County Library Financing Authority Contributions	Less: Miscellaneous Costs	Net Contributions	Library Joint Powers Authority Share (77.46%)	City of Watsonville Library Share (22.54%)
City of Santa Cruz	\$ 2,452,089	\$ (14,247)	\$ 2,437,842	\$ 2,095,553	\$ 342,289
City of Watsonville	541,684	(4,146)	537,538	462,064	75,474
County of Santa Cruz	7,422,372	-	7,422,372	6,380,225	1,042,147
Total	\$ 10,416,145	\$ (18,393)	\$ 10,397,752	\$ 8,937,842	\$ 1,459,910

Santa Cruz Public Libraries Joint Powers Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 5 – Long-Term Debt

The following table summarizes long-term debt activity for the year ended June 30, 2025:

	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025	Due in One Year
Direct borrowings:					
Leases payable	\$ 3,648,908	\$ -	\$ (225,755)	\$ 3,423,153	\$ 226,758
Total direct borrowings	<u>3,648,908</u>	<u>-</u>	<u>(225,755)</u>	<u>3,423,153</u>	<u>226,758</u>
Total long-term debt	<u>\$ 3,648,908</u>	<u>\$ -</u>	<u>\$ (225,755)</u>	<u>\$ 3,423,153</u>	<u>\$ 226,758</u>

Leases Payable

The Authority leases vehicles and space in the governmental activities. The leases have interest rates between 4.75% and 8.75%. The value of the right-to-use leased assets as of the end of the current fiscal year was \$4,049,937. Leases payable outstanding at June 30, 2025 were \$3,423,153.

Upcoming debt service requirements for leases payable are as follows:

	Principal	Interest	Total
2026	\$ 226,758	\$ 56,598	\$ 283,356
2027	230,999	52,699	283,698
2028	234,834	48,730	283,564
2029	238,449	44,698	283,147
2030	245,201	40,580	285,781
2031-2035	1,334,692	137,665	1,472,357
2036-2039	912,220	24,160	936,380
	<u>\$ 3,423,153</u>	<u>\$ 405,130</u>	<u>\$ 3,828,283</u>

Note 6 – Commitments and Contingencies

The Authority is a recipient of various governmental grants which may be subject to program compliance audits. Accordingly, the Authority's compliance with applicable grant requirements may be established at a future date. The amount of expenditures which may be disallowed by a granting agency cannot be determined at this time, although the Authority anticipates such amounts, if any, will be immaterial.

Note 7 – Retirement Plans

CalPERS Miscellaneous Employees' Pension Plans

The Authority uses City employees who are covered under the City's contributions to the California Public Employee Retirement System ("CalPERS"). CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. The miscellaneous employees of the City are part of a three-tier agent multiple-employer defined benefit pension plan. Benefit provisions under the Plans are established by State statute and City resolutions. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, and assumptions at the CalPERS website.

Santa Cruz Public Libraries Joint Powers Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 7 – Retirement Plans (Continued)

CalPERS Miscellaneous Employees' Pension Plans (Continued)

Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are, generally, eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Authority assumes its share of pension costs based upon rates established by CalPERS for the City's miscellaneous employees. No separate pension benefit obligation is calculated for the Authority; accordingly, no obligation is presented herein. Further information regarding the City's participation in CalPERS may be found in the City's annual comprehensive financial report.

Note 8 – Net Position and Fund Balance

A. Net Investment in Capital Assets

At June 30, 2025, the net investment in capital assets category of net position consisted of the following:

	Governmental Activities
Net investment in capital assets:	
Capital assets, nondepreciable/amortizable	\$ 71,353
Capital assets, depreciable/amortizable, net	4,580,479
Lease liability - due in one year	(226,758)
Lease liability - due in more than one year	(3,196,395)
Total	<u>\$ 1,228,679</u>

B. Stabilization Arrangement

During fiscal year, 2017 the Authority's Board approved an establishment of a stabilization agreement to cover cash flow issues and unexpected expenditures in future fiscal years. The reserve may be used for expenditures in the event of a declaration of a state or federal state of emergency or a local emergency. At June 30, 2025, the Authority had \$3,977,403 pursuant to the stabilization agreement.

Expenditures of the amounts in the revenue stabilization reserve may occur only when specific circumstances exist. The adopted resolution directs that these resources may be used if any one of the unforeseen and non-recurring events listed below occur that create significant financial difficulty for the Authority:

- a) Sudden and unexpected significant facility failures that threaten the immediate safety of City/Authority patrons, staff, or the community;
- b) Declaration of a State of Emergency by the Governor;
- c) Acts of Terrorism declared by the Governor or the President of the United States; or
- d) Acts of Nature, which are infrequent in occurrence.

The Authority's fund balance consisted of \$10,016,136 unassigned fund balance at the end of June 30, 2025.

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**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

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Santa Cruz Public Libraries Joint Powers Authority
Statement of Revenues, Expenditures, and Changes in Fund Balance
General Fund - Budget to Actual
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 10,659,175	\$ 10,785,061	\$ 10,637,539	\$ (147,522)
Federal grants	-	93,066	93,066	-
State grants	13,998	48,033	28,602	(19,431)
Local grants	-	7,000	7,000	-
Maintenance of effort	8,952,089	8,952,089	8,937,842	(14,247)
Charges for services	4,640	4,640	-	(4,640)
Fines and forfeitures	12,000	12,000	38,221	26,221
Use of money and property	164,189	164,189	729,439	565,250
Donations	91,523	130,938	59,779	(71,159)
Total revenues	<u>19,897,614</u>	<u>20,197,016</u>	<u>20,531,488</u>	<u>334,472</u>
EXPENDITURES:				
Current				
Contracted personnel services	14,670,475	14,668,993	13,786,029	882,964
Services, supplies, and other charges	6,414,401	6,647,044	5,234,444	1,412,600
Capital outlay	438,000	425,462	86,994	338,468
Debt service:				
Principal	-	-	225,755	(225,755)
Interest and fiscal charges	-	-	65,319	(65,319)
Total expenditures	<u>21,522,876</u>	<u>21,741,499</u>	<u>19,398,541</u>	<u>2,342,958</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>(1,625,262)</u>	<u>(1,544,483)</u>	<u>1,132,947</u>	<u>(2,008,486)</u>
OTHER FINANCING SOURCES:				
Transfers in	54,999	214,334	-	(214,334)
Transfers out	-	(159,335)	-	159,335
Total other financing sources	<u>54,999</u>	<u>54,999</u>	<u>-</u>	<u>(54,999)</u>
NET CHANGES IN FUND BALANCE	<u>\$ (1,570,263)</u>	<u>\$ (1,489,484)</u>	<u>1,132,947</u>	<u>\$ (2,063,485)</u>
FUND BALANCE:				
Beginning of year			12,860,592	
End of year			<u>\$ 13,993,539</u>	

Santa Cruz Public Libraries Joint Powers Authority
Notes to Budgetary Schedules
For the Year Ended June 30, 2025

Note 1 – Budgetary Information

An annual budget is adopted by the Authority on or before June 30 for the fiscal year beginning July 1. The annual budget process begins in February with a public hearing, at which time the Board considers service and budget priorities for the following year. The Director of Libraries then prepares a proposed budget, based upon the service priorities and revenue estimates. The proposed budget is made available to the public for review prior to a public hearing in May of each year. At this hearing, the Board can request supplemental information from the Director of Libraries. This supplemental information, plus an update on available financing for the Library System is presented to the Board for review prior to final budget adoption.

Administratively, the Authority's budget is managed under the policies and procedures of the City. The Director of Libraries is authorized to approve appropriation transfers up to a specified amount; however, any new appropriation requires approval by the Authority's Board. Several supplemental appropriations that were necessary during the year are reflected in the final budgeted amounts. Expenditures may not legally exceed appropriations at the fund level.

All annual operating appropriations lapse at fiscal year-end, except for amounts legally encumbered at year end. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in governmental fund types. Encumbrances outstanding at year-end are reported as reservation of fund balances since they do not constitute expenditures or liabilities, and re-appropriations in the subsequent year provide authority to complete these transactions as expenditures.

In addition, project-length (or non-lapsing) budgets are adopted for capital improvements and other projects, and grant-funded projects or programs that may not be completed within the fiscal year during which the budget appropriation for the project or program originates. Under these circumstances, the appropriation continues until project or program completion, or unless the appropriation is subsequently amended or rescinded by the Authority Board.

Budgets are adopted each year for the General Fund. This budget is prepared on a basis consistent with GAAP.

SUPPLEMENTARY INFORMATION

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Santa Cruz Public Libraries Joint Powers Authority
Combining Schedule of Balance Sheets by Program
Library Operating Sub-Funds
June 30, 2025

	Library Operating Sub-Funds					Total Library Operating Funds
	Library JPA Operating	Technology Reserve	JPA Vehicle Replacement	JPA Trusts	JPA - Capital Equipment	
ASSETS						
Cash and cash equivalents	\$ 11,783,495	\$ 284,083	\$ 534,529	\$ 20,075	\$ 76,678	\$ 12,698,860
Accounts receivable	745,943	-	-	-	-	745,943
Interest receivable	52,768	1,318	2,535	93	356	57,070
Taxes receivable	849,776	-	-	-	-	849,776
Total assets	<u>\$ 13,431,982</u>	<u>\$ 285,401</u>	<u>\$ 537,064</u>	<u>\$ 20,168</u>	<u>\$ 77,034</u>	<u>\$ 14,351,649</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and other current liabilities	358,110	-	-	-	-	358,110
Total liabilities	<u>358,110</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>358,110</u>
Fund Balances:						
Assigned - stabilization agreement	3,977,403	-	-	-	-	3,977,403
Unassigned	9,096,469	285,401	537,064	20,168	77,034	10,016,136
Total fund balances	<u>13,073,872</u>	<u>285,401</u>	<u>537,064</u>	<u>20,168</u>	<u>77,034</u>	<u>13,993,539</u>
Total liabilities and fund balances	<u>\$ 13,431,982</u>	<u>\$ 285,401</u>	<u>\$ 537,064</u>	<u>\$ 20,168</u>	<u>\$ 77,034</u>	<u>\$ 14,351,649</u>

* The "Library Operating Sub-Funds" constitute sub-funds of the General Fund of the Santa Cruz Public Libraries Joint Powers Authority.

Santa Cruz Public Libraries Joint Powers Authority
Combining Statement of Revenues, Expenditures and Changes in Sub-Fund Balances by Program
For the Year Ended June 30, 2025

	Library Operating Sub-Funds					Total Library Operating Funds
	Library JPA Operating	Technology Reserve	JPA Vehicle Replacement	JPA Trusts	JPA - Capital Equipment	
REVENUES:						
Sales and use tax	\$ 10,637,539	\$ -	\$ -	\$ -	\$ -	\$ 10,637,539
Federal grants	93,066	-	-	-	-	93,066
State grants	28,602	-	-	-	-	28,602
Local grants	7,000	-	-	-	-	7,000
Maintenance of effort	8,937,842	-	-	-	-	8,937,842
Fines and forfeitures	38,221	-	-	-	-	38,221
Investment income	678,382	15,846	29,815	1,119	4,277	729,439
Contributions and donations	59,779	-	-	-	-	59,779
Total revenues	20,480,431	15,846	29,815	1,119	4,277	20,531,488
EXPENDITURES:						
Current:						
Personnel services	13,786,029	-	-	-	-	13,786,029
Services, supplies and other charges	5,233,999	138	259	11	37	5,234,444
Capital outlay	86,994	-	-	-	-	86,994
Debt service:						
Principal	225,755	-	-	-	-	225,755
Interest and fiscal charges	65,319	-	-	-	-	65,319
Total expenditures	19,398,096	138	259	11	37	19,398,541
NET CHANGES IN FUND BALANCE	1,082,335	15,708	29,556	1,108	4,240	1,132,947
FUND BALANCE:						
Beginning of year	11,991,537	269,693	507,508	19,060	72,794	12,860,592
End of year	<u>\$ 13,073,872</u>	<u>\$ 285,401</u>	<u>\$ 537,064</u>	<u>\$ 20,168</u>	<u>\$ 77,034</u>	<u>\$ 13,993,539</u>

Santa Cruz Public Libraries Joint Powers Authority
Authority's Financial Condition
For the Year Ended June 30, 2025

At June 30, 2025, the Authority had unrestricted net position of \$13,972,186, an increase of \$1,128,083 from the prior year of \$12,844,103 on the government-wide financial statements. The General Fund unassigned fund balance is \$10,016,136 and \$3,977,403 is assigned for the stabilization agreement. The following is the three-year trend information of financial condition of the Authority:

Government-Wide Financial Statements

Year	Total Net Position	Change \$	Unrestricted Net Position	Change \$	Change in Net Position	Change \$
2023	\$ 12,536,529	\$ 1,724,009	\$ 11,477,218	\$ 1,296,815	\$ 1,724,009	\$ (638,027)
2024	13,958,055	1,421,526	12,844,103	1,366,885	1,421,526	(302,483)
2025	15,200,865	1,242,810	13,972,186	1,128,083	1,242,810	(178,716)

Fund Financial Statements

Year	Total Fund Balance	Change \$
2023	\$ 11,488,523	\$ 1,308,120
2024	12,860,592	1,372,069
2025	13,993,539	1,132,947

The Authority's financial condition over the last fiscal years has improved. For fiscal year 2025 the Authority saw an increase of \$1,242,810 in total net position for a total net position of \$15,200,865. For fiscal year 2024, the total net position increased by \$1,421,526, for a total net position of \$13,958,055. For fiscal year 2023 the Authority saw an increase of \$1,132,947 in total fund balance. For fiscal year 2024, total fund balance increased by \$1,372,069.

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2025 URBAN LIBRARIES COUNCIL *LIBRARY INSIGHTS* REPORT

November 2025

FOREWORD

As the world sees unprecedented levels of disruption across political, economic, and social landscapes, it is more important than ever to ensure that public libraries remain welcoming spaces for all. Customers must see a place for themselves at the library. To achieve this, we need the tools—and the data—to see what is working well, and where the larger library world is going.

The data we collect for the Library Insights Survey (LIS) is meant to be extremely timely, and geared towards helping libraries across North America improve the quality of the patron experience. With this data, libraries are better equipped to tell their story, prepare for the demands of tomorrow, and evaluate themselves compared to their peers. In turn, with these insights, we at ULC are in a stronger position to advocate for libraries to decision makers and to the public.

The results from this year's survey show that libraries today are resilient and attuned to the needs of their communities, continuing to excel at embracing innovative and forward-looking approaches, while staying grounded in what libraries do best. Libraries get better and better at tracking impact and responding to customer feedback. This year, we also incorporated stories from several ULC member library leaders and practitioners in the report to provide snapshots about what their libraries are doing well.

A clearer picture is now emerging of where library customer preferences are at, beyond a narrow view of the pre- and post-COVID worlds. Times have changed. More and more people are using the library. They are just not using it the same way they did in 2019. Libraries have adapted alongside these changes, meeting the evolving needs of patrons both in-building and digitally.

As an example, we see that public libraries continue to attract visitors (up 9.8% from 2023), while library room reservations are increasingly popular (up 25% from 2023), and the demand for digital resources, especially eBooks, continues to grow (up by 14.8% from 2023).

Through the findings of this year's LIS, we see public libraries remain essential social infrastructure, providing communities with access to modern tools and spaces for information access and connection.

With better data and deeper insights, libraries will be poised to meet pressing challenges such as childhood literacy, reskilling and upskilling, and adapting to emerging realities like AI and the growing demand for flexible workspaces. Through these efforts, we will continue to uphold the standing of public libraries as among the most trusted institutions in North America.

BROOKS RAINWATER

President and CEO

Urban Libraries Council

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The Urban Libraries Council is an innovation and impact tank of North America's leading public library systems. ULC drives cutting-edge research and strategic partnerships to elevate the power of libraries as essential, transformative institutions. Across the U.S. and Canada, nearly 200 member libraries rely on ULC to identify significant challenges facing today's communities and provide new tools and techniques to help libraries achieve stronger outcomes in education, digital equity, workforce and economic development, and race and social equity. Learn more at urbanlibraries.org.

AUTHORS

FEMI ADELAKUN

Director, Research and Data
Urban Libraries Council

CORISSA GOODRICH

Research and Data Analyst
Urban Libraries Council

CONTRIBUTORS

ELISE CALANNI

Sr. Communications Manager
Urban Libraries Council

BROOKS RAINWATER

President & CEO
Urban Libraries Council

EVAN OTTENFELD

Director of Strategic
Communications
Urban Libraries Council

ACKNOWLEDGEMENTS

JENÉ BROWN

Director, Emerging
Technologies & Collections
Los Angeles Public Library

RACHEL HARRIS

Assistant Director—Operations
Frisco Public Library

SARAH DOUGLAS-MURRAY

Chief Executive Officer
Milton Public Library

LEO SEGURA

Library Operations Director
Las Vegas-Clark County
Library District

SCOTT DUIMSTRA

Library Director
Hennepin County Library

ROB SYMES

Marketing Director
Vaughan Public Libraries

ABOUT THE LIBRARY INSIGHTS SURVEY

In 2025, a total of 122 library systems across the United States and Canada participated in the Library Insights Survey (LIS) data compilation process—a high-water mark. The libraries featured in 2025 represent 2,307 locations and serve a combined population total of over 91 million. While every library system is unique in their offerings and community needs, the variety of respondents, as well as the expansiveness of the population these systems serve, ensures that LIS outcomes are representative of trends observed in urban libraries across North America.

The third iteration of ULC’s Library Insights Survey leverages the power of 4-years’ worth of member-provided data on patron engagement with library programs and services from North America’s leading public library systems, gathering information from member libraries on their budgets, staffing, operations, visitors, and programs, to capture how customers actually use their library.

In the first year of data collection, ULC asked libraries to provide 2019 and 2022 data to better measure post-pandemic recovery. Now in the third year of LIS data collection, the survey moves beyond forming a baseline comparison with 2019, offering insights into where libraries are heading and how they have evolved.

Beyond the insights gathered in this public report, ULC members will be able to use the redesigned [Data Hive to see Advanced View Dashboards of year-over-year trend analysis and data visualization](#) of key LIS metrics, exploring and benchmarking with peer library system to filter by library service area population, budget, number of branches, region, country, and state.

Figure 1.

By the Numbers: 2025 LIS Respondents	
Total Library Systems	122
Total Library Locations	2,307
Total Library Service Population	91,037,835

“How people use their library is constantly changing, and we need to be nimble enough to reassess how we’re doing each year. If data points us in a direction, we listen. That’s how we meet patrons where they are.”

- Jené Brown, Director, Emerging Technologies & Collections, Los Angeles Public Library (CA)

KEY INSIGHTS

Measured by intensity of change from 2023 to 2024

STRONG

- **Room reservations are up 25% in 2024** from 2023, and **eResource usage** (defined as all digital materials accessed online with or without a library card, including e-books, e-audiobooks, video streams, and database access) **is up 14.8%**
- Both **room reservations and eResource usage** continue a **3-year-trend increase**
- These increases are **even more pronounced when compared to 2019 usage levels**—a 31% increase for room reservations and a 58% increase for eResources
- Early literacy and school-age programs remain core priorities, with **69% of libraries ranking them as the most frequently offered and highest attended**

MODERATE

- **In-person visits continue to rise** (up by 9.8% in 2024), a 3-year-trend increase
- Libraries have seen a **8% increase in the number of programs offered in 2024**
- **Computer usage recorded a 12% increase**, breaking a trend that saw a 64% decline in usage in 2022 (compared to 2019) and a 70.6% decline in 2023 (compared to 2022)

LOW

- Budgets increased 5% in 2024, but **an additional 5.4% would have been necessary to keep pace with inflation**
- **Program attendance also climbed** for the third straight year, with a slight increase of 2.5% in 2024
- Physical circulation has **plateaued in usage** over the last 3 years, with a moderate decline of 1.7% recorded in 2024
- Current data also shows a **significant change in staffing levels** with a decline of 3.6% in 2024, following a very slight increase in 2023. Current staffing remains 8.2% below 2019 levels

SURVEY CATEGORIES

To better contextualize the library user experience, LIS results are categorized into the following themes:



1. **Attraction and Attendance:** A synopsis of the library's performance in attracting and retaining in-person visits. This includes an evaluation of pre- and post-pandemic performance metrics.



2. **Location Experience and Use of Space:** An in-depth analysis of a range of metrics and trends that provide insights into the various ways patrons are engaging with library programs and services. This also includes highlights of major changes in patron interaction with library programs and services.



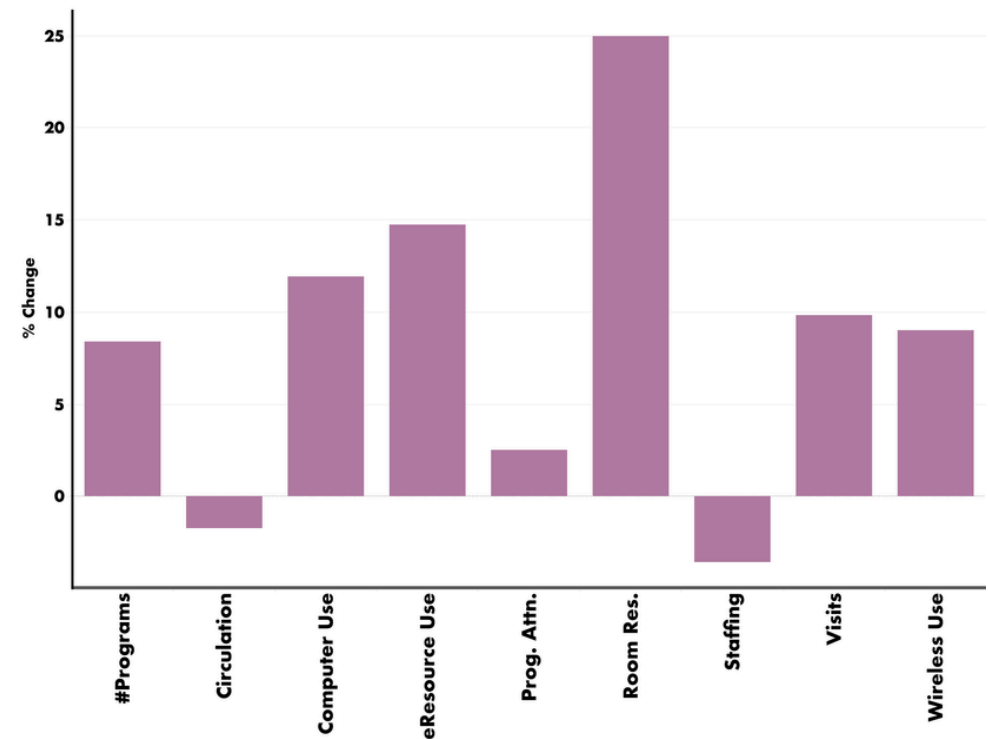
3. **Library Programs and Services:** An inventory of current library program performance, including a breakdown of pre- and post-pandemic attendance trends.



4. **Staffing and Budget:** A summary of management structures and operation trends across ULC member libraries in North America.

Figure 2.

All Features: 2024 Performance Compared to 2023



The 2025 library insights capture a range of trends relevant to service delivery compiled from patron engagement trends observed over four years. These trends show both increased usage over the years observed (most recently in 2024 over 2023), declines in usage, and a range of measures where no significant differences were observed.

1. ATTRACTION AND ATTENDANCE

In-person visits to the library continue to rise, continuing a 3-year trend increase since 2022, with moderate but significant increases recorded in 2024.

Urban libraries have continued to attract patron visits, with the most recent 2024 LIS numbers showing a sustained 3-year increase since 2022. While visits are still down 29% from 2019, the data shows **sustained improvements in visits year over year** (up 9.8% in 2024 compared to 2023).

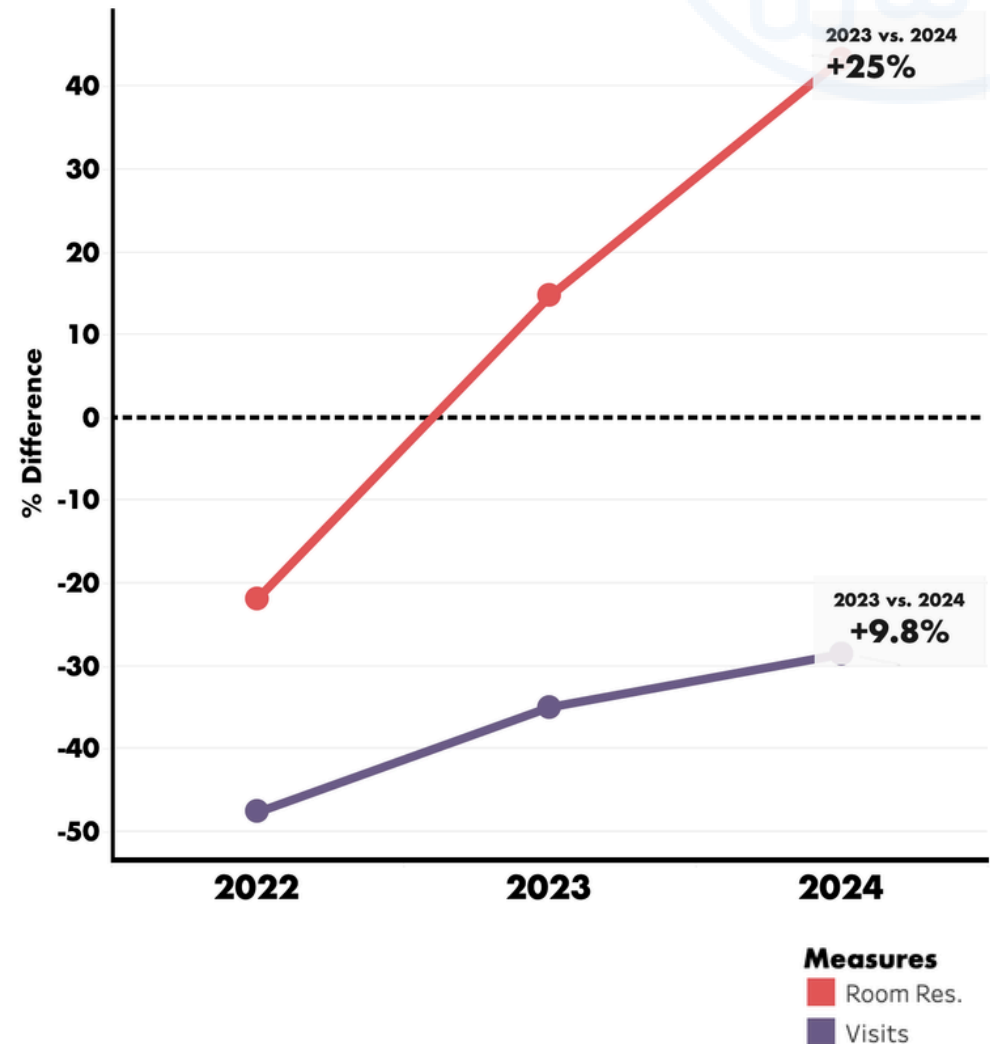
Libraries surveyed reported 257,607,620 total in-person visits in 2024, a 29% increase since 2022.

"Through leveraging data and spending wisely, we were able to create an innovative marketing campaign that directly targeted our most likely potential customers, across multiple channels, in their neighborhoods and in their daily movements around the city. This led to an increase in library card registrations and website traffic."

- Rob Symes, Marketing Director,
Vaughan Public Libraries (ON)

Figure 3.

3-Year Trend: In-Person Visits and Room Reservations

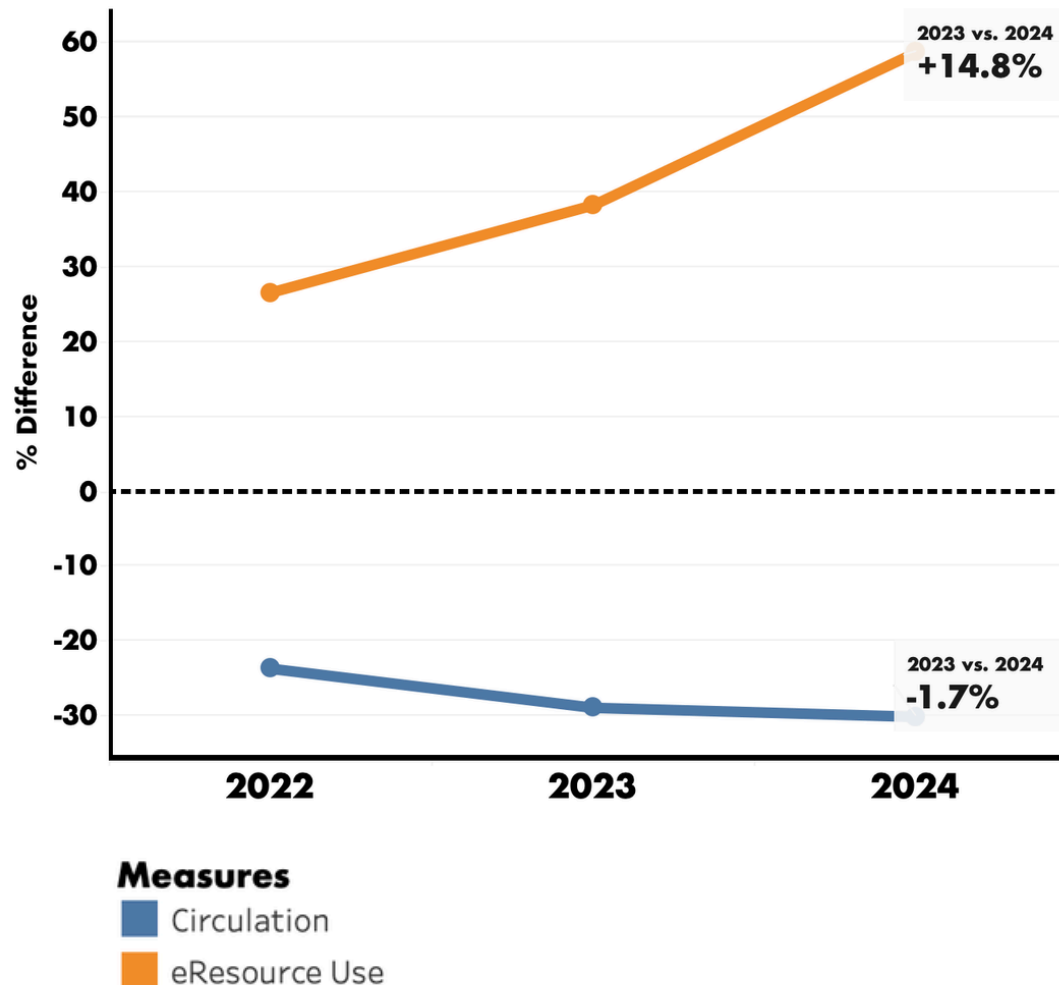


2. LOCATION EXPERIENCE AND USE OF SPACE

Room reservations at public libraries and eResources use continue a 3-year trend of explosive growth.

Figure 4.

3-Year Trend: Physical Circulation vs. eResource Usage



2024 LIS data sees **patrons continue to reserve library rooms at record levels.**

This has led to a 3-year trend increase with the most recent usage numbers showing a **25% increase in 2024** when compared to 2023 (representing a 31% increase compared to 2019 levels).

In the same vein, libraries report a **14.8% increase in eResources accessed in 2024 when compared to 2023.** This trend represents a **massive increase of 58%** in average eResource use since 2019. At the same time, **average physical circulation has plateaued since 2022** (slightly down by 1.7% in 2024 compared to 2023). However, the surge in eBook usage, a significant part of eResources may indicate that some of these losses are merely changes in preference.

This reality represents both an opportunity and a significant challenge for libraries. During the pandemic, customers embraced the accessibility and depth of their local library’s digital collection and have held on to this preference even when libraries have reopened. However, the significant price cost of eResources, especially eBooks, means that **more of collections budgets are allocated to items at rates that still outpace the share of customers using them.**

For example **in 2019, libraries spent \$1.54 per capita on eBooks, and by 2024 this average had increased to \$2.72.** Conversely, the average spend on print in 2024 (\$2.77) was nearly equivalent to the 2019 spend.

On the other hand, some trends have shown modest reversals. For the first time in three years the **LIS shows a moderate rise in computer usage in 2024 when compared to 2023.** In 2024, computer usage recorded an increase of 12%—disrupting a trend which saw computer usage decline consistently year-over-year since 2019.

“We found that when we enclose a space, people don’t use it nearly as much as when it’s open. For example, our dedicated computer lab gets less use than computers in the teen section or the children’s area. People need to feel like a space is for them.”

- Rachel Harris, Assistant Director – Operations, Frisco Public Library (TX)

3. LIBRARY PROGRAMS AND SERVICES

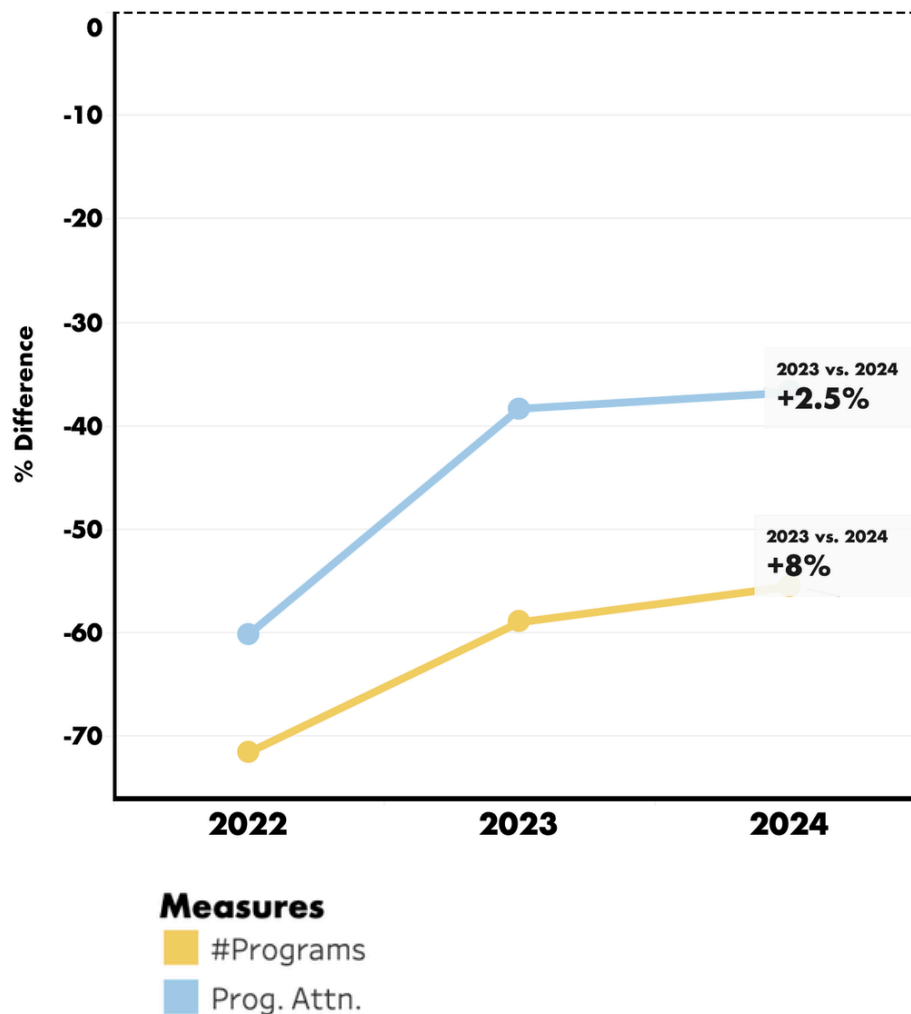
Libraries are reporting increases in the number of programs offered and program attendance for a third consecutive year. This is strongly connected to significant changes observed in how patrons are engaging with library programs and services in general.

Library programs have recorded encouraging improvements in terms of the number of library programs and the number of people in attendance, continuing their historic ability to adapt to the evolving needs of their service areas.

The current LIS data shows that there has been an **8% growth in the number of program offerings**, and a **2.5% growth in program attendance from 2023 to 2024**, gradual but steady improvements in key metrics. Additionally, early literacy and school-aged programs remain a core priority for libraries, with 69% of respondents ranking associated programs as the most frequently offered and highest attended.

Figure 5.

3-Year Trend: Program Offerings and Attendance



"Our philosophy is that everyone on staff is a programmer. Even those not directly leading a program get involved according to their interests and passions, from chess and vinyl clubs to crochet and line dancing, yoga and DJing, even micro business support. Customers really appreciate the results."

- Leo Segura, Library Operations Director, Las Vegas-Clark County Library District (NV)

4. STAFFING AND BUDGET

Total full-time employee (FTE) library staffing levels declined in 2024 and are still below 2019 levels. Budgets have gone up, but have not kept pace with record inflation.

This year's LIS results show a **cumulative decline in number of FTEs since 2022**. These declines can be observed first in 2019 to 2022 (a decline of -5.3%), followed right after by a slight increase in 2023 (a 3% increase). This increase was then followed by a decline of 3.6% from 2023 to 2024, adding up to a cumulative decline of -8.2% over the observed years.

Figure 6.

Average FTE Staff: 2019 to 2024

Year	Average FTE Staff
2019	393
2022	375
2023	384
2024	322

Figure 7.

3-Year Trend: Staffing

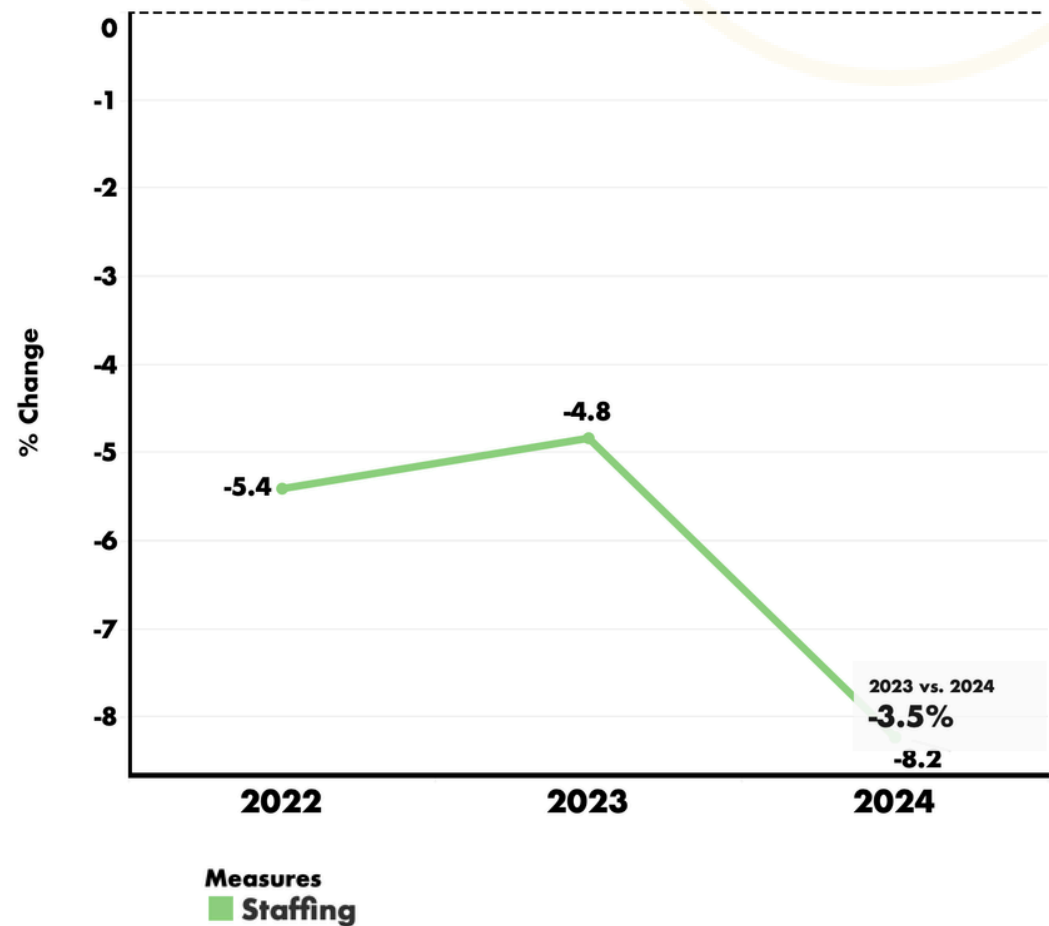
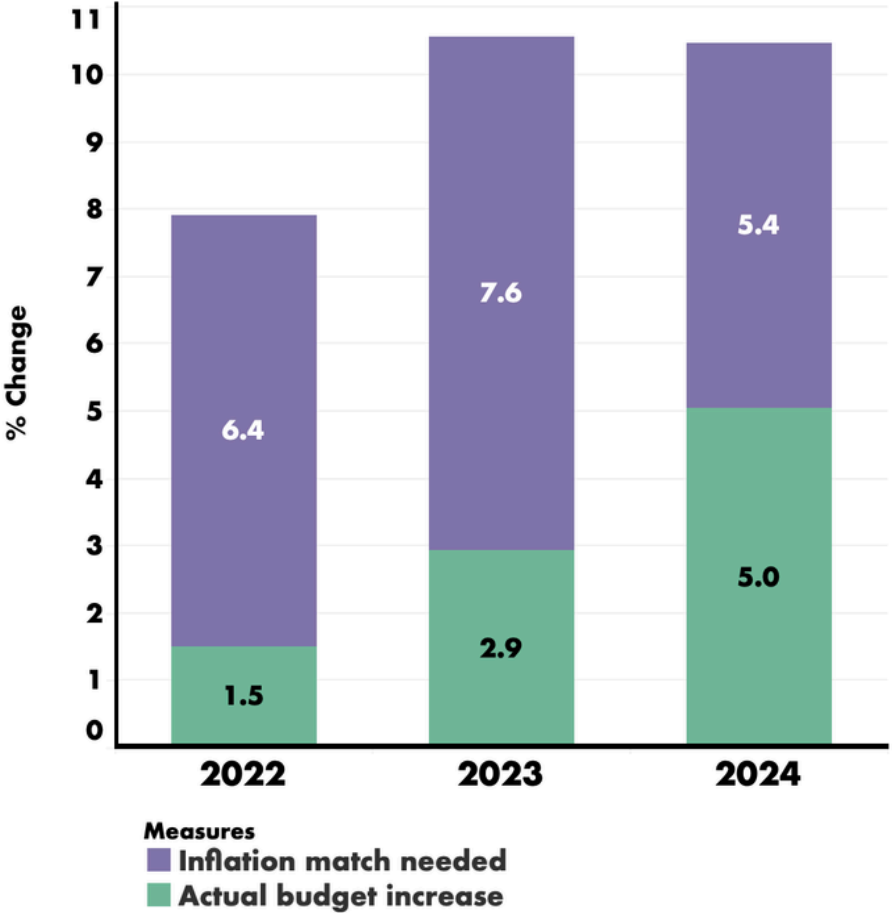


Figure 8.

3-Year Trend: Budget and Inflation



On the other hand, library fiscal budgets have recorded moderate increases over the last three years, with the latest trend being a 5% increase from 2023 to 2024. However, **these increases are not catching up with inflation**, with the most recent increase (2024 compared to 2023) **still 5.4% shy of the increase needed to catch up with the 2024 reported inflation rate of 2.9%.**

Figure 9.

FY Budgets: 2019 to 2024

Year	Avg. FY Budget
2019	\$41,622,367
2022	\$45,459,688
2023	\$46,637,873
2024	\$50,468,837

“We made getting the best data we could about our library a priority. It’s not just about better technology or procedures, but also making our staff aware of the importance. Data makes our reporting—and planning—much easier and more impactful.”

- Scott Duimstra, Library Director, Hennepin County Library (MN)

New Branch Construction Trends: 2024

For a second consecutive year, urban libraries have continued to invest in improving service delivery and access across their communities with the construction of new branch locations. These capital investments saw **17% of libraries surveyed building at least one new branch location in 2024** (a total of 29 new branch locations, up from 25 in 2023).

These new branches are moving ahead even with **increased construction costs averaging \$808 per square foot in 2024**, up from \$695 in 2023.

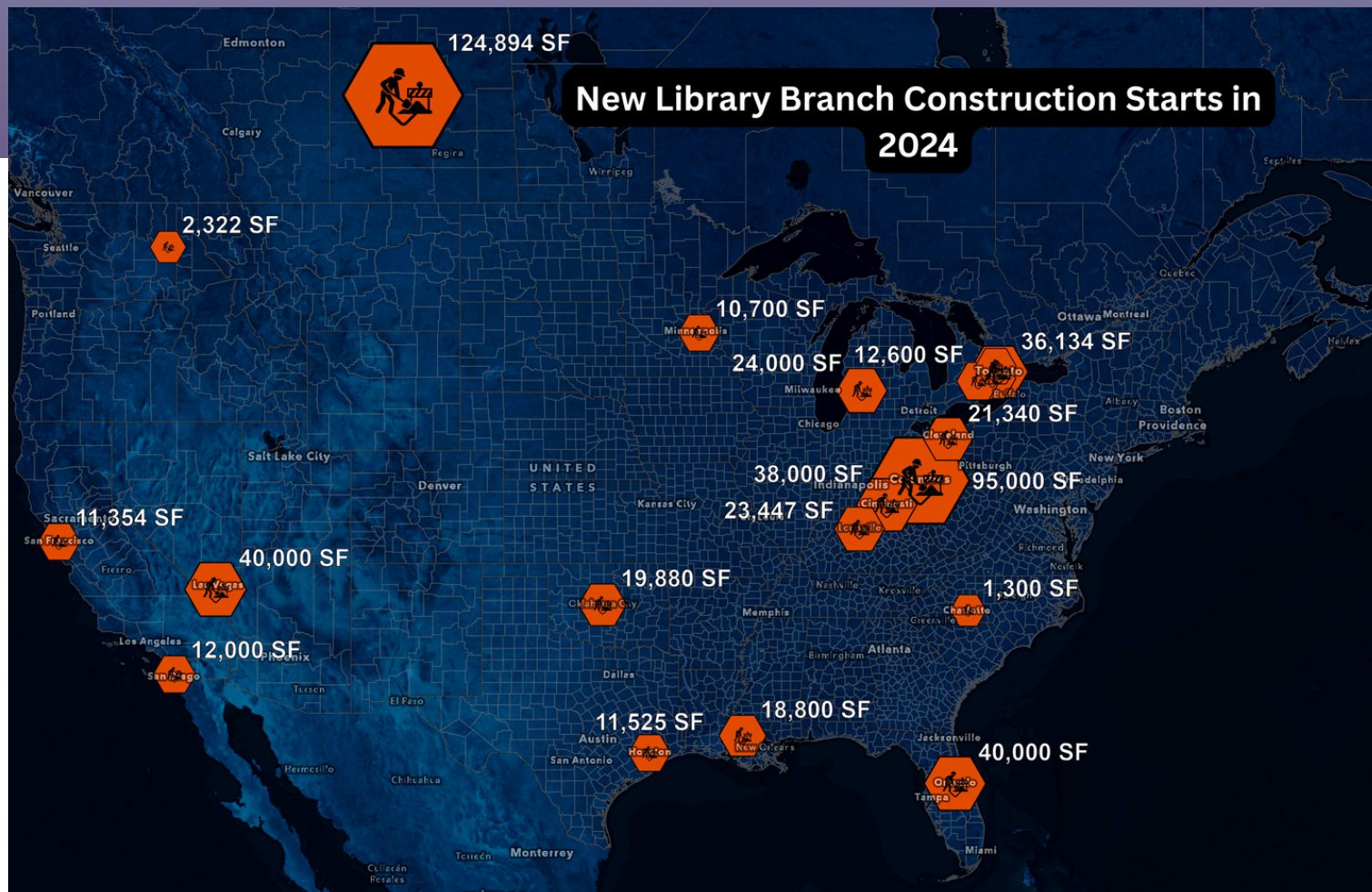


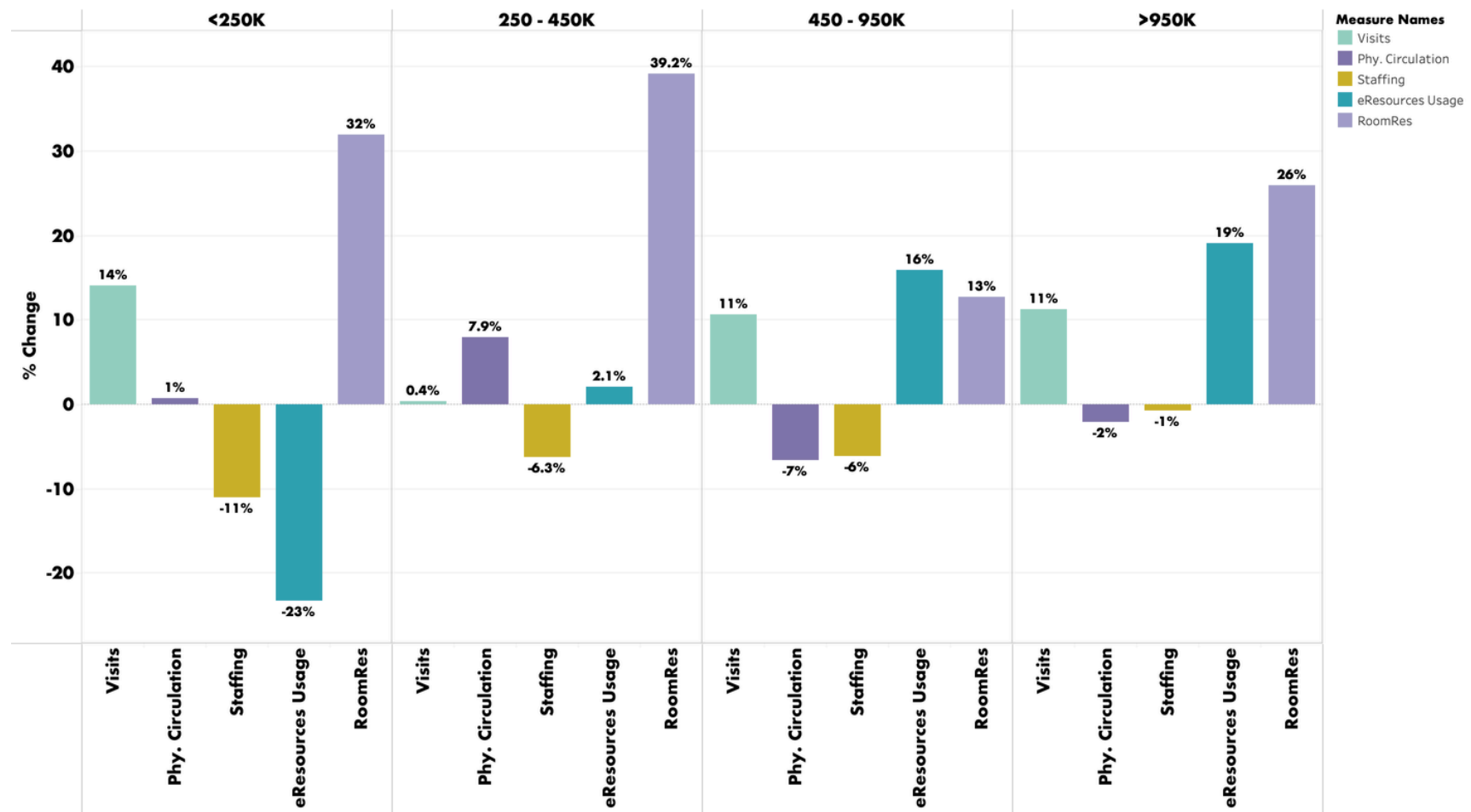
Figure 10. New Library Branch Construction Starts in 2024

USER TRENDS BY POPULATION SIZE

In recognition of the unique community needs and resources available to each library system, the LIS analysis also examined the performance of libraries according to the size of populations they serve. The following sections analyzes the surveyed libraries based on the populations of their Library Service Areas (LSA) to determine and highlight user trends unique to each grouping. Notable trend differences between library systems of various sizes include user trends related to in-person visits, eResource usage, number of FTEs, total available programming, and average number of incident reports.

Figure 11.

Change in User Trends by Library Service Area: 2023 to 2024



USER TRENDS IN LIBRARIES WITH LSA POPULATIONS OF:



Less than 250,000

Similar to the overall trends, libraries in this category **recorded increases in room reservations in 2024 (31% higher than 2023)**, while eResource usage saw a decline of 23%, more closely aligned with 2022 levels. These systems also **saw an increase of 14% for in-person visits**. On the other hand, challenges were observed, **with staffing levels down by 11.5%** when compared to 2023.



Between 250,000-450,000

Library systems in this category recorded increases in 2024 for **in-person visits (0.4% increase)**, **computer usage (5.1% increase)**, and **room reservations (39% increase)**. These libraries have largely maintained the same usage levels of eResources from 2023 to 2024.



Between 450,000-950,000

In line with the general trend, library systems in this category recorded **major increases in 2024 when it comes to in-person visits (up by 10.7%) eResource usage (up by 14%), and Room Reservations (up by 13%)**.



950,000 and Above

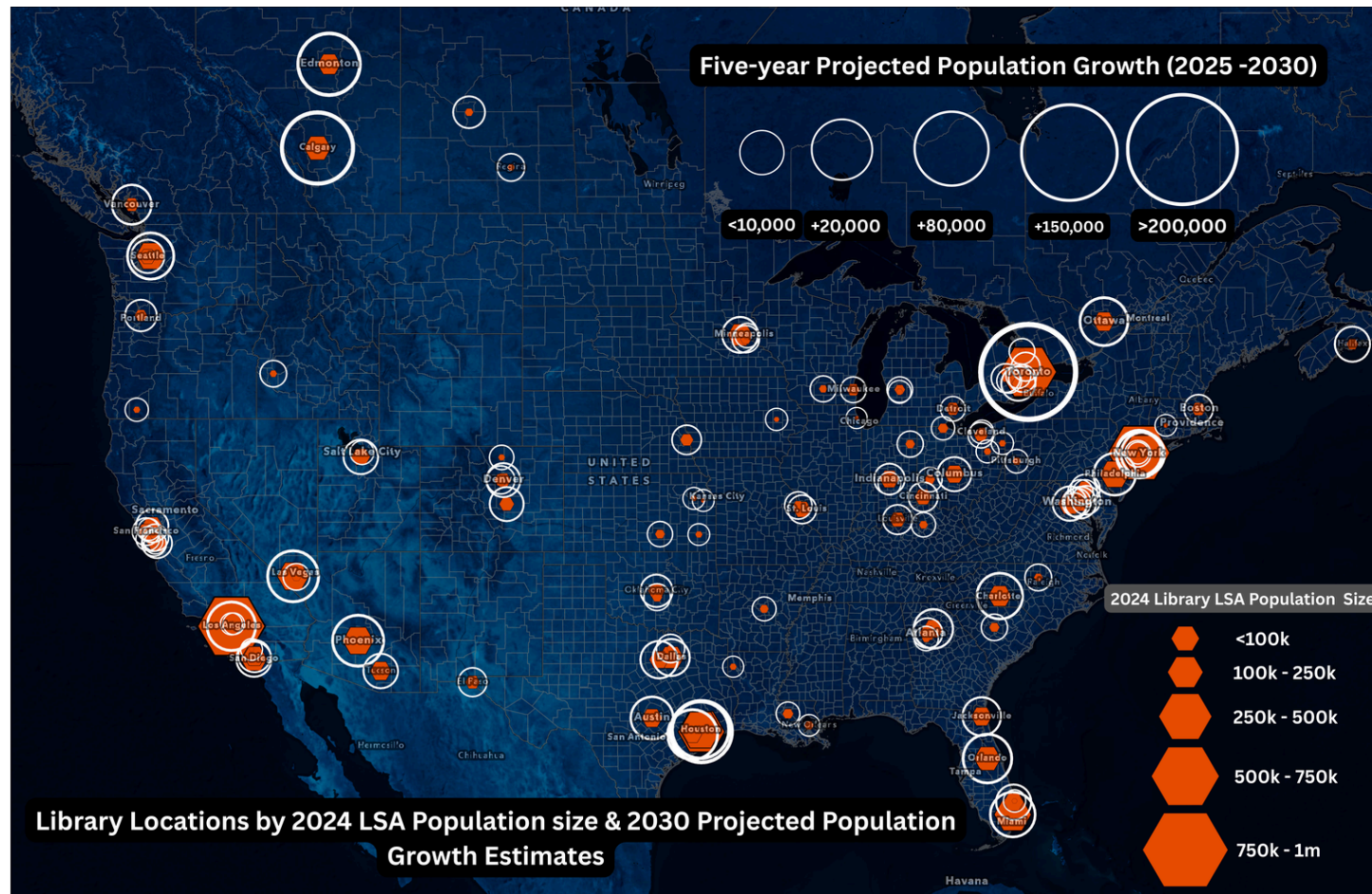
Library systems in this category recorded multiple increases across the categories. LIS data shows that in 2024, these libraries recorded significant trend increases in terms of **in-person visits (up by 11%)**, **computer usage (up by 9.5%)**, **room reservations (up by 26%)** and **eResource usage (up by 19%)**. This category of library system recorded slight increases in 2024 when it comes to number of programs offered (up by 8.8%), and program attendance (up by 2.7%). Finally, among all the library sizes analyzed, libraries in this category were the only ones to record a significant increase in incident reports in 2024 (up by 34% since 2023). However, it's important to note that this was not found to be significantly different from 2019.

"To rebuild from low program attendance numbers, we turned to the community to create a strategic plan. Our customers asked us to go beyond traditional library events like story times, and become a bridge to specialized services for senior groups, parents, and more."

- Sarah Douglas-Murray, CEO, Milton Public Library (ON)

Figure 12.

Library Locations by 2024 LSA Population Size & 2030 Projected Population Growth Estimates



Population across library service areas (LSAs) in North America is projected to grow in the next five years by an average of 3.9% compared with 2024, driving higher demand for services. Based on current per capita usage rates, in-person visits are expected to rise 5.3%, eResource use 3.4%, and room reservations 5.1%. Budgets per LSA population will need to increase 6.4% to maintain current funding levels. Growth will be most pronounced among libraries serving populations 950K and above, with projected gains of nearly 4.6% in population, 7.5% in visits, and 5% in eResource use, and 9.3% in room reservations. In response to this current and future expansion, 17% of systems reported new branch construction in 2024, totaling 29 branches at an average cost of \$808.58 per square foot (up from \$695 in 2023).

LOOKING FORWARD

The following are key takeaways, based on the trends and insights observed from the 2025 LIS data, for libraries to consider for strategy development and systems operation planning.

1. Redesign & Reimagine Library Spaces

Context

LIS 2025 data shows **three consecutive years of growth in room reservations** (up 25% year-over-year in 2024) and **eResource usage** (up 14.8% year-over-year in 2024), contrasted with sustained declines in physical circulation (down 1.7% in 2024, and down 30% since 2019).

Opportunity

Libraries could **repurpose underutilized areas** (e.g, print-heavy sections with declining circulation) into flexible, multi-purpose spaces to accommodate collaborative work, hybrid programming, and technology-enabled study areas.

Impact

Aligns physical infrastructure with demonstrated demand, positioning libraries as reliable “third places” in communities where social, professional, and educational needs converge.

2. Strengthen Resourcing and Workforce Planning

Context

Staffing levels fell 3.6% in 2024, even as in-person visits rose 9.8%, program offerings grew 8.4%, and attendance increased 2.5%. **Forecast models anticipate further growth in patron demand** (an increase of 5.3% in visits, and an increase of 3.9% in LSA population within 5 years).

Opportunity

Libraries might consider implementing a **strategic workforce plan** that addresses:

- Baseline resourcing aligned with projected demand
- Upskilling and role redesign to **support digital programming, AI tools, and new service delivery models**
- Flexible and **adaptable staffing models** (such as shared service pools across branches, expanded volunteer engagement, partnerships with universities or workforce boards)

Impact

Ensures **sustainable service quality despite demand growth**, prevents staff burnout, and enhances capacity to deliver innovation.

3. Address Equity Gaps in Libraries with Less than 250K LSA Population

Context

Though the decline in staffing levels for all libraries is an issue in general, the situation in smaller libraries needs a more immediate resolution. **Libraries in this category recorded an 11% staffing decline in 2024**, despite facing projected LSA population growth (+3.8% over 5 years). Notably, these libraries also saw a decline of 23% in eResource usage in 2024.

Opportunity

- Develop **targeted staff retention and capacity-building framework for smaller systems**, leveraging ULC's resources while identifying opportunities for additional funding from public, private, and philanthropic resources
- Pilot **shared digital service hubs and regional staffing alliances** between libraries to offset resource gaps
- Implement community-specific marketing and outreach campaigns to re-engage declining eResource usage base

Impact

Prevents widening inequities across systems, ensuring all population segments benefit from public library infrastructure.

4. Build a Digital-Growth Strategy with Balanced Physical Engagement

Context

LIS highlights **explosive growth in digital adoption (eResources up 58% vs. 2019)**, while physical circulation has plateaued. Computer usage, however, rebounded (up 11.9% in 2024) after multi-year declines, suggesting an integrated approach rather than a primarily digital strategy.

Opportunity

- Invest in **technology and platform modernization** for seamless digital access (apps, portals, integrated discovery tools)
- Understand data and trends on who your digital collection serves and who your physical collection reaches to build an equity-based strategy
- Balance investments in e-book best sellers with diversity and depth in physical collections
- **Develop a curated physical engagement strategy**—designing immersive experiences (e.g., maker labs, cultural showcases, literacy incubators) that reaffirm the library’s role as a community anchor
- Pilot “digital-physical convergence models” (e.g., QR-linked exhibits, hybrid book clubs, or community learning dashboards)

Impact

Protects against over-dependence on digital-only usage, while repositioning physical presence as experiential and unique, not transactional. Also ensures that the varying needs of various user groups are effectively considered.

5. Anticipate Emerging Patron Needs (AI, Literacy, Flexible Work)

Context

Libraries are increasingly recognized as **trusted social infrastructure**. Emerging societal needs include **childhood literacy gaps, workforce reskilling, AI literacy, and demand for flexible workspaces**.

Opportunity

- Establish **AI-literacy and digital skills programming** as core offerings (e.g., AI tool workshops, misinformation resilience training)
- Expand **library-as-workplace models**, providing reservable work pods, video-enabled collaboration spaces, and workforce training hubs
- Double down on **literacy partnerships** (schools, NGOs, civic organizations) to reinforce libraries as frontline education partners

Impact

Positions libraries not just as reactive service providers, but as **proactive civic innovators**—strengthening their reputation as one of the most trusted institutions in North America.

APPENDIX I.

FULL LIST OF PARTICIPATING LIBRARIES (122 LIBRARIES)

- Alameda County Library (CA)
- Alexandria Library (VA)
- Allen County Public Library (IN)
- Anchorage Public Library (AK)
- Anne Arundel County Public Library (MD)
- Austin Public Library (TX)
- Baltimore County Public Library (MD)
- Barrie Public Library (ON)
- Berkeley Public Library (CA)
- Boise Public Library (ID)
- Boston Public Library (MA)
- Brooklyn Public Library (NY)
- Broward County Library (FL)
- Calgary Public Library (AB)
- Cambridge Public Library (ON)
- Carlsbad City Library (CA)
- Carnegie Library of Pittsburgh (PA)
- Cedar Rapids Public Library (IA)
- Central Arkansas Library System (AR)
- Charlotte Mecklenburg Library (NC)
- Cincinnati & Hamilton County Public Library (OH)
- Clayton County Library System (GA)
- Cleveland Public Library (OH)
- Columbus Metropolitan Library (OH)
- Contra Costa County Library (CA)
- Cuyahoga County Public Library (OH)
- Dakota County Library (MN)
- Dallas Public Library (TX)
- Dayton Metro Library (OH)
- DC Public Library (DC)
- DeKalb County Public Library (GA)
- Denver Public Library (CO)
- Detroit Public Library (MI)
- Durham County Library (NC)
- East Baton Rouge Parish Library (LA)
- Edmonton Public Library (AB)
- El Paso Public Library (TX)
- Enoch Pratt Free Library (MD)
- Fairfax County Public Library (VA)
- Ferguson Library (CT)
- Fort Bend County Libraries (TX)
- Fort Vancouver Regional Library District (WA)
- Fort Worth Public Library (TX)
- Free Library of Philadelphia (PA)
- Frisco Public Library (TX)
- Glendale Library, Arts & Culture (CA)
- Grand Rapids Public Library (MI)
- Greensboro Public Library (NC)
- Gwinnett County Public Library (GA)
- Halifax Public Libraries (NS)
- Hamilton Public Library (ON)
- Harris County Public Library (TX)
- Hartford Public Library (CT)
- Henderson Libraries (NV)
- Hennepin County Library (MN)
- Hoboken Public Library (NJ)
- Houston Public Library (TX)
- Howard County Library System (MD)
- Jackson County Library Services (OR)
- Jacksonville Public Library (FL)
- Jefferson County Public Library (CO)
- Jersey City Free Public Library (NJ)
- Johnson County Public Library (IN)
- Kansas City Public Library (MO)
- Kent District Library (MI)
- King County Library System (WA)
- Kitchener Public Library (ON)
- LA County Library (CA)
- Las Vegas-Clark County Library District (NV)
- Lawrence Public Library (KS)
- Lexington Public Library (KY)
- Los Angeles Public Library (CA)
- Louisville Free Public Library (KY)
- Madison Public Library (WI)
- Mandel Public Library of West Palm Beach (FL)
- Metropolitan Library System (OK)
- Milton Public Library (ON)
- Milwaukee Public Library (WI)
- New Orleans Public Library (LA)
- New York Public Library (NY)
- Oakville Public Library (ON)
- Omaha Public Library (NE)
- Orange County Library System (FL)
- Ottawa Public Library (ON)
- Palm Beach County Library System (FL)
- Palo Alto City Library (CA)
- Pasadena Public Library (CA)
- Phoenix Public Library (AZ)
- Pikes Peak Library District (CO)
- Pima County Public Library (AZ)
- Pioneer Library System (OK)
- Poudre River Public Library District (CO)
- Prince George's County Memorial Library System (MD)
- Queens Public Library (NY)
- Regina Public Library (SK)
- Richland Library (SC)
- Saint Paul Public Library (MN)
- Salt Lake City Public Library (UT)
- Salt Lake County Public Library (UT)
- San Diego County Library (CA)
- San Diego Public Library (CA)
- San Francisco Public Library (CA)
- San Jose Public Library (CA)
- San Mateo County Libraries (CA)
- Santa Clara City Library (CA)
- Santa Clara County Library District (CA)
- Saskatoon Public Library (SK)
- Shreve Memorial Library (LA)
- Skokie Public Library (IL)
- Spokane Public Library (WA)
- St. Charles City-County Library District (MO)
- St. Louis County Library (MO)
- Stark County District Library (OH)
- The Indianapolis Public Library (IN)
- The Public Library of Youngstown & Mahoning County (OH)
- The Seattle Public Library (WA)
- Toledo Lucas County Public Library (OH)
- Topeka and Shawnee County Public Library (KS)
- Toronto Public Library (ON)
- Vancouver Public Library (BC)
- Vaughan Public Libraries (ON)
- Wichita Public Library (KS)

APPENDIX II.

INFORMATION ABOUT SURVEY INSTRUMENTS, DATA PREPARATION, AND STATISTICAL METHODOLOGIES

All ULC members were invited to contribute to the 2025 Library Insights Survey. Data was collected for calendar year 2024 from July 14, 2025, to August 14, 2025, via Qualtrics. ULC followed up with individual library systems in the presence of extreme outlier (>100% change). Missing values were evaluated on a case-by-case basis. A “Library Size” feature was created by segmenting data according to the reported LSA. Size “bins” were chosen based off of the distribution of the feature, with the intention of having similarly sized groupings while still maintaining generalizability.

User trends are evaluated by calculating the year-over-year percentage change of key measures while identifying points where significant differences are observed. This also includes per-capita analysis of usage trends to capture service area population engagement levels with library programs and services. A new addition to LIS 2025 is a demand forecasting element. LIS 2025 presents 5-year population growth projections of library service area (LSA), as well as 5-year projections of key library services.

Notable trends were identified as a change across all libraries where it is unlikely (<5%) that the change could be due to error, random chance or a large change in a few responses. Significant increases and decreases in survey variables were identified statistically using Wilcoxon Signed-Rank Tests. Relative change was calculated using the mean average and mean average by size. Per-capita versions of the survey variables were also tested.

To make projections, each library’s estimated library service area (LSA) population was calculated using the reported 2024 LSA population and ESRI’s 5-year compound growth rate by municipality. Then, for each library, an estimated value for each variable was found using the projected population and today’s usage rates. Using the estimated population and current usage rates to project volume better reflects the true proportion of the population that uses the library. Individual library system projections will be able to be viewed via the ULC Data Hive.

The Esri 2025-2030 Population Compound Annual Growth Rate (CAGR) is an annualized measure describing the direction (either positive or negative) and magnitude of change in the total number of persons between the years 2025 and 2030. Annualized means that the resultant value reflects a rate of change over a twelve-month time period. This permits analysis of multiple growth rates between values measured at differing points in time using a common time period of twelve months; the annualized growth rate is repeated, or compounded, each year. The CAGR is sometimes referred to as the growth rate, annual rate, annualized growth rate, or compound growth rate; refer to the [CAGR variable formula](#). See [Updated Demographics](#) for more information on Esri Demographic variables.

APPENDIX III.

SURVEY INSTRUMENT QUESTIONS & RESPONSE OPTIONS BY SURVEY SECTION

Survey Section	Prompt(s)	Response Option(s)
General Information	1. Library name 2. Central library address 3. Your name 4. Your title 5. Email	[Text]
	6. Did your library participate in the 2024 Library Insights Survey 7. Did your library participate in the 2023 Library Insights Survey	[Yes/No/Unsure]
Attraction & Attendance	8. Total in-person library visits in CY2024 9. Total number of branches in CY2024 10. Library service area population CY2024	[#]
Location Experience & Use of Space	11. Total internet computer usage by general public in CY2024 12. Total wireless sessions in CY2024 13. Total physical circulation in CY2024 14. Total eResources accessed in CY2024 15. Total number of reservable rooms across system 16. Total room reservations in CY2024 17. Total incident reports in CY2024	[#]
Library Services & Programs	18. Total number of in person library programs in CY2024 19. Total attendance to all in person library programs in CY2024	[#]
	20. Please rank the following age groups from highest to lowest cumulative attendance to library programs. 21. Please rank the following age groups from highest to lowest frequency of library programs.	a. Pre-school/early literacy, b. School Age, c. Pre-Teens, d. Teens, e. Adults, f. Seniors
Operations, Staffing & Budget	22. What is the legal basis of the library?	a. City/County, b. County/Parish, c. Library District, d. School District, e. Multi-jurisdictional, f. Municipal Government, g. Non-profit Assoc. or Agency, h. Other [Text]

Operations, Staffing & Budget	23. What is the primary *fundraising source of the library?	<i>a. Library Foundation, b. Friends of the Library, c. Friends and Foundation, d. Fundraising pro, e. Library Director, f. Not Applicable, g. Other</i>
	24. Which currency are you providing these numbers in - USD or CAD?	<i>[Text]</i>
	25. Total actual budget in FY2024 26. Total security budget in FY2024 27. Total building maintenance/operations budget in FY2024 28. Total materials budget in FY2024 28. Total print collections budget in FY2024 29. Total eBook/eAudiobook Budget in FY2024	<i>[#]</i>
	30. Are you able to provide total Print Collections and eBook/eAudiobook Budget from 2023, 2022 or 2019?	<i>[Yes/No]</i>
	31. Total number of FTE library staff in FY2024 32. Total number of open positions in FY2024 33. Number of new branch constructions started in FY2024 34. New branch construction cost per square foot 35. Total square footage of new branch(s) construction	<i>[#]</i>

Chair Mali LaGoe
Vice Chair Jamie Goldstein
Board Member Nicole Coburn
Board Member Matt Huffaker



STAFF REPORT

DATE: February 5, 2026
TO: Library Joint Powers Board
FROM: Christopher Platt, Director of Libraries
RE: Carnegie Corporation Donation

STAFF RECOMMENDATION

Accept the Carnegie Corporation donation in the amount of \$20,000 and amend the FY 26 operating budget.

DISCUSSION

The Library was informed that the foundation established by Andrew Carnegie, Carnegie Corporation of New York, awarded the Santa Cruz Public Library a \$20,000 gift in commemoration of the 250th anniversary of the signing of the Declaration of Independence.

Andrew Carnegie funded the construction of 1,681 free public libraries in the United States between 1886 and 1917, driven by his belief that they were “cradles of democracy.” As part of the Carnegie Libraries 250 special initiative, our library and 1,280 others were contacted in recognition of our continued operation of our Carnegie Library, referred to in our library system as the Garfield Park Branch Library.

These funds will use the funds to acquire materials that highlight the history of our democracy and its founding documents, illuminate how our government works, and promote understanding of our roles and rights as citizens and residents to celebrate the 250th anniversary.

FISCAL IMPACT

The Library FY 26 Operating Budget will be adjusted to include this \$20,000 donation.

Attachments:
FY 26 Budget Adjustment

Prepared by: Kira Henifin, Principal Management Analyst
Reviewed by: Christopher Platt, Library Director

City of Santa Cruz
BUDGET ADJUSTMENT REQUEST

Administrative Approval
Council Approval

Fiscal Year:
Date:
Purpose:

Reso #:

ACCOUNT	PROJECT	PROJECT NAME	REVENUE EDEN ACCOUNT TITLE	AMOUNT
TOTAL REVENUE				

ACCOUNT	PROJECT	PROJECT NAME	EXPENDITURE EDEN ACCOUNT TITLE	AMOUNT
TOTAL EXPENDITURE				

NET: \$ _____

REQUESTED BY	DEPARTMENT HEAD APPROVAL	BUDGET/ACCOUNTING REVIEWED	FINANCE DIRECTOR APPROVAL	CITYMANAGER APPROVAL
		p.137		

Chair Mali LaGoe
Vice Chair Nicole Coburn
Board Member Jamie Goldstein
Board Member Matt Huffaker



STAFF REPORT

DATE: February 5, 2026
TO: Library Joint Powers Board
FROM: Christopher Platt, Director of Libraries
RE: Library Administrative Services Agreement

STAFF RECOMMENDATION

Approve the Library Administrative Services Agreement with the City of Santa Cruz.

BACKGROUND

The Library contract with the City of Santa Cruz for administrative services expires at the end of FY 26.

At its meeting on September 4, 2025, the LJPA approved the revised cost allocation plan methodology presented as a basis for the administrative services agreement structure and directed Library staff to work with the City of Santa Cruz to update the administrative support services agreement.

DISCUSSION

The new Administrative Support Services Agreement utilizes the revised CAP methodology, which will be updated annually in the Fall prior to the budget cycle.

The Agreement reflects that if there is greater than a 5% increase in overall cost of the annually updated CAP, the City will provide an analysis to the Director of Libraries as to what is attributing to the changes.

The cycle of the Agreement will coincide with the maintenance of effort cycle, in order for the LJPA to add or remove any services it is contracting with the City for based on the available funding it will receive from all participating members of the LJPA.

Any administrative services not contracted will be procured and paid for independently of the CAP.

FISCAL IMPACT

The new Administrative Services Agreement costs will be reflected in the draft FY 27 Library Operating Budget being prepared for the May 2026 LJPA meeting.

Attachments:

Library Administrative Services Contract with the City of Santa Cruz

Prepared by: Kira Henifin, Principal Management Analyst

Reviewed by: Christopher Platt, Library Director

Elizabeth Cabell, City of Santa Cruz Finance Director

DRAFT

AGREEMENT BETWEEN THE LIBRARY JOINT POWERS AUTHORITY AND
CITY OF SANTA CRUZ
FOR SUPPORT SERVICES
("SUPPORT SERVICES AGREEMENT")

This Support Services Agreement between the Library Services Joint Powers Authority ("LJPA") and the City of Santa Cruz ("City") is made and entered into on the date by which it has been approved and executed by the parties, with an effective date of February 5, 2026.

I. Recitals

Whereas, the LJPA was established effective June 24, 1996 by the County of Santa Cruz, the City of Santa Cruz, City of Capitola and City of Scotts Valley to provide joint library services within these cities and the unincorporated areas of the County of Santa Cruz (collectively, "the Parties");

Whereas, the Parties entered into a Fourth Amendment to the Joint Powers Agreement ("Fourth Amendment" or "2015 LJPA Agreement") effective December 16, 2015, which superseded and replaced the terms of the original June 4, 1996 Joint Powers Agreement and all prior three amendments thereto;

Whereas, the LJPA has the authority to obtain support services, including legal counsel, accounting, purchasing, treasury, human resources, payroll and other services at cost by the most effective and service efficient model available, as determined by the LJPA Governing Board pursuant to Section 7 of the 2015 LJPA Agreement;

Whereas, the LJPA seeks to continue the City of Santa Cruz's current provision of support services by entering into an agreement for those services, including financial and risk management, human resource, and limited support for management, public works and information technology services in support of the Santa Cruz Public Libraries' operations by entering into this Support Services Agreement, which will be effective upon the approval of the City and LJPA's Governing Board of Directors and will extend retroactively to December 8, 2025); and

Whereas, pursuant to the joint exercise of powers provisions set forth in chapter 5, Division 7 of Title I of the Government Code (sections 6500 et seq..) the LJPA may contract for the exercise jointly of any power common to all.

II. AGREEMENT PROVISIONS

Now, therefore, in consideration of the mutual promises and covenants contained herein, the Parties to this Support Services Agreement agree as follows:

1. Services.

The City will provide the following services to the LJPA:

- a. Financial Services** - The City Finance Department shall provide services for the role of the LJPA's Chief Financial Officer and fiscal guidance and policy development with specific high level professional duties including: general ledger accounting; annual financial audit; budgeting; cash management; debt issuance and management; financial reporting; fixed asset reporting; forecasting; portfolio management; and normal, recurring duties related to accounts payable processing and compliance, payroll processing and compliance, and purchasing compliance.

- b. Human Resource Services** - The City Human Resources Department shall provide services for the role of the LJPA 's Chief Human Resources officer and provide personnel guidance and policy development with specific, high level duties including employee benefits management, employee staffing services related to recruitment, hiring, disciplinary, and counseling (as needed), union and bargaining unit coordination and negotiations, and inclusion in the City's training services programs and classes.
- c. Risk Management Services** - The City Risk Division and Risk Manager shall provide services for the role of the LJPA 's Chief Risk Manager as it relates specifically to general liability claims and management; contractual risk transfer; and employee safety program.
- d. Information Technology Services** - The City Information Technology Department shall provide services related to supporting enterprise level data applications and systems that reside on the City's infrastructure (such as payroll and timekeeping), supporting video surveillance and related DVR video storage, limited support of Outlook email components, and as requested Geographic Information Systems and general Information Technology consultation.
- e. Public Works Administration** - The City Public Works Department shall provide and pool car management services to LJPA staff and any coordination related to emergency events.
- f. LJPA Meetings Support Staffing**- City staff will attend the annual LJPA meeting to discuss the draft budget and other meetings as requested by the Library. The LJPA currently meets a total of 5 times per fiscal year.
- g. Excluded Services** - The City may, upon request, advise on, but does not oversee, LJPA functions related to accounts receivable billing; cash receipting; development of capital investment/maintenance program; emergency operations; grant application; grant compliance; grant financial reporting; general information technology services; routine purchasing tasks; staffing and operational service level needs; volunteer coordination or related services. Any services within these areas can be procured through a supplemental agreement.
- h. Optional Services** - The City may, upon request of the Director of Libraries, provide other additional as needed services, such as facility maintenance, specialty IT supplemental services, and/or any other City administrative management services, as approved by the LJPA Governing Board of Directors.
- i. Additional HR Resources** - The addition of an HR Analyst expands the City's two-analyst service model, now in place in both Labor & Employee Relations and Recruitment, allowing responsibilities to be shared and assignments to be more intentional and department-focused. This structure provides the Library with more consistent, dedicated HR support, including:
 - Providing the Library with more reliable recruitment support, including job postings, candidate coordination, selection support, and hiring process guidance.
 - Improving timelines, reduces delays caused by competing priorities, and ensures continuity when one analyst is managing multiple recruitments or is unavailable.
 - Providing the Library with a consistent point of contact for labor relations, union facilitation, grievances, disciplinary matters, and supervisor training, strengthening partnership and service delivery.
 - Providing annual data points reflecting this support to the LJPA including but not limited to number of requisitions, vacancy rates, number of labor/management meetings attended, and union-related inquiries handled, or other such data points that become useful to reflect this activity over time.

- (How to capture this additional work for these additional costs?)

2. Compensation.

Parties agreed to the following methodology to determine the cost of services.

The City shall receive as compensation for these support services a monthly payment following the provided cost table:

	Services Agreement	Additional HR Support	Annual Cost	Monthly Cost	Scheduled Increase	Notes
FY 26	\$ 602,287		\$ 602,287	\$ 50,190.58		
FY 27	\$ 752,859	\$ 50,203	\$ 803,062	\$ 66,921.83	25.0%	1 of 2 Yr. Implementation
FY 28	\$ 941,073	\$ 52,743	\$ 993,816	\$ 82,818.00	25.0%	2 of 2 Yr. Implementation
FY 29	\$ 974,011	\$ 55,349	\$ 1,029,360	\$ 85,780.00	3.5%	Annual Increase
FY 30	\$ 1,008,101	\$ 58,116	\$ 1,066,217	\$ 88,851.42	3.5%	Annual Increase
FY 31	\$ 1,043,385	\$ 61,022	\$ 1,104,407	\$ 92,033.92	3.5%	Annual Increase

If a year to year increase based on an audit of costs differs from above, and an increase of 5% or greater is proposed the 'Support Services Agreement' must return to the LJPA for review and approval.

In addition to the compensation outlined above, additional costs for services outside of the scope of this contract shall be billed with payment due in 30 days in accordance with Section I .h.-Optional Services.

3. Effective Date and Term.

The Agreement shall continue and remain in effect through June 30, 2031 with an annual review no later than February 2031. Should the LJPA terminate the 2015 LJPA Agreement, or successor agreement, this Support Services Agreement shall become void.

4. Termination.

The City or LJPA may withdraw from this Support Services Agreement by giving one-year written notice to the LJPA Board Chair no later than July 1 of any given year of its intent to withdraw from this Support Services Agreement effective on July 1 of the next year. However, if the Section 2 compensation increase for the period July 1, 2026 through June 30, 2027 is greater than the amount specified in Section 2 for that year, the City or LJPA may withdraw from this Support Services Agreement by giving 90 days' written notice to the LJPA Board Chairperson and to the City's representative, respectively, of the party's intent to withdraw from this Support Services Agreement. Upon the date of withdrawal, due to the time lag of the cost allocation plan basis, the City shall be compensated for a true-up calculation between the cost allocation basis used to set the current fee against the cost allocation basis changes for the prior and current year through the withdrawal date.

5. Mutual Hold Harmless and Indemnification.

Except as otherwise stated in the 2015 LJPA Agreement, each party ("Indemnitor") shall defend, indemnify, and hold harmless the other party, its respective officials, officers, employees, and agents (collectively, "Indemnitees") against any and all claims, demands, actions, losses,

damages, liabilities or expenses, including attorney's fees (collectively, "Claims") which any Indemnitees may sustain or incur or which may be imposed upon it, but only in proportion to and to the extent such Claims result from, or arise out of, or are in any manner caused by the negligent or intentional acts or omissions of the Indemnitor, Indemnitor's officials, officers related to this Support Services Agreement.

6. Amendments.

This Support Services Agreement may only be amended in writing with the agreement or the City and LJPA. Unless otherwise agreed, any party proposing to amend this Support Services Agreement shall give notice of its intent to propose an amendment at any meeting or the LJ PA Governing Board at least 60 days prior to the date upon which the proposed amendment, if adopted by the LJPJ Governing Board, would take effect.

7. Miscellaneous.

- a. Assignment.** This Support Services Agreement shall not be assigned without first obtaining the express written consent of the parties. Neither party may assign this Agreement unless this Agreement is amended in accordance with its terms.
- b. Severability.** The unenforceability, invalidity or illegality of any provision(s) of this Support Services Agreement shall not render the other provisions unenforceable, invalid or illegal.
- c. Contract Interpretation.** Each party acknowledges that it has reviewed this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Support Services Agreement.

8. Authorization and Execution.

By the execution of this Support Services Agreement, the Parties hereby certify that they are authorized by their respective governing body to execute this Support Services Agreement and to carry out the terms of this Support Services Agreement.

This Support Services Agreement may be signed in counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same agreement. A scanned, electronic, facsimile or other copy of a party's signature shall be accepted and valid as an original.

[SIGNATURES ON FOLLOWING PAGE]

LIBRARY SERVICES JOINT POWERS AUTHORITY

Dated: _____

By: _____

_____, Board Chairperson

CITY OF SANTA CRUZ

Dated: _____

By: _____

Matt Huffaker, City Manager

Chair Mali LaGoe
Vice Chair Nicole Coburn
Board Member Jamie Goldstein
Board Member Matt Huffaker



STAFF REPORT

DATE: February 5, 2026
TO: Library Joint Powers Authority Board
FROM: Christopher Platt, Library Director
RE: FY 27 Operating Budget Assumptions for Draft Budget Proposal

RECOMMENDATION

Review and discuss budget assumptions for FY 27.

BACKGROUND

The Library's draft budget proposal will be presented at the next Library Joint Powers Authority (LJPA) meeting in May. This report seeks to provide some of the larger implications for the changing budget constraints that will need to be considered. A multiyear projection based on the updated tool provided to us by Baker Tilly is included in this memo.

The 5th Amendment to the Joint Powers Board Agreement has been finalized and with it a new contribution schedule for the next 7 years. As a result, the scheduled contribution for FY 27 is approximately 10% greater compared to FY 26.

The JPA also voted to continue contracting with the City of Santa Cruz for Administrative Services at its September 2025 meeting. The City of Santa Cruz will continue to provide human resources, finance and fleet management services to the Library. The new contract is elsewhere on this agenda for approval and reflects the FY 27 cost will be approximately \$803,062 with additional human resources support for library recruitments, and increase of \$200,000 from FY 26.

The Library provided a balanced budget for FY 26 due to the reliance on the fund balance to cover operating costs and will plan to do the same for FY 27 if the need arises. The Library Financing Authority (LFA) is set to release its revenue projections for the library system at the end of January (after the writing of this report) at which time SCPL will have a fuller picture of the financial projections for FY 27 library operating budget. The available fund balance reported at the end of FY 25 was just over \$8.5 M. At the June 2025 meeting, the LJPA approved an additional \$250,000 in one-time costs to support digital materials. The projected available fund balance for FY 26 is currently \$5.9M.

DISCUSSION

In FY 26, the City of Santa Cruz is finalizing new bargaining unit MOUs. The personnel cost projections for FY 27 will include these new agreements as well as regularly scheduled increases to budgeted positions. The FY 27 personnel assumptions include:

- Approved/deleted positions per decisions sent out by City Manager
- COLAs from ratified MOUs
- Updated PERS rates
- Vacant positions are budgeted at an employee-only cost for health plans
- Medical costs have a 5.5% increase embedded

Personnel cost forecasted follow a 3.2%-3.5% increase on various personnel line items.

To better organize and help manage ongoing departmental costs more effectively, the Library has created two new activities in the budget to separate costs for the Collection Management and Library Information Technology departments which were formerly a part of the Administrative Services activity. This move not only separates out budgeted expenditures to help better manage costs associated with these departments but also helped highlight the need to move personnel costs to reflect the personnel assigned to library departments or branches. This action does not increase the budget but does allow the library to track costs in a more systematic fashion.

The Library has included in its assumptions the scheduled increase to the capital outlay budget in the amount of \$50K for a total line item budget in FY 27 of \$350K. The scheduled increases will end as of FY 28 when the contribution will hit \$400K. This line item allows the library to address building maintenance needs that arise out of warranty expirations, costs that fall outside of lease agreement shared contributions, or upgrades to facilities needed for library operations.

Also, in FY 27 the Library is planning to acquire two new leased vehicles to replace Library owned vehicles that are more than 10 years old and/or exceed 100K miles. As an on-going budgetary practice, the Library plans to replace its vehicles with leased vehicles rather than budget to purchase vehicles as it has done in previous years. This will also allow the library some flexibility in replacing vehicles before 10 years if technologies or library use warrants a change to a leased vehicle.

The Library would again like to include a few one-time costs associated with the books and materials budget. The recommendation would be to include additional funds to bring the collections budget up from 8% of total revenues (excluding grants and donations) to 10% of revenues. The Library would like to consider asking for a repeat of one-time funds to bolster E-book and Spanish language collections in support of new strategic initiatives that will be presented at the May LJPA meeting.

Updating the Baker Tilly financial forecasting model with the adopted FY 26 Library operating budget in the chart below illustrates the Library's financial outlook until 2035. The assumptions built into the model are:

- Revenue
 - MOE reflects 5th Amendment contribution schedule until 2032 and increases 3.7% annually after that date.
 - Sales Tax increases 2.9% until 2031 and then 3.0% thereafter

- Non-Personnel Expenditures
 - Growth of 2.3% annually
- Personnel
 - Growth of 3.3%-3.5% on various personnel budget line items annually
- Book and Materials
 - Set at 8% of revenues (excluding donations and bequests)

The forecasting model reflects the use of the available fund balance through FY 2029, at which point the available funds reserve will be depleted. Beginning in FY 30 the operating budget will be balanced through partial use of the reserve funds.

Library Fund Summary

	2026 Est.	2027 Est.	2028 Est.	2029 Est.	2030 Est.	2031 Est.
Revenues						
Measure R sales taxes	10,540,417	10,741,392	11,843,059	12,257,565	12,686,581	13,130,611
Maintenance of effort						
General Fund contribution - Santa Cruz	2,815,836	3,303,600	3,795,704	3,928,553	4,066,053	4,208,365
County tax collections	6,839,457	7,437,792	8,047,355	8,329,012	8,620,528	8,922,246
Other taxes	-	-	-	-	-	-
Operating grants	5,500	5,500	5,500	5,500	5,500	5,500
Other operating revenues	111,140	111,140	111,140	111,140	111,140	111,140
Interest	189,679	276,848	165,778	123,736	80,961	45,145
Donations	141,844	141,844	141,844	141,844	141,844	141,844
Other non-operating	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	-
New revenue source A	-	-	-	-	-	-
New revenue source B	-	-	-	-	-	-
Total Revenues	20,643,873	22,018,116	24,110,380	24,897,350	25,712,607	26,564,851
% change year-over-year	3.1%	6.7%	9.5%	3.3%	3.3%	3.3%
Expenditures						
Administration - personnel	5,842,948	6,197,111	6,552,123	6,845,960	7,055,559	7,267,441
Branch libraries - personnel	9,179,793	9,732,746	10,287,888	10,742,528	11,071,138	11,403,595
Administration - non-personnel	6,571,810	6,786,925	6,982,535	7,041,595	7,082,791	7,124,081
Branch libraries - non-personnel	1,681,472	1,685,339	1,689,216	1,693,101	1,696,995	1,700,898
Total Expenditures	23,276,023	24,402,122	25,511,761	26,323,183	26,906,483	27,496,015
% change year-over-year	10.0%	4.8%	4.5%	3.2%	2.2%	2.2%
Surplus/(Deficit) of Revenue over Expend.	(2,632,150)	(2,384,006)	(1,401,382)	(1,425,833)	(1,193,875)	(931,163)
Net Change in Fund Balance	(2,632,150)	(2,384,006)	(1,401,382)	(1,425,833)	(1,193,875)	(931,163)
Reserve	\$ 3,977,403	\$ 4,374,154	\$ 4,792,607	\$ 4,950,001	\$ 3,919,177	\$ 4,352,338
Available Fund Balance	\$ 5,941,522	\$ 3,557,516	\$ 2,156,135	\$ 730,302		

FISCAL IMPACT

The FY 27 Draft Budget presented at the JPA meeting in May 2026 will have detailed financial information for the FY 27 Library Operating Budget.

Report Prepared by: Kira Henifin, Principal Management Analyst

Reviewed and Forwarded by: Christopher Platt, Library Director