



## ADMINISTRATIVE COUNCIL AGENDA

Friday, January 15, 2021

10:00 am – Webinar

Presiding: FY 2020/21 Chair Ned Branch, SP

Meeting number: 126 106 8173

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Symbol	Key
<i>M</i>	Move to approve
*	PDF accompanies posted agenda
<i>p.</i>	Associated addendum page number(s) located @ <b>top center</b> of compiled agenda PDF.
**	Item to be provided later
▶	Item updated in the Administrative Council Notebook @ <a href="http://ats.blackgold.org">http://ats.blackgold.org</a>

1. **10:00a.m. CALL TO ORDER**

2. *M* - **ADOPTION OF AGENDA**

3. **PUBLIC TESTIMONY**

4. *M* - **CONSENT CALENDAR**

- a. \***Administrative Council Minutes** – December 4, 2020 (*page 3*), December 15, 2020 (*page 6*)
- b. \***Financial Reports** – November 2020 (*page 8*)
- c. \***Net Borrowing/Lending** - November 2020 (*page 18*)

5. **AUXILIARY RECEIVE AND FILE** — [posted @ <http://ats.blackgold.org>]

- a. Departmental Resources
  - i. Circulation - ATS Checkout & Renewal Statistics – November 2020
  - ii. Cataloging – December 2020
  - iii. Hoopla Recap – November & December 2020

6. **STATE LIBRARY REPORT** - available on the ATS website

7. **OLD BUSINESS**

- a. \*\*ILS - Aspen Discovery Plan
- b. *M*-Delivery Schedule

8. **NEW BUSINESS**

- a. *M*-\*\*2021-22 Tentative Budget
- b. *M*-\*June 30, Audit Report Review & Approval (includes internal controls report) (*page 21*)
- c. *M*-Schedule February Administrative Council Meeting

9. **BLACK GOLD OPERATIONS DIRECTOR REPORT**

10. **OPPORTUNITIES FOR COLLABORATION/NEW SERVICES**

## Black Gold Cooperative Library System Administrative Council

### 11. ROUNDTABLE – Remarks by Library Directors

### 12. *M* - ADJOURNMENT

**Distribution - Email notice of web-posted agenda to** Ned Branch, SP; Jessica Cadiante, SB; Sarah Bleyl, LM; Mary Housel, SM, Joanne Britton, SM; Dawn Jackson, SM; Christopher Barnickel, SLO; Angelica Fortin, PR; Allison Gray, GV; Glynis Fitzgerald, BG.

## BLACK GOLD COOPERATIVE LIBRARY SYSTEM UPCOMING MEETINGS

DATE	MEETING/SUBJECT	LOCATION
02/03/21	ATS Ops Meeting	Webinar
02/19/21 (Tentative)	Administrative Council Meeting	Webinar
03/19/21	Administrative Council Meeting	Webinar



## ADMINISTRATIVE COUNCIL MINUTES

Friday, December 4, 2020

10:00 am – Webinar

Presiding: FY 2020/21 Chair Ned Branch, SP

Attending: Allison Gray (GV), Ned Branch (SP), Jessica Caliente (SB), Angelica Fortin (PR), Dawn Jackson (SM), Joanne Britton (SM), Christopher Barnickel (SLO), Sarah Bleyl (LM), Bev Schwartzberg State Library); Ryder B. (SB County); Glynis Fitzgerald (BG), Kristina Uvalle (BG).

1. **10:01a.m. CALL TO ORDER**

2. **M - ADOPTION OF AGENDA** - (AF/JC) Approved

3. **PUBLIC TESTIMONY – N/A**

4. **M - CONSENT CALENDAR** - (AG/SJB) Approved

- a. **\*Administrative Council Minutes** – November 13, 2020
- b. **\*Financial Reports** – September & October 2020
- c. **\*Net Borrowing/Lending** - October 2020

5. **AUXILIARY RECEIVE AND FILE** — [posted @ <http://ats.blackgold.org>]

- a. Departmental Resources
  - i. Circulation - ATS Checkout & Renewal Statistics – October 2020
  - ii. Cataloging – October 2020
  - iii. Hoopla Recap – October 2020

6. **STATE LIBRARY REPORT** - available on the ATS website

7. **OLD BUSINESS**

a. **M - \*\*Results of salary study performed by Ralph Andersen and Associates**

NB called for a vote to have the same salary schedule applied to the Network Administrator position and the System Administrator position based on the recommendation made by Ralph Anderson & Associates. PR – yes, SM – Yes, GV – Yes, SLO – No, LM – Yes, SB – No, SP – Yes. Approved 5-2 vote.

b. **M - \*ILS Discussion**

CB (SLO) stated that his IT group was impressed with the software. He was meeting with his library team next week, but it is his intention to move forward with the change to KOHA. He is opened to staying in the Cooperative if BG decides to move forward as well. Otherwise, he is willing to work with an ILL and/or direct borrowing scenario with other jurisdictions and that delivery was still an option depending on the ILS. He feels that Aspen/KOHA provides a good user experience for the patron and is much better than the current Polaris model. NB asked if there was a significant cost savings to making the change. CB stated that he did not have clear numbers yet, but still felt the switch would be beneficial for library patrons. CB still has questions as to what they are borrowing from other libraries.

JC (SB) stated that their Library Board approved the move to KOHA and are looking to separate by July 1, 2021. They still have to get approval from the County and City but are hoping to begin the process in January. AF asked if they have had any negative response from patrons about not sharing with other jurisdictions. JC replied that they were a few questions, but not a huge group of people and felt the user experience would offset the lack of sharing materials.

JB (SM) stated that while her staff was impressed with Aspen, they felt that KOHA was not as good as Polaris. AG (GV) reported her staff had a positive reaction to Aspen/KOHA. SJB (LM) said that staff felt that prior issues with KOHA had been addressed and fixed. AF (PR) stated staff were excited by Aspen, although not that crazy

about the staff portion of KOHA. DJ (SM) didn't feel that the potential drawbacks were large enough to worry about. NB (SP) stated staff liked Aspen but felt that looked a little clunky. GF (BG) stated that Kim felt that the backend was a little clunky and Matt expressed concerns about security, but both liked the look of the overlay.

NB asked what the funding model would look like if SB and/or SLO pulled out of the ILS. GF stated that the current allocation formula was based on circulation, population, and number of devices on the network. The Cooperative would have to decide if that formula still worked if SB and/or SLO were no longer paying for the ILS. It would have to be determined what if any services/products SB and SLO would be using and whether they would still be using the Network and sharing E-content. AF asked if there would be cost difference if we used the Bywater servers. GF stated that they would still go through our CENIC connections. One of the things we would have to investigate was the cost differences to host it through BG vs. Bywater. BG already has the equipment and personnel in place to host. We just invested in a new server last year and spent a significant amount of money on the upgrade.

NB asked for a roll call to see if the members of the Cooperative other than SB and SLO were interested in doing a deeper dive into KOHA/Aspen. GV- Yes, LM- -Yes, SP- Yes, SM- Yes, PR – Yes. It was determined that BG would create a list of categories to form exploratory committees to generate a list of questions and concerns to be addressed before moving forward. It was decided that Directors would submit a list of names to GF of staff available to participate by December 11<sup>th</sup>. It was hoped that an informal meeting could be scheduled before the Christmas holidays. A target date of January 15<sup>th</sup> was suggested as an end point for a deep dive evaluation. CB (SLO) was open to the idea of waiting for the Consortium to do their due diligence and possibly move on together as a group. NB asked if SB would be willing to go with the Consortium if they make the switch to KOHA. JC (SB) was open to the idea but currently, they are strongly leaning towards having their own ILS.

## 8. NEW BUSINESS

### a. *M*-\*Spectrum Contract Renewal

FY 20-21 is the 3rd and final year for the Spectrum Internet contract at the Data Center. This contract was considered a backup for CENIC in the case that CENIC were to “go down” outside of our own network of libraries. If CENIC connections were to fail outside of the BG network of libraries, we would only lose internet service—but not the connection to Polaris. If CENIC failed within our network, some libraries might lose connection to Polaris, but this Spectrum contract would not help in that situation anyway. We have never used this service throughout the last 2 ½ years even though it has cost the system close to \$20,000. Motion made by JC to not renew the Spectrum contract. 2<sup>nd</sup> CB. MOTION CARRIED. Approved.

### b. \*Unique Management Notifications

JC reported that the mailed letter notices that Unique Management sends out to patrons with lost materials on their accounts have confusing and outdated language. Patrons who receive these letters are often upset and fearful that they will be credit reported over library fees due to the line that states “... our records indicate your account has accrued fines/fees that may cause you to be reported to a collection agency”. The 2015 National Consumer Assistance Plan changed the way library fines can be reported to the credit bureaus. Patrons have given feedback that receiving these notices was an embarrassing and stress-causing incident that made them not want to continue to use the library.

GF reported that it is possible for jurisdictions to have individualized letters created. The cost could run \$1000 per notice. NB recommended making a change on the Consortium level with a more general message emphasizing that this was a “material recovery” effort and that while it does go to collections, it is not reported to credit bureaus. It was agreed the topic would go to Ops for rewording.

### c. Materials sharing

PR – As long as the library stays open and allows curbside service, open to the idea of sharing materials. Already does with SLO.

LM – Prepared to start sharing materials

GV – OK with the idea of sharing materials again.

SM – Waiting for Main library to initiate Grab & Go but can make it happen at that point.

SLO – Not excited by the idea at this time. Feels the situation is too fluid.

SP – Can go either way. County is currently a hot spot for infection, and in quarantine for a week. Would prefer to wait but can go ahead if the Cooperative agrees to go forward.

SB – N/A

AF (PR) asked for a recommendation on how to restart material sharing. GF stated that we could look at the stats and perhaps stagger jurisdictions and adjust the number of delivery days accordingly. It was agreed to table the discussion until January.

#### 9. **BLACK GOLD OPERATIONS DIRECTOR REPORT**

GF reported CENIC renewals were starting for the FY21-22 year. The first round of libraries that went on CENIC are in year 5 of the 5-year contract so Califa has gone out to bid for the next 5-year contract period. For informational purposes only, GF wanted to inform the Directors that if any member was considering leaving the Cooperative, there could be a prohibitive financial impact in cancellation fees for early termination. Califa recommends any library wanting to leave a Cooperative should do so at the end of the contract period. If a library leaves the Cooperative but would like to stay on CENIC, it could apply to Califa as an individual library.

Los Alamos and Cuyama are scheduled to going on CENIC this FY20-21. We received a Broadband grant of \$200,000 to cover the costs of construction. RB Digital magazines are moving to the Overdrive platform, and we've been informed that its entire collection of 3,000 magazines will be available to our patrons. By October, our Overdrive numbers exceeded numbers for the entire 2019 year. Last calendar year OverDrive checkouts were 609,000. By the end of October this year, we exceeded 671,000.

#### 10. **OPPORTUNITIES FOR COLLABORATION/NEW SERVICES – N/A**

#### 11. **ROUNDTABLE – Remarks by Library Directors – N/A**

#### 12. ***M* – ADJOURNMENT – at 12:00 pm (JC/AG) Approved.**

**Distribution - Email notice of web-posted agenda to** Ned Branch, SP; Jessica Cadiente, SB; Sarah Bleyl, LM; Mary Housel, SM, Joanne Britton, SM; Dawn Jackson, SM; Christopher Barnickel, SLO; Angelica Fortin, PR; Allison Gray, GV; Glynis Fitzgerald, BG.



## SPECIAL ADMINISTRATIVE COUNCIL AGENDA

Tuesday, December 15, 2020

2:00 pm – Webinar

Presiding: FY 2020/21 Chair Ned Branch, SP

Attending: Allison Gray (GV), Ned Branch (SP), Dawn Jackson (SM), Christopher Barnickel (SLO), Sarah Bleyl (LM), Glynis Fitzgerald (BG), Kristina Uvalle (BG).

<ul style="list-style-type: none"><li>• Agenda and business meeting addenda (compiled PDF) @<a href="http://ats.blackgold.org">http://ats.blackgold.org</a></li><li>• Auxiliary Receive and File addenda PDFs @ <a href="http://ats.blackgold.org">http://ats.blackgold.org</a></li></ul>	
Symbol	Key
<i>M</i>	Move to approve
*	PDF accompanies posted agenda
<i>p.</i>	Associated addendum page number(s) located @ <b>top center</b> of compiled agenda PDF.
**	Item to be provided later
▶	Item updated in the Administrative Council Notebook @ <a href="http://ats.blackgold.org">http://ats.blackgold.org</a>

1. **2:04 p.m. CALL TO ORDER**

2. *M* - **ADOPTION OF AGENDA** -(AG/DJ) Approved

3. **PUBLIC TESTIMONY -N/A**

4. **NEW BUSINESS**

- a. *M* -Discuss the option of adding the Aspen overlay to Polaris in the near term and postponing the decision to switch to KOHA to a later date.

On Friday, December 11<sup>th</sup>, CB (SLO) spoke with GF (BG) and NB (SP) to discuss the possibility of SLO working with the other members of the Cooperative to add Aspen as an overlay to Polaris. Bywater Solutions is currently setting up Aspen over Polaris at a library cooperative in New Jersey. An Aspen overlay will give everyone their own look and feel and allow outside resources to be added to individual pages. It will take 6-12 weeks to set up and launch. While cost is a factor, there is \$462,000 in the ILS replacement fund that can be used to make the switch.

CB (SLO) explained that he met with his management team last Thursday, December 10, 2020, that they liked KOHA and loved Aspen, but felt some anxiety with the timeline and various unknown factors. Three areas of concern were sharing materials, discoverability on the PAC, and cost factors.

AG (GV) reported that the Santa Barbara County Library Advisory Committee did not approve for Santa Barbara (City) library to move away from the Cooperative. They felt the request came out of the blue and needed more discoverability regarding material delivery and how it will affect other libraries in the county. AG stated that Santa Barbara was meeting with City Council today and it did not seem likely they would get approval to move forward at this time.

It was mutually agreed that the Aspen overlay was worth pursuing and that staff from all libraries liked the look and feel of it. DJ (SM) asked about the possible increase of costs outside of Aspen especially considering the possible exit of Santa Barbara. GF stated that the first draft of the budget will be ready in January and will reflect costs with and without Santa Barbara sharing the Polaris ILS.

A motion was made by NB to move forward with the proposal of adding the Aspen overlay to Polaris. A 2<sup>nd</sup> motion was made by AG with the amendment of using ILS replacement funds to cover the costs of implementation and 1<sup>st</sup> year expenses. MOTION

CARRIED. Approved.

CB requested that the Cooperative continue to move forward with the KOHA discovery committee without a rushed timeline. GF stated it would be possible to start in February to continue exploring the KOHA option.

5. ***M*** – **ADJOURNMENT – at 2:37 p.m.** (CB/SJB) Approved

**Distribution - Email notice of web-posted agenda to** Ned Branch, SP; Molly Wetta, SB, Jessica Cadiente, SB; Sarah Bleyl, LM; Joanne Britton, SM; Dawn Jackson, SM; Mary Housel, SM; Christopher Barnickel, SLO; Angelica Fortin, PR; Allison Gray, GV; Glynis Fitzgerald, BG.



**BLACK GOLD**  
COOPERATIVE LIBRARY SYSTEM

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# MEMORANDUM

**DATE:** December 24, 2020

**TO:** Black Gold CLS Administrative Council

**FROM:** Glynis Fitzgerald, Director of Operations

**SUBJECT:** Financial Statements – FY 2020-21 – November 30, 2020

The Financial Statements for the five months ended November 30, 2020 are attached. Notes pertaining to the statements are on page seven. A Supplemental report for Reimbursable Expenditures is presented on page eight. To facilitate discussion, a reference number is included for each line in the far-left column on all pages.

The Final Approved Budget for FY 2020-21 anticipates revenues and expenditures each totaling **\$1,772,885** for the entire year, which is a **7.3%** decrease from the previous year.

The actual revenue and equity funding for the five months was **39.7%** of the budget for the fiscal year, while the combined total of all expenditures for the four months equaled **\$755,254** which represents **42.6%** of the budget.



BLACK GOLD COOPERATIVE LIBRARY SYSTEM  
Statement of Revenues and Expenditures  
For the Five Months Ended November 30, 2020

	FY 20/21 FINAL BUDGET	YEAR TO DATE ACTUAL	BDGT/YTD UNREALIZED BALANCE	BDGT/YTD REALIZED %	NOTES
<b>TOTAL BGCLS</b>					
Revenues & Equity Funding	1,772,885	704,489	1,068,396	39.7%	
Expenditures	1,772,885	755,254	1,017,631	42.6%	
Surplus/(Deficit)	0	(50,764)	(50,764)		
<b>Total Reimbursables Invoiced</b>		0			
<b>Total Reimbursable Expenditures</b>		(1,807)			
		(1,807)			
<b>Gold Coast Revenues</b>		0			
<b>Gold Coast Expenses</b>		(277)			
		(277)			
<b>Value of Libraries Project Revenue</b>		27,100			
<b>Value of Libraries Project Expenses</b>		(27,100)			
		0			
<b>Shared Vision Project Revenue</b>		42,654			
<b>Shared Vision Project Expenses</b>		(42,654)			
		0			
<b>Reserves Used</b>					
					(52,848)

**Black Gold Cooperative Library System**  
**Statement of Revenues and Expenditures**  
**For the Five Months Ended November 30, 2020**  
**Fiscal Year Elapsed: 42%**

<u>Ref</u>		<u>FY 20/21</u> <u>Final</u> <u>Budget</u>	<u>November</u> <u>2020</u> <u>Actual</u>	<u>Year to Date</u> <u>Actual</u>	<u>Bdgt/YTD</u> <u>Unrealized</u> <u>Balance</u>	<u>Bdgt/YTD</u> <u>Realized</u> <u>%</u>	<u>N</u> <u>O</u> <u>T</u> <u>E</u> <u>S</u> <u>-</u>
1							
2							
3							
4							
5							
6	4705	Miscellaneous Revenue	1,000	-	-	1,000	0.0%
7	4101	Interest Earnings	15,000	1	5,303	9,697	35.4%
8	4330	Fiscal Agent Fees	5,000	-	-	5,000	0.0%
9	4402	CLSA - Commun. & Deliv.	82,832	-	-	82,832	0.0%
10	4500	Reserves Used this year	-	-	-	-	0.0%
11	4324	SCLC - Broadband Grant	25,400	-	-	25,400	0.0%
12	4707	California Teleconnect Fund - non-Cenic	7,000	909	4,542	2,458	64.9%
13	4707	California Teleconnect Fund - Cenic	20,000	4,494	9,155	10,845	45.8%
14	4706	Erate Refunds(Comm Line) - non-Cenic	56,000	5,031	25,157	30,843	44.9%
15	4706	Erate Refunds(Comm Line) - Cenic	240,000	-	-	240,000	0.0%
16	4409	Shared eContent & Subscription	234,948	72,323	144,646	90,302	61.6%
17	4302	Member Contributions - Resource	1,085,705	257,843	515,686	570,019	47.5%
18							
19		<b>TOTAL FUNDS AVAILABLE</b>	<b>1,772,885</b>	<b>340,601</b>	<b>704,489</b>	<b>1,068,396</b>	<b>39.7%</b>
20							
21							
22							
23							
24							
25							
26							
27							
28		<b>EXPENSE SUMMARY</b>					
29	6000	All Programs	540,865	41,409	246,181	294,684	45.5%
30	6100	System Administration	100,965	16,729	46,451	54,514	46.0%
31	6400	Communications and Delivery Service	575,811	88,818	214,177	361,634	37.2%
32	6500	Databases/Downloadables	325,314	29,650	145,712	179,602	44.8%
33	6700	ILS	229,930	19,354	102,733	127,197	44.7%
34	6800	System Grants	-	-	-	-	
35		<b>TOTAL EXPENSES</b>	<b>1,772,885</b>	<b>195,960</b>	<b>755,254</b>	<b>1,017,631</b>	<b>42.6%</b>
36							
37		<b>Surplus/(Deficit)</b>		144,641	(50,764)		

**Black Gold Cooperative Library System**  
**Statement of Revenues and Expenditures**  
**For the Five Months Ended November 30, 2020**  
**Fiscal Year Elapsed: 42%**

<u>Ref</u>		FY 20/21 Final <u>Budget</u>	November 2020 <u>Actual</u>	Year to Date <u>Actual</u>	Bdgt/YTD Unrealized <u>Balance</u>	Bdgt/YTD Realized <u>%</u>	<u>NOTES</u>
38							
39	<b>Expenditure Details</b>						
40							
41	<b>6000-All Programs</b>						
42	<u>All Personnel</u>						
43	6101 Regular Salaries	399,753	31,486	157,437	242,317	39.4%	
44	6102 Benefits	141,112	9,923	88,745	52,367	62.9%	1
45	<b>Total All Programs</b>	<b>540,865</b>	<b>41,409</b>	<b>246,181</b>	<b>294,684</b>	<b>45.5%</b>	
46							
47							
48							
49	<b>6100-System Administration</b>						
50	5011 Office Expense	3,000	-	147	2,853	4.9%	
51	5012 Service Charge, Bank etc	250		50	200	20.2%	
52	5014 Postage & Shipping	300	7	7	293	2.5%	
53	5213 Printing	250			250	0.0%	
54	5016 Reimbursement Meeting Expense	1,000			1,000	0.0%	
55	5035 Vehicle Fuel & Maintenance	2,000	-	184	1,816	9.2%	
56	5051 Auditors	15,000	10,775	14,475	525	96.5%	
57	5054 Payroll Processing Fees	2,000	142	1,099	901	54.9%	
58	5057 Rent	35,865	3,034	14,930	20,935	41.6%	
59	5058 Utilities	4,800	232	918	3,882	19.1%	
60	5059 Attorney Fees	5,000	330	1,652	3,348	33.0%	
61	5082 Janitorial Service	2,020			2,020	0.0%	
62	5115 Travel	-			-	-	
63	6118 Dues & Subscriptions	2,500	54	2,034	466	81.4%	
64	5153 Insurance	22,000	1,737	8,683	13,317	39.5%	
65	6222 Staff Training	-			-	-	
66	6238 Web Design	300			300	0.0%	
67	6239 Consulting /Strategic Planning	-			-	-	
68	6262 Internet Access	180	15	165	15	91.7%	
69	6266 Library Mailers Billed Back	-			-	-	
70	6291 Office Equipment & Maintenance	500		1,068	(568)	213.6%	
71	6292 Software	4,000	403	1,038	2,962	26.0%	
72	6296 CLSAinfo.org	-			-	-	
73	<b>Total System Administration</b>	<b>100,965</b>	<b>16,729</b>	<b>46,451</b>	<b>54,514</b>	<b>46.0%</b>	

**Black Gold Cooperative Library System**  
**Statement of Revenues and Expenditures**  
**For the Five Months Ended November 30, 2020**  
**Fiscal Year Elapsed: 42%**

<u>Ref</u>		FY 20/21 Final <u>Budget</u>	November 2020 <u>Actual</u>	Year to Date <u>Actual</u>	Bdgt/YTD Unrealized <u>Balance</u>	Bdgt/YTD Realized <u>%</u>	<u>NOTES</u>
74							
75	<b><u>6400-System Communications and Delivery Service</u></b>						
76	5045 Communication Supplies	1,000			1,000	0.0%	
77	6241 Communication Line Expense	96,751	8,079	42,508	54,243	43.9%	
78	6450 Cenic - Communication Line	382,307	79,221	159,519	222,788	41.7%	
79	6485 Courier Contract	95,753	1,519	12,150	83,603	12.7%	
80	<b>Total Communications and Delivery Ser</b>	<b>575,811</b>	<b>88,818</b>	<b>214,177</b>	<b>361,634</b>	<b>37.2%</b>	
81							
82							
83							
84	<b><u>6500-Databases/Downloadables</u></b>						
85	6147 eContent	276,364	25,514	124,633	151,731	45.1%	
86	OverDrive						
87	Zinio						
88	6147b Subscription Services	6,950	579	2,896	4,054	41.7%	
89	Cybrarian						
90	Luna						
91	6295 Hotspots	42,000	3,556	18,183	23,817	43.3%	
92	6521 Workshops and Training	-			-	-	
93	<b>Total Reference Services</b>	<b>325,314</b>	<b>29,650</b>	<b>145,712</b>	<b>179,602</b>	<b>44.8%</b>	
94							
95							
96							
97	<b><u>6700-ILS</u></b>						
98	6227 Cataloging Tools	4,485	184	919	3,566	20.5%	
99	6236 System Maintenance	132,708	10,633	58,187	74,521	43.8%	
100	Polaris						
101	Leap						
102	Talking Tech ITIVA						
103	Sonic Wall						
104	Cisco SMARTnet						
105	Weekend Upgrade						
106	Dell ITIVA Maintenance						
107	6516 Polaris Add-Ons	51,167	4,282	22,356	28,811	43.7%	
108	Novelist						
109	Quipu						
110	The Content Café						
111	Capira						
112	6240 PCI Compliance	11,317	567	2,837	5,674	25.1%	
113	6257 System Facility Fee (Downtown Computer Room)	-			-		
114	6276 MARC records - Skyriver	20,253	1,688	8,439	11,814	41.7%	
115	6293 System Equipment	-			-		
116	6294 Cenic Telecom Equipment	-					
117	6294b Telecom Equipment Maintenance	10,000	2,000	9,996	5		
118	6297 RFID Project				-		
119	<b>Total ILS</b>	<b>229,930</b>	<b>19,354</b>	<b>102,733</b>	<b>124,391</b>	<b>44.7%</b>	

**Black Gold Cooperative Library System**  
**Statement of Revenues and Expenditures**  
**For the Five Months Ended November 30, 2020**  
**Fiscal Year Elapsed: 42%**

<u>Ref</u>		FY 20/21 Final <u>Budget</u>	November 2020 <u>Actual</u>	Year to Date <u>Actual</u>	Bdgt/YTD Unrealized <u>Balance</u>	Bdgt/YTD Realized <u>%</u>	<u>NOTES</u>
120							
121	<b><u>6800-System Grants - State</u></b>						
122	6603 PLSEP Grant Revenue				-		
123	6604 PLSEP Grant Expenses				-		
124	<b>Total System Grants</b>	-	-	-	-		
125							
126			144,641	(50,764)			
127							
128							
129	<b><u>8100-Value of Libraries Project</u></b>						
130	8101 Grant Revenue		(23,750)	(27,100)			
131	8105-8107 Grant Expense		23,750	25,100			
132	8110 Mini-grants		-	2,000			
133	<b>Net Value of Libraries Project</b>	-	-	-			
134							
135							
136	<b><u>8200-Shared Vision Project</u></b>						
137	8201 Grant Revenue		(8,606)	(42,654)			
138	8205-8207 Grant Expense		8,606	42,654			
139	<b>Net Shared Vision Project</b>	-	-	-			
140							
141							
142	<b><u>6900-Gold Coast Library Network</u></b>						
143	4901 Gold Coast Revenues						
144	6901 Gold Coast Expenses		25	277			
145	<b>Net Gold Coast Library Network</b>	-	25	277	-		
146							
147							
148	<b>Reserves Used</b>	-					

**Black Gold Cooperative Library System  
Statement of Revenues and Expenditures  
For the Five Months Ended November 30, 2020  
Fiscal Year Elapsed: 42%**

**Notes to the Financial Statements**

*(Explanation for expenditure variances exceeding 100% of budget by 10% and >\$1,000)*

	Description	Total Spent Current FY	Explanation for budget variance YTD
1	Benefits	\$ 88,745	\$ 44,367 CalPERS Unfunded Liability Payment (1st month of year only)

**THESE FINANCIAL STATEMENTS APPROVED  
BY THE ADMINISTRATIVE COUNCIL OF THE  
BLACK GOLD COOPERATIVE LIBRARY SYSTEM**

**Ned Branch, Chair, FY 2020-2021**

**Black Gold Cooperative Library System**  
**Statement of Revenues and Expenditures**  
**For the Five Months Ended November 30, 2020**  
**Fiscal Year Elapsed: 42%**

From time to time, Black Gold staff orders supplies and equipment directly for individual libraries and is then reimbursed from the libraries for the cost of those purchases. Those purchases are not budgeted. The expenditures and invoices to the libraries for reimbursement are netted together in the accounts noted here (beginning with "63\_\_"). The balances shown are a result of timing differences between recognition of cost and recognition of reimbursement.

		November 2020 <u>Actual</u>	Year to Date <u>Actual</u>
167	<b><u>Reimbursable Expenditures</u></b>		
168			
169			
170	<b><u>Miscellaneous Orders</u></b>		
171	6361 LOM Misc Orders	1,377	407
172	6362 PR Misc Orders	1,256	2
173	6363 SLO Misc Orders	8,509	1,051
174	6364 SB Misc Orders	145	685
175	6365 SM Misc Orders	1,354	(1,187)
176	6366 SP Misc Orders	623	1,837
177	6367 GOL Misc Orders	7,693	(987)
178			
179	Subtotal Misc. Orders	20,957	1,807
180			
181	<b>Total Reimbursable Expenditures</b>	<b>20,957</b>	<b>1,807</b>
182			
183			
184	<b>Total Reimbursables Invoiced</b>	<b>-</b>	<b>-</b>
185			
186		20,957	1,807

**Black Gold Cooperative Library System**  
**Balance Sheet**  
**November 30, 2020**

	<b>G/L</b>			
	<b>Acct. #</b>	<b>Account Description</b>	<b>Debit</b>	<b>Credit</b>
187	1102	<b>Petty Cash</b>	<b>40</b>	
188	1103	<b>Checking WF 0620-028761</b>	<b>68,229</b>	
189	1104	<b>Founders Community Checking</b>	<b>658,286</b>	
190	1105	<b>Savings LAIF 16-56-003</b>	<b>922,325</b>	
191	1201	Accounts Receivable - Invoices	249,322	
192	1251	Other Receivables	-	
193	1302	ATS Prepaid Expense	107,026	
194	1303	GEN Prepaid Expense	32,127	
195	1304	Prepaid Insurance	13,616	
196	1305	Prepaid Other	50,393	
197	1501	Fixed Assets	555,441	
198	3502	Accumulated Depreciation		492,740
199	1906	Provisions Vacation Payable	30,428	
200				
201	2104	Accounts Payable		181,301
202	2100-2110	Wages & Benefits Payable		18,008
203	2120-2122	Wells Fargo Credit Card Payable		-
204	2199	Accrued Expenses		-
205	2204	Deferred Credit Card Revenue		11,339
206	2206	Deferred Grant Revenue - Broadband Grant		205,700
207	2207	Value of Libraries Grant		35,092
208	2208	Shared Vision Grant		254,104
209	2210	Library Gifts (see recap attached)		496
210	2211	Library Deposits (see recap attached)		2,736
211	2309	Deferred Comp Withheld		(700)
212	2602	Longterm Vacation Payable		30,428
213	3002	<b>General Operating Fund (unassigned)</b>		<b>367,142</b>
214	3007	<b>ILS Replacement Fund Committed</b>		<b>462,249</b>
215	3103	<b>Administrative Vehicle Fund Committed</b>		<b>28,000</b>
216	3104	<b>Retiree GASB 45 Fund Committed</b>		<b>257,926</b>
217	3105	<b>Library Reserves (see recap attached)</b>		<b>30,985</b>
218	3106	<b>Unfunded Pension Liability Reserve</b>		<b>-</b>
219	3210	General Reserve for PPD's/Dep.		292,815
220	3300	<b>Gold Coast Library Network Cash</b>		<b>7,019</b>
221	3501	Investment in Fixed Assets		62,701
222		FY 20-21 Operating Results		(52,848)
223		rounding		
224			<u>2,687,232</u>	<u>2,687,232</u>



**Black Gold Cooperative Library**  
 Recap of Balances attributed to Libraries  
 November 30, 2020

**Library Gifts**

(Foundation and Friends of the Library gifts)

LOM	\$	(0.08)	(for OD purchases)
SB	\$	4.08	
PR	\$	492.11	(for HotSpots)
	\$	<u>496.11</u>	

**Library Deposits**

(Balance of Deposits paid by Libraries to Black Gold)

LOM	\$	963.05	(for hoopla)
PR	\$	1,772.48	(for Curbside Communicator)
	\$	<u>2,735.53</u>	

**Library Reserves**

(Balance of reserves from the RFID Project)

LOM	\$	18,483.00	
PR	\$	5,327.71	
SM	\$	14,231.27	
BG	\$	(7,056.84)	Remaining Tag Inventory at Black Gold
	\$	<u>30,985.14</u>	

Nov 2020

Black Gold Cooperative Library  
NON-OWNED ITEMS CIRCULATED

NON-OWNED ITEMS CIRCULATED											OWNING LIBRARY																												TOTAL									
CIRC LIB	ba	bc	be	bm		gl	go	gs	gu	gy		lc	lm	lv		ma	mb	mc	mg	mm	mo		oa	oc	od	oe	og	oh	ol	om	on	oo	or	os		ot	ou	oy		pr	prs		sp					
ba		279	352	405	1036															1										1																	1044	
bc	551		122	129	802								1																	1																	803	
be	566	23		32	621																																									621		
bm	558	50	48		656		2							1						2				1							1	4		1											1		669	
	1675	352	522	566																																											0	
gl																																																0
go								478	482																																						960	
gs						1	550		129																																					680		
gu							392	34																																							426	
gy																																																0
						1	942	512	611	0																																						4
lc																																																4
lm																																																256
lv																																																0
																																																0
ma																																																65
mb																																																20
mc																																																35
mg																																																18
mm	1						2																																								987	
mo																																																557
																																																1
oa	3						2																																								1	2256
oc	1						2																																								767	
od																																																107
oe																																																0
og	3						1																																								6	
oh																																																0
ol																																																6
om																																																1432
on	1						1																																									

CIRC LIB = Borrowing Library  
OWNING LIBRARY = Loaning Library

**Black Gold Cooperative Library**  
**Non-Owned Items Circulated**  
**CIRC LIB**  
**Calculated from Nov 2020 statistics**

		<b>Books Borrowed</b>	<b>Books Lent</b>	<b>% of Books Borrowed</b>	<b>% of Books Lent</b>	<b>Net -- Lent less Borrowed</b>
Santa Barbara Main	ba	8	17	0.29%	0.61%	9
Santa Barbara Carpinteria	bc	1	0	0.04%	0.00%	(1)
Santa Barbara Eastside	be	0	1	0.00%	0.04%	1
Santa Barbara Montecito	bm	13	0	0.47%	0.00%	(13)
		22	18	0.79%	0.64%	(4)
Goleta Los Olivos	gl	0	0	0.00%	0.00%	0
Goleta Valley Library	go	0	21	0.00%	0.75%	21
Goleta Solvang	gs	0	1	0.00%	0.04%	1
Goleta Buellton	gu	0	1	0.00%	0.04%	1
Goleta Santa Ynez	gy	0	0	0.00%	0.00%	0
		0	23	0.00%	0.82%	23
Lompoc Charlotte's Web	lc	0	0	0.00%	0.00%	0
Lompoc Main	lm	0	8	0.00%	0.29%	8
Lompoc Village	lv	0	1	0.00%	0.04%	1
		0	9	0.00%	0.32%	9
Santa Maria Los Alamos	ma	0	0	0.00%	0.00%	0
Santa Maria Bookmobile	mb	0	0	0.00%	0.00%	0
Santa Maria Cuyama	mc	0	0	0.00%	0.00%	0
Santa Maria Guadalupe	mg	0	0	0.00%	0.00%	0
Santa Maria Main	mm	3	11	0.11%	0.39%	8
Santa Maria Orcutt	mo	2	0	0.07%	0.00%	(2)
		5	11	0.18%	0.39%	6
SLO Atascadero	oa	308	271	11.03%	9.70%	(37)
SLO Cambria	oc	104	46	3.72%	1.65%	(58)
SLO Admin Office	od	3	0	0.11%	0.00%	(3)
SLO Oceano	oe	0	6	0.00%	0.21%	6
SLO San Miguel	og	4	3	0.14%	0.11%	(1)
SLO Shandon	oh	0	1	0.00%	0.04%	1
SLO Shell Beach	ol	0	3	0.00%	0.11%	3
SLO Morro Bay	om	178	77	6.37%	2.76%	(101)
SLO Nipomo	on	70	47	2.51%	1.68%	(23)
SLO Main	oo	428	264	15.32%	9.45%	(164)
SLO Santa Margarita	or	0	12	0.00%	0.43%	12
SLO Arroyo Grande	os	368	226	13.18%	8.09%	(142)
SLO Creston	ot	0	9	0.00%	0.32%	9
SLO Cayucos	ou	0	7	0.00%	0.25%	7
SLO Los Osos	oy	269	69	9.63%	2.47%	(200)
		1,732	1,041	62.01%	37.27%	(691)
Paso Robles	pr	1,034	1,668	37.02%	59.72%	634
Paso Robles Study Center	ps	0	17	0.00%	0.61%	17
		1,034	1,685	37.02%	60.33%	651
Santa Paula	sp	0	6	0.00%	0.21%	6
Net of interbranch		2,793	2,793	100%	99%	0
						0

**Black Gold Cooperative Library**  
**SUMMARY OF NON-OWNED ITEMS CIRCULATED**  
**Net (Borrowed)/Lent based on Monthly Circ Reports**  
**Dec 2019 - Nov 2020**

		Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Total
Santa Barbara Main	ba	1,712	623	958	928	2	98	1,967	1,037	(556)	(208)	(157)	9	6,413
Santa Barbara Carpinteria	bc	(620)	(814)	(804)	(682)	(2)	2	155	45	(331)	(71)	(31)	(1)	(3,154)
Santa Barbara Eastside	be	(123)	(19)	(25)	(43)	0	(2)	165	92	(73)	(6)	(13)	1	(46)
Santa Barbara Montecito	bm	(403)	(613)	(472)	(492)	5	4	182	66	(189)	(58)	(21)	(13)	(2,004)
		566	(823)	(343)	(289)	5	102	2,469	1,240	(1,149)	(343)	(222)	(4)	1,209
Goleta Los Olivos	gl	12	9	7	4	0	0	2	1	1	1	0	0	37
Goleta Valley Library	go	(1,002)	(940)	(937)	(930)	13	81	(1,657)	(771)	45	77	77	21	(5,923)
Goleta Solvang	gs	(181)	(328)	(269)	(195)	(1)	7	(144)	(77)	11	10	7	1	(1,159)
Goleta Buellton	gu	7	(102)	(1)	(68)	0	21	(93)	(30)	(1)	13	0	1	(253)
Goleta Santa Ynez	gy	4	5	5	4	0	1	3	3	1	1	0	0	27
		(1,160)	(1,356)	(1,195)	(1,185)	12	110	(1,889)	(874)	57	102	84	23	(7,271)
Lompoc Charlotte's Web	lc	0	0	0	0	2	0	0	0	0	0	0	0	2
Lompoc Main	lm	844	1,047	758	422	(4)	(123)	1	(6)	56	30	37	8	3,070
Lompoc Village	lv	(200)	(132)	(135)	(95)	7	13	9	4	19	(11)	(6)	1	(526)
		644	915	623	327	5	(110)	10	(2)	75	19	31	9	2,546
Santa Maria Los Alamos	ma	37	42	57	28	(3)	5	35	15	0	(7)	(4)	0	205
Santa Maria Bookmobile	mb								0	0	0	0	0	0
Santa Maria Cuyama	mc	(4)	7	3	(4)	(18)	(10)	30	6	17	5	3	0	35
Santa Maria Guadalupe	mg	26	59	72	41	1	0	42	21	3	4	(4)	0	265
Santa Maria Main	mm	3,291	3,630	3,279	2,392	7	85	1,530	484	699	183	84	8	15,672
Santa Maria Orcutt	mo	(307)	(152)	101	69	(94)	8	232	82	57	19	(3)	(2)	10
		3,043	3,586	3,512	2,526	(107)	88	1,869	608	776	204	76	6	16,187
SLO Atascadero	oa	(1,079)	(1,118)	(1,077)	(809)	6	15	(671)	(426)	(198)	(121)	(44)	(37)	(5,559)
SLO Cambria	oc	(338)	(241)	(262)	(171)	(1)	9	(143)	(117)	(76)	(59)	(68)	(58)	(1,525)
SLO Admin Office	od	(18)	(21)	(20)	(16)	0	(2)	(20)	(14)	(7)	(4)	(3)	(3)	(128)
SLO Oceano	oe	(15)	2	(13)	(9)	0	2	(5)	19	9	6	5	6	7
SLO San Miguel	og	(60)	(44)	(56)	(38)	0	0	(39)	(12)	(5)	(1)	(2)	(1)	(258)
SLO Shandon	oh	(24)	(38)	(46)	(53)	0	1	(23)	4	(1)	(1)	0	1	(180)
SLO Shell Beach	ol	(42)	(63)	(65)	(34)	1	3	(9)	15	8	0	5	3	(178)
SLO Morro Bay	om	(416)	(508)	(583)	(318)	4	15	(231)	(207)	(103)	(143)	(125)	(101)	(2,716)
SLO Nipomo	on	(127)	(119)	(136)	(63)	8	17	(92)	(123)	(64)	(85)	(107)	(23)	(914)
SLO Main	oo	(464)	(193)	(151)	75	17	62	(501)	(432)	(180)	(242)	(234)	(164)	(2,407)
SLO Santa Margarita	or	(41)	(71)	(45)	(24)	1	(2)	(28)	4	5	(3)	10	12	(182)
SLO Arroyo Grande	os	(987)	(910)	(1,047)	(617)	20	40	(643)	(422)	(263)	(260)	(253)	(142)	(5,484)
SLO Creston	ot	(82)	(99)	(89)	(39)	(1)	4	(21)	11	5	1	6	9	(295)
SLO Cayucos	ou	(104)	(62)	(106)	(28)	2	3	6	28	5	7	(3)	7	(245)
SLO Los Osos	oy	(808)	(816)	(844)	(641)	7	13	(395)	(325)	(244)	(258)	(226)	(200)	(4,737)
		(4,605)	(4,301)	(4,540)	(2,785)	64	180	(2,815)	(1,997)	(1,109)	(1,163)	(1,039)	(691)	(24,801)
Paso Robles	pr	333	516	329	203	14	12	(168)	636	981	1,061	1,037	634	5,588
Paso Robles Study Center	ps	(1)	(5)	(7)	(4)	0	0	(5)	(5)	(4)	(4)	6	17	(12)
		332	511	322	199	14	12	(173)	631	977	1,057	1,043	651	5,576
Santa Paula	sp	1,180	1,468	1,621	1,207	7	(382)	529	394	373	124	27	6	6,554
Net of interbranch		0	0	0	0	0	0	0	0	0	0	0	0	0



Moss, Levy & Hartzheim LLP

Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Administrative Council  
Black Gold Cooperative Library System

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 Black Gold Cooperative Library System (the System), as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated December 31, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the System's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Moss, Levy & Hartzheim LLP*

Santa Maria, California  
December 31, 2020

**BLACK GOLD COOPERATIVE LIBRARY SYSTEM**

**FINANCIAL STATEMENTS**

June 30, 2020



**BLACK GOLD COOPERATIVE LIBRARY SYSTEM**  
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**June 30, 2020**

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**BLACK GOLD COOPERATIVE LIBRARY SYSTEM**  
**ORGANIZATION**  
 June 30, 2020

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**ORGANIZATION AND DESCRIPTION**

The Black Gold Cooperative Library System (the System) is composed of the public libraries of Santa Barbara, San Luis Obispo Counties and the Santa Paula Special District Library. A Joint Powers Agreement under the Public Library Development Act of 1963, established the System in 1964. Its purpose is to provide a cooperative library system to improve and coordinate the public library functions of the members. On December 1, 1984, the Joint Powers Agreement was revised and amended, creating the Black Gold Cooperative Library System as a separate legal entity.

The governing board for the System is an administrative council consisting of the head librarian of each of the member libraries. The council appoints a director under whose direction and control the work of the library system is carried out. On December 1, 1984, the responsibilities of the prior fiscal agent were turned over to the Black Gold Cooperative Library System's administrative council.

**ADMINISTRATIVE COUNCIL**

Angelica Fortin	Paso Robles Public Library
Chris Barnickel	San Luis Obispo County Library
Mary Housel	Santa Maria Public Library
Sarah Bleyl	Lompoc Public Library
Jessica Cadiente	Santa Barbara Public Library
Allison Gray	Goleta Public Library
Ned Branch	Blanchard Community Library, Santa Paula

**ADMINISTRATION**

Glynis Fitzgerald	Director of Operations
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## INDEPENDENT AUDITORS' REPORT

Administrative Council  
Black Gold Cooperative Library System  
Arroyo Grande, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the major fund, and the fiduciary fund of the Black Gold Cooperative Library System (the System) as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

#### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the fiduciary fund of the Black Gold Cooperative Library System as of June 30, 2020, and the respective changes in financial position, where applicable thereof, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 11 to the basic financial statements in March 2020, the World Health Organization has declared COVID-19 to constitute a “Public Health Emergency of International Concern.” Given the uncertainty of the situation, the duration of any financial impact cannot be reasonably estimated at this time. Our opinion is not modified to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require the budgetary information on page 29, the schedule of changes in the OPEB liability and related ratios on page 30, the schedule of OPEB contributions on page 31, the schedule of proportionate share of net pension liability on page 32, and the schedule of pension contributions on page 33, be presented to supplement the basic financial statements. Such 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. 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 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 date December 31, 2020, on our consideration of the Black Gold Cooperative Library System’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 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 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 System’s internal control over financial reporting and compliance.

*Moss, Remy & Hutzheim LLP*

Santa Maria, California  
December 31, 2020

**BLACK GOLD COOPERATIVE LIBRARY SYSTEM**  
**STATEMENT OF NET POSITION**  
June 30, 2020

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	Governmental Activities
<b>ASSETS</b>	
Cash and investments	\$ 1,456,470
Accounts receivable	252,996
Prepaid items	292,815
Capital assets:	
Depreciable, net	<u>74,818</u>
Total assets	<u>2,077,099</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pensions	308,895
OPEB	<u>26,535</u>
Total deferred outflows of resources	<u>335,430</u>
<b>LIABILITIES</b>	
Accounts payable	80,436
Accrued wages and benefits	24,766
Unearned revenue	417,683
Deposits	35,828
Compensated absences	<u>7,607</u>
Total due within one year	<u>566,320</u>
Due after one year	
Compensated absences	22,822
OPEB liability	337,406
Net pension liability	<u>556,131</u>
Total due after one year	<u>916,359</u>
Total liabilities	<u>1,482,679</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pensions	178,221
OPEB	<u>29,719</u>
Total deferred inflows of resources	<u>207,940</u>
<b>NET POSITION</b>	
Net investment in capital assets	74,818
Unrestricted	<u>647,092</u>
Total net position	<u><u>\$ 721,910</u></u>

The notes to basic financial statements are an integral part of this statement.

**BLACK GOLD COOPERATIVE LIBRARY SYSTEM**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2020

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	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
Governmental activities:					
Library services	\$ 1,911,285	\$ 1,513,848	\$ 311,603	\$ -	\$ (85,834)
Total governmental activities	<u>\$ 1,911,285</u>	<u>\$ 1,513,848</u>	<u>\$ 311,603</u>	<u>\$ -</u>	<u>(85,834)</u>
General Revenue					
Investment income					<u>22,220</u>
Total general revenue					<u>22,220</u>
Change in net position					(63,614)
Net position at beginning of fiscal year					<u>785,524</u>
Net position at end of fiscal year					<u>\$ 721,910</u>

The notes to basic financial statements are an integral part of this statement.

**BLACK GOLD COOPERATIVE LIBRARY SYSTEM**  
**GOVERNMENTAL FUND**  
**BALANCE SHEET**  
**June 30, 2020**

---

	General Fund
<b>ASSETS</b>	
Cash and investments	\$ 1,456,470
Accounts receivable	252,996
Prepaid items	292,815
Total assets	<u>\$ 2,002,281</u>
<b>LIABILITIES AND FUND BALANCE</b>	
Liabilities:	
Accounts payable	\$ 80,436
Accrued wages and benefits	24,766
Unearned revenue	417,683
Deposits	35,828
Total liabilities	<u>558,713</u>
Fund balance:	
Nonspendable:	
Prepaid items	292,815
Committed:	
Retiree health care	257,926
Assigned:	
Vehicle replacement	28,000
ILS replacement	462,249
Unassigned	402,578
Total fund balance	<u>1,443,568</u>
Total liabilities and fund balance	<u>\$ 2,002,281</u>

The notes to basic financial statements are an integral part of this statement.

**BLACK GOLD COOPERATIVE LIBRARY SYSTEM**  
**RECONCILIATION OF THE GOVERNMENTAL**  
**FUND BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2020**

---

Total Fund Balance - Governmental Fund	\$	1,443,568
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of depreciation have been included as financial resources in governmental fund activity		74,818
Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:		
Compensated absences	\$	(30,429)
OPEB liability		(337,406)
Net pension liability		(556,131)
Total		(923,966)
Deferred outflows and inflows of resources relating to pensions and OPEB: In governmental funds, deferred outflows and inflows of resources relating to pensions and OPEB reported because they are applicable to future periods. In the statement of the net position, deferred outflows and inflows of resources relating to pensions and OPEB are reported.		
Deferred inflows of resources relating to pensions	\$	(178,221)
Deferred inflows of resources relating to OPEB		(29,719)
Deferred outflows of resources relating to pensions		308,895
Deferred outflows of resources relating to OPEB		26,535
Net		127,490
Total Net Position - Governmental Activities	\$	721,910

The notes to basic financial statements are an integral part of this statement.



**BLACK GOLD COOPERATIVE LIBRARY SYSTEM****GOVERNMENTAL FUND****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**For the Fiscal Year Ended June 30, 2020

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	General Fund
	<hr/>
<b>Revenues:</b>	
ATS member contributions	\$ 1,116,324
Online reference services	237,319
CLSA	159,865
eRate and CTF discounts	301,603
Grant income	10,000
Interest earnings	22,220
Other	<hr/> 340
Total revenues	<hr/> 1,847,671
<b>Expenditures:</b>	
Salaries and employee benefits	531,863
Services and supplies	<hr/> 1,213,180
Total expenditures	<hr/> 1,745,043
Excess of revenues over expenditures	102,628
Fund balance - July 1	<hr/> 1,340,940
Fund balance - June 30	<hr/> <hr/> \$ 1,443,568

The notes to basic financial statements are an integral part of this statement.

**BLACK GOLD COOPERATIVE LIBRARY SYSTEM**  
**RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2020**

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Net Change in Fund Balance - Governmental Fund	\$	102,628
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlay is reported in governmental funds as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which additions to capital assets of \$0 is less than depreciation expense of \$(29,075).		
		(29,075)
In the statement of activities, compensated absences are measured by the amounts earned during the fiscal year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts paid). This fiscal year, vacation earned was more than the amounts used by \$10,766.		
		(10,766)
In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This fiscal year, the difference between accrual-basis OPEB costs and actual employer contributions was:		
		(10,580)
In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. The fiscal year, the difference between accrual-basis pension costs and actual employer contributions was:		
		<u>(115,821)</u>
Change in Net Position - Governmental Activities	\$	<u><u>(63,614)</u></u>

The notes to basic financial statements are an integral part of this statement.

**BLACK GOLD COOPERATIVE LIBRARY SYSTEM**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**FIDUCIARY FUND**  
June 30, 2020

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	Agency Fund <u>Gold Coast Fund</u>
<b>ASSETS:</b>	
Cash on Hand and in Banks	\$ 7,019
Total Assets	<u>\$ 7,019</u>
<b>LIABILITIES:</b>	
Due to Gold Coast Library Network	\$ 7,019
Total Liabilities	<u>\$ 7,019</u>

The notes to basic financial statements are an integral part of this statement.

**BLACK GOLD COOPERATIVE LIBRARY SYSTEM****NOTES TO BASIC FINANCIAL STATEMENTS**June 30, 2020

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****A. Organization**

The Black Gold Cooperative Library System (the System), was duly organized under Section 6507 of the California Government Code on December 1, 1984.

**B. Reporting Entity**

The reporting entity is the Black Gold Cooperative Library System. There are no component units included in this report which meets the criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statements No. 39, No. 61 and No. 80.

**C. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the System. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. The *System expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Major individual governmental funds are reported as separate columns in the fund financial statements.

**D. Basis of Presentation***Government-wide and fund financial statements:*

The government-wide statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the System's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The System does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the System, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the System.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

*Fund Financial Statements:*

Fund financial statements report detailed information about the System. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all non-major funds are aggregated into one column. Fiduciary funds are reported by fund type.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases, (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Fiduciary funds are reported using the economic resources measurement focus.

**BLACK GOLD COOPERATIVE LIBRARY SYSTEM****NOTES TO BASIC FINANCIAL STATEMENTS**June 30, 2020

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****E. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

*Revenues – exchange and non-exchange transactions:*

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Available” means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the System, “available” means collectible within the current period or within 60 days after fiscal year-end.

Non-exchange transactions, in which the System receives value without directly giving equal value in return, include grants.

Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the System must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the System on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

*Unearned revenue:*

Unearned revenues arise when assets are received before revenue recognition criteria have been satisfied. Grants received before eligibility requirements are met are recorded as unearned revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as unearned revenue.

*Expenses/expenditures:*

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

When both restricted and unrestricted resources are available for use, it is the System’s policy to use restricted resources first then unrestricted resources as they are needed.

**F. Fund Accounting**

The accounts of the System are organized on the basis of funds, each of which is considered to be 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 or retained earnings, revenues, and expenditures. The System’s resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The System’s accounts are organized, as follows on the next page:

**BLACK GOLD COOPERATIVE LIBRARY SYSTEM**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2020

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Fund Accounting (Continued)**

Major Governmental Fund:

The *General Fund* is the general operating fund of the System. It is used to account for all financial resources except those required to be accounted for in another fund.

Fiduciary Fund:

Agency funds are used to account for assets of others for which the System acts as an agent. The System maintains an agency fund for the Gold Coast Library Network account. The fund is used to collect funds for the Gold Coast Library Network.

**G. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**H. Budgets and Budgetary Accounting**

The System is required by their By-Laws to adopt an annual budget for the General Fund. The budget is presented on the basis of the funding sources available.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. Prior to January 30 of the preceding fiscal year, the System prepares a tentative budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. After March 1, but prior to April 1 of each fiscal year, the Administrative Council shall adopt a preliminary budget for expenditures of the System.
3. Prior to July 1, the Administrative Council adopts the final budget.
4. The budget is amended periodically throughout the fiscal year.

Once a budget is approved, it can still be amended by the Administrative Council. The budget is controlled by the Administrative Council at the revenue and expenditure function/object level.

**I. Investments**

Investments are stated at fair value.

**J. Encumbrances**

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 the governmental fund types.

**K. Capital Assets**

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at their estimated fair value at the date of the contribution. Capital assets are defined by the System as assets with an initial, individual cost of more than \$5,000 and estimated useful life in excess of two years.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the governmental column in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the statement of net position. The estimated useful lives are as follows:

Equipment and vehicles

3 to 7 years

**BLACK GOLD COOPERATIVE LIBRARY SYSTEM**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2020

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**M. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

**N. Compensated Absences**

The System accrues accumulated vacation leave and then expenses the cost as paid in the General Fund. It is the policy of the System to pay all accumulated vacation leave when an employee retires or is otherwise terminated.

Sick leave costs are expensed as paid in the General Fund. Employees have vested rights to a quarter of their accumulated unpaid sick leave upon retirement after ten years of service.

Sick and vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**O. Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California Public Employees' Retirement System(CalPERS) Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**P. Other Postemployment Benefits (OPEB)**

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the System's plan (OPEB Plan), when applicable, and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Q. Future Accounting Pronouncements**

GASB Statements listed below will be implemented in future financial statements:

Statement No. 84	"Fiduciary Activities"	The provisions of this statement are effective for fiscal years beginning after December 15, 2019.
Statement No. 87	"Leases"	The provisions of this statement are effective for fiscal years beginning after June 15, 2021.
Statement No. 89	"Accounting for Interest Cost Incurred before the End of a Construction Period"	The provisions of this statement are effective for fiscal years beginning after December 15, 2020.

**BLACK GOLD COOPERATIVE LIBRARY SYSTEM**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2020

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Q. Future Accounting Pronouncements (Continued)**

Statement No. 90	"Majority Equity Interests-an Amendment of GASB Statements No. 14 and No. 61"	The provisions of this statement are effective for fiscal years beginning after December 15, 2019.
Statement No. 91	"Conduit Debt Obligations"	The provisions of this statement are effective for fiscal years beginning after December 15, 2021.
Statement No. 92	"Omnibus 2020"	The provisions of this statement are effective for fiscal years beginning after June 15, 2021.
Statement No. 93	"Replacement of Interbank Offered Rates"	The provision of this statement except for paragraphs 11b, 13, and 14 are effective for fiscal years beginning after June 15, 2020. Paragraph 11b is effective for fiscal years beginning after December 31, 2021. Paragraphs 13 and 14 are effective for fiscal years beginning after June 15, 2021.
Statement No. 94	"Public-Private and Public-Public Partnerships and Availability Payment Arrangements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2022.
Statement No. 96	"Subscription-Based Information Technology Arrangements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2022.
Statement No. 97	"Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32"	The provisions of this statement are effective for fiscal years beginning December 15, 2019.

**R. Fund Balances:**

Fund balances of the governmental funds are classified as follows:

**Nonspendable Fund Balance** – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

**Restricted Fund Balance** – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

**Committed Fund Balance** – represents amounts that can only be used for a specific purpose because of a formal action by the System's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.



**BLACK GOLD COOPERATIVE LIBRARY SYSTEM**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2020

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**R. Fund Balances: (Continued)**

Assigned Fund Balance – represents amounts which the System intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the System.

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the System considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the System considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

**S. Net Position**

GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

Net position that is net investment in capital assets consist of capital assets, net of accumulated depreciation, and reduced by the outstanding principal of related debt. Restricted net position is the portion of net position that has external constraints placed on it by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

**T. Deferred Outflows and Inflows of Resources**

Pursuant to GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*," and GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*," the System recognizes deferred outflows and inflows of resources.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. The System has two items which qualify for reporting in this category; refer to Note 5 and Note 7 for a detailed listing of the deferred outflows of resources the System has reported.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the System that is applicable to a future reporting period. The System has two items which qualify for reporting in this category; refer to Note 5 and Note 7 for a detailed listing of the deferred inflows of resources the System has reported.

**BLACK GOLD COOPERATIVE LIBRARY SYSTEM****NOTES TO BASIC FINANCIAL STATEMENTS**June 30, 2020

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**NOTE 2 - CASH AND INVESTMENTS**

The System pools idle cash from all funds for the purpose of increasing income through investment. Earnings from such investments are allocated to the respective funds on the basis of applicable cash balances of each fund. On June 30, 2020, the System had the following cash and investments on hand:

Cash on hand	\$ 40
Cash in bank	546,424
Local Agency Investment Fund	<u>917,025</u>
Total cash and investments	<u>\$ 1,463,489</u>

Cash and investments are presented on the accompanying basic financial statements, as follows:

Cash and investments, statement of net position	\$ 1,456,470
Cash on hand and in banks, statement of fiduciary assets and liabilities	<u>7,019</u>
Total cash and investments	<u>\$ 1,463,489</u>

The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The System had investments in the Local Agency Investment Fund and that external pool is measured under Level 2.

Investments Authorized by the System's Investment Policy

The System's investment policy only authorizes investment in the local government investment pool administered by the State of California (LAIF). The System's investment policy does not contain any specific provisions intended to limit the System's exposure to interest rate risk, credit risk, and concentration of credit risk.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of fiscal year end, the weighted average maturity of the investments contained in the LAIF investment pool is approximately 102 days.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The investment policy of the System contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of the total System's investments.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the System's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits. The California Government Code requires that financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the

**BLACK GOLD COOPERATIVE LIBRARY SYSTEM**  
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**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

Custodial Credit Risk (Continued)

pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agencies deposits by pledging first trust deed mortgage notes having value of 150% of the secured public deposits.

None of the System's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the System's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or governmental investment pools (such as LAIF).

Investment in State Investment Pool

The System is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the System's investment in this pool is reported in the accompanying financial statements at the amounts based upon the System'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 withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

**NOTE 3 – CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Additions	Disposals	Transfers	Balance June 30, 2020
Governmental activities					
Nondepreciable capital assets:					
Construction in progress	\$ 60,434	\$ -	\$ -	\$ (60,434)	\$ -
Total nondepreciable capital assets	<u>\$ 60,434</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (60,434)</u>	<u>\$ -</u>
Depreciable capital assets:					
Vehicles	\$ 24,872	\$ -	\$ -	\$ -	\$ 24,872
Furniture and equipment	470,137			60,434	530,571
Total depreciable capital assets	495,009			60,434	555,443
Total accumulated depreciation	451,550	29,075			480,625
Net depreciable capital assets	<u>\$ 43,459</u>	<u>\$ (29,075)</u>	<u>\$ -</u>	<u>\$ 60,434</u>	<u>\$ 74,818</u>
Net capital assets	<u>\$ 43,459</u>	<u>\$ (29,075)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,818</u>

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**NOTE 4 – LONG-TERM LIABILITIES**

The System allows employees to accumulate unused sick leave to a maximum of 800 hours. The maximum accumulation of vacation leave is limited to 256 hours for each employee. Employees are paid 100% of their accumulated vacation pay when they terminate their employment for any reason. Accumulated sick pay is paid only under the following conditions: 25% of the accumulation to a maximum of 800 hours is paid for full-time employees terminated for any reason after 10 full years of continuous services.

The following is a summary of long-term liability activity for the fiscal year ended June 30, 2020:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due within One Year
Governmental activities:					
Compensated absences	\$ 19,663	\$ 25,168	\$ 14,402	\$ 30,429	\$ 7,607
OPEB liability	325,585	23,906	12,085	337,406	
Net pension liability	471,869	157,858	73,596	556,131	
	<u>\$ 817,117</u>	<u>\$ 206,932</u>	<u>\$ 100,083</u>	<u>\$ 923,966</u>	<u>\$ 7,607</u>

**NOTE 5 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**Plan Description

The System provides post-retirement health benefits to all retirees with five years of service who retire from the System and have reached the minimum age of 55. The System sponsors healthcare coverage under the California Public Employees Medical and Hospital Care Act ("PEMHCA"), commonly referred to as PERS Health. PEMHCA provides health insurance through a variety of Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) options.

Funding Policy

The System pays the PEMHCA minimum to eligible retirees \$136/month in 2019 and \$139/month in 2020). Those who retire directly from the System with at least 50 years in age and 5 years CalPERS service for if hired before 1/1/2013, and 52 years in age and 5 years CalPERS service if hired on or after 1/1/2013 are eligible. In addition, the System pays the PEMHCA administrative fee (0.23% of premium for 2018/19, 0.27% of premium for 2019/20). Survivor benefits are available. The System does not contribute dental, vision, and life benefits for retirees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Employees Covered

As of the June 30, 2018 actuarial valuation, the following current and former employees were covered by the benefit terms under the System's Plan:

Active plan members	5
Inactive employees or beneficiaries currently receiving benefits	<u>7</u>
Total	<u>12</u>

The System currently finances benefits on a pay-as-you basis.

Net OPEB Liability

The System's Net OPEB Liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of June 30, 2018. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

**BLACK GOLD COOPERATIVE LIBRARY SYSTEM**  
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**NOTE 5 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

Actuarial Assumptions

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.00%
Inflation rate	3.00%
Healthcare cost trend rate	5.00% for 2018 and later years

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. To achieve the goal set by the investment policy, plan assets will be managed to earn, on a long-term basis, a rate of return equal to or in excess of the target rate of return of 3.13 percent.

Change of Assumptions

The discount rate was decreased from 3.62 percent to 3.13 percent.

Discount Rate

GASB 75 requires a discount rate that reflects the following:

- (a) The long-term expected rate of return on OPEB plan investments — to the extent that the OPEB plan's fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- (b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher — to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the Agency's total OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Long Term Expected Return of Plan Investments	Municipal 20 Year High Grade Rate Index	Discount Rate
June 30, 2019	June 30, 2018	4.00%	3.62%	3.62%
June 30, 2020	June 30, 2019	4.00%	3.13%	3.13%

**BLACK GOLD COOPERATIVE LIBRARY SYSTEM**  
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**NOTE 5 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

Changes in the OPEB Liability

	Total OPEB Liability
Balance at June 30, 2019 (Valuation Date June 30, 2018)	\$ 325,585
Changes recognized for the measurement period:	
Service cost	18,420
Interest	12,236
Difference between expected and actual experience	(28,422)
Changes of assumptions	21,672
Contributions - employer	
Net investment income	
Benefit payments	(12,085)
Net Changes	11,821
Balance at June 30, 2020 (Measurement Date June 30, 2019)	\$ 337,406

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.13 percent) or 1-percentage-point higher (4.13 percent) than the current discount rate:

	1% Decrease 2.13%	Current Rate 3.13%	1% Increase 4.13%
OPEB Liability	\$ 385,251	\$ 337,406	\$ 298,463

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rates

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1-percentage point lower (4.00 percent) or 1-percentage-point higher (6.00 percent) than the current healthcare cost trend rates:

	1% Decrease (4.00%)	Healthcare Cost Trend Rate (5.00%)	1% Increase (6.00%)
OPEB Liability	\$ 296,853	\$ 337,406	\$ 387,124

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**NOTE 5 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2020, the System recognized OPEB expense of \$22,130. As of the fiscal year end June 30, 2020, the System reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions subsequent to measurement date	\$ 11,055	\$ -
Change in assumptions	15,480	9,418
Difference between expected and actual experience		20,301
	<u>\$ 26,535</u>	<u>\$ 29,719</u>

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to OPEB liability to be recognized in future periods in a systematic and rational manner. \$11,055 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the fiscal year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2021	\$ (6,638)
2022	(6,638)
2023	(963)
	<u>\$ (14,239)</u>

**NOTE 6 – EMPLOYEES’ DEFERRED COMPENSATION PLAN (FULL TIME EMPLOYEES)**

The System offers its employees a deferred compensation plan created in accordance with federal and state laws. Employees participating in the program may defer income tax recognition on contributions to the Plan, up to specified amounts, and on earnings resulting from the investment of these contributions. Funds may be withdrawn from the Plan upon retirement, disability, or separation from the System employment by the participant and, at that time, such funds become subject to income tax.

It is the System's position that it has no fiduciary obligation in the management of the Plan's resources and is not responsible for any loss due to the investment or failure of investment funds and assets of the Plan, nor shall the System be required to replace any loss which may result from such investments.

**NOTE 7 – PENSION PLAN**

**A. General Information about the Pension Plans**

*Plan Descriptions*

All qualified permanent and probationary employees are eligible to participate in the System's Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and System resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**BLACK GOLD COOPERATIVE LIBRARY SYSTEM**  
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**NOTE 7 – PENSION PLAN (Continued)**

**A. General Information about the Pension Plans (Continued)**

*Benefits Provided*

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for nonduty 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 Plans' provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
Benefit formula	2.0% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52-67
Monthly benefits, as a % of eligible compensation	1.0% to 2.7%	1.00% to 2.5%
Required employee contribution rates	7.000%	6.75%
Required employer contribution rates	10.221%+\$53,074	6.985%+ \$2,023

*Contributions*

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The System is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Contributions to the pension plan from the System were \$73,202 for the fiscal year ended June 30, 2020.

At June 30, 2019, the System reported a liability of \$556,131 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The System's proportion of the net pension liability was based on a projection of the System's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, actuarially determined. The System's proportionate share of net pension liability for the plan as of June 30, 2019 was as follows:

Proportion - June 30, 2018	0.01252%
Proportion - June 30, 2019	0.01389%
Change - Increase (Decrease)	0.00137%



**BLACK GOLD COOPERATIVE LIBRARY SYSTEM**  
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**NOTE 7 – PENSION PLAN (Continued)**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

For the year ended June 30, 2020, the System recognized pension expense of \$189,023. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits.

At June 30, 2020, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 73,202	\$ -
Differences between expected and actual experience	38,626	2,993
Changes in assumptions	26,519	9,401
Net difference between projected and actual earnings on retirement plan investments		9,723
Adjustment due to differences in proportions	34,561	105,956
Changes in actual contributions and proportionate share of contributions	135,987	50,148
	<u>\$ 308,895</u>	<u>\$ 178,221</u>

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner. \$73,202 reported as deferred outflows of resources related to pensions resulting from System contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

Fiscal Year Ending June 30,	Amount
2021	\$ 47,534
2022	5,820
2023	2,153
2024	1,965
	<u>\$ 57,472</u>

**BLACK GOLD COOPERATIVE LIBRARY SYSTEM**  
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**NOTE 7 – PENSION PLAN (Continued)**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

*Actuarial Assumptions*

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.0% Net Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

- (1) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years mortality improvements using 90% Scale MP 2016 published by the Society of Actuaries. For more details on this table, please refer to the 2017 experience study.

*Discount Rate*

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for public agency plans (including PERF B), CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund, including PERF B. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB No. 68 section.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2022. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and No. 68 calculations through at least the 2020-22 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits were calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The

**BLACK GOLD COOPERATIVE LIBRARY SYSTEM**  
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**NOTE 7 – PENSION PLAN (Continued)**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

*Discount Rate (Continued)*

table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1-10(a)	Real Return Years 11+(b)
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	100%		

(a) An expected inflation of 2.00% was used for this period.

(b) An expected inflation of 2.92% was used for this period.

*Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in Discount Rate*

The following represents the System's proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the System's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.15 percent) or 1- percentage point higher (8.15 percent) than the current rate:

	1% Decrease 6.15%	Discount Rate 7.15%	1% Increase 8.15%
System's proportionate share of the net pension plan liability	\$ 1,057,575	\$ 556,131	\$ 142,225

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports

**C. Payable to Pension Plan**

At June 30, 2020, the System had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2020.

**NOTE 8 - CONTINGENCIES**

According to the System's Management, no contingent liabilities are outstanding and no lawsuits of any real financial consequence are pending.

The System<sup>1</sup> has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under the terms of the grants, it is believed that any required reimbursements would not be material.

**BLACK GOLD COOPERATIVE LIBRARY SYSTEM****NOTES TO BASIC FINANCIAL STATEMENTS**June 30, 2020

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**NOTE 9 – NET POSITION**

The government-wide activity fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

*Net Investment Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

*Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

*Unrestricted Net Position* – This category represents net position of the System, not restricted for any project or other purpose.

**NOTE 10 – RISK MANAGEMENT**

The System is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The System maintains workers' compensation coverage through the State Compensation Insurance Fund. The System maintains additional insurance coverage through the California Joint Powers Insurance Authority as described below.

**A. Description of Self-Insurance Pool Pursuant to Joint Powers Agreement**

The Black Gold Cooperative Library System is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 116 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

**B. Primary Self-Insurance Programs of the Authority**

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. The total funding requirement for self-insurance programs is estimated using actuarial models and pre-funded through the annual contribution. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

**Primary Liability Program**

Claims are pooled separately between police and general government exposures. (1) The payroll of each member is valued relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses have a sub-limit of \$40 million per occurrence. The coverage structure includes retained risk that is pooled among members, reinsurance, and excess insurance. More detailed information about the various layers of coverage is available on the following website: <https://cjpia.org/protection/coverage-programs>.

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**NOTE 10 – RISK MANAGEMENT (Continued)**

**B. Primary Self-Insurance Program (Continued)**

Property Insurance

The Black Gold Cooperative Library System participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. Black Gold Cooperative Library System property is currently insured according to a schedule of covered property submitted by the Black Gold Cooperative Library System to the Authority. Black Gold Cooperative Library System property currently has all-risk property insurance protection in the amount of \$181,452. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

Crime Insurance

The Black Gold Cooperative Library System purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority.

**C. Adequacy of Protection**

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2019-20.

**NOTE 11 – SUBSEQUENT EVENT**

Subsequent to year-end, the System may be negatively impacted by the effects of the worldwide COVID-19 pandemic. The System is closely monitoring its operations, liquidity, and reserves and is actively working to minimize the current and future impact of this situation. As of the date of the issuance of these financial statements, the full impact to the System's financial position is not known.

**REQUIRED SUPPLEMENTARY INFORMATION SECTION**



**BLACK GOLD COOPERATIVE LIBRARY SYSTEM****GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
ATS member contributions	\$ 893,051	\$ 893,051	\$ 1,116,324	\$ 223,273
Online reference services	507,627	507,627	237,319	(270,308)
CLSA	118,368	118,368	159,865	41,497
eRate and CTF discounts	306,523	306,523	301,603	(4,920)
Grant income	76,696	76,696	10,000	(66,696)
Interest earnings	10,000	10,000	22,220	12,220
Other	1,000	1,000	340	(660)
Total revenues	<u>1,913,265</u>	<u>1,913,265</u>	<u>1,847,671</u>	<u>(65,594)</u>
<b>Expenditures:</b>				
Salaries and employee benefits	611,761	611,761	531,863	79,898
Services and supplies	<u>1,301,504</u>	<u>1,301,504</u>	<u>1,213,180</u>	<u>88,324</u>
Total expenditures	<u>1,913,265</u>	<u>1,913,265</u>	<u>1,745,043</u>	<u>168,222</u>
Excess (deficiency) of revenues over expenditures			102,628	102,628
Fund balance - beginning of fiscal year	<u>1,340,940</u>	<u>1,340,940</u>	<u>1,340,940</u>	
Fund balance - end of fiscal year	<u>\$ 1,340,940</u>	<u>\$ 1,340,940</u>	<u>\$ 1,443,568</u>	<u>\$ 102,628</u>



**BLACK GOLD COOPERATIVE LIBRARY SYSTEM****SCHEDULE OF CHANGES IN THE OPEB LIABILITY AND RELATED RATIOS**

Last 10 Years\*

June 30, 2020

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Measurement Period	2020	2019	2018
<b>Total OPEB Liability</b>			
Service cost	\$ 18,420	\$ 19,792	\$ 19,216
Interest on the total OPEB liability	12,236	10,032	9,482
Actual and expected experience difference	(28,422)		
Changes in assumptions	21,672	(18,836)	
Changes in benefit terms			
Benefit payments	(12,085)	(11,713)	(10,575)
Net change in total OPEB Liability	11,821	(725)	18,123
Total OPEB liability- beginning	325,585	326,310	308,187
Total OPEB liability- ending	<u>\$ 337,406</u>	<u>\$ 325,585</u>	<u>\$ 326,310</u>
Covered payroll	\$ 454,090	\$ 421,635	\$ 448,682
Total OPEB liability as a percentage of covered payroll	74.30%	77.22%	72.73%

\*- Fiscal year 2018 was the 1st year of implementation, therefore only three years are shown.

**BLACK GOLD COOPERATIVE LIBRARY SYSTEM****SCHEDULE OF OPEB CONTRIBUTIONS**

Last 10 Years\*

June 30, 2020

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The System's contributions for the fiscal year ended June 30, 2020 was \$11,055. The System did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2019, therefore the System does not need to comply with GASB 75's Required Supplementary Information requirements.

The System's contributions for the fiscal year ended June 30, 2019 was \$9,702. The System did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2019, therefore the System does not need to comply with GASB 75's Required Supplementary Information requirements.

The System's contributions for the fiscal year ended June 30, 2018 was \$0. The System did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2018, therefore the System does not need to comply with GASB 75's Required Supplementary Information requirements.

\*- Fiscal year 2018 was the 1st year of implementation, therefore only three years are shown.

**BLACK GOLD COOPERATIVE LIBRARY SYSTEM**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
 Last 10 Years\*  
 As of June 30, 2020

The following table provides required supplementary information regarding the System's Pension Plan.

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Proportion of the net pension liability	0.00543%	0.00490%	0.00826%	0.00802%
Proportionate share of the net pension liability	\$ 556,131	\$ 471,869	\$ 818,884	\$ 693,915
Covered payroll	\$ 435,025	\$ 424,955	\$ 448,682	\$ 419,323
Proportionate share of the net pension liability as percentage of covered payroll	127.8%	111.0%	182.5%	165.5%
Plan's total pension liability	41,426,453,489	38,944,855,364	37,161,348,332	\$ 33,358,627,624
Plan's fiduciary net position	31,179,414,067	29,308,589,559	27,244,095,376	\$ 24,705,532,291
Plan fiduciary net position as a percentage of the total pension liability	75.26%	75.26%	73.31%	74.06%
	<u>2016</u>	<u>2015</u>		
Proportion of the net pension liability	0.00729%	0.00794%		
Proportionate share of the net pension liability	\$ 500,491	\$ 494,291		
Covered payroll	\$ 406,588	\$ 453,404		
Proportionate share of the net pension liability as percentage of covered payroll	123.1%	109.0%		
Plan's total pension liability	\$ 31,771,217,402	\$ 30,829,966,631		
Plan's fiduciary net position	\$ 24,907,305,871	\$ 24,607,502,515		
Plan fiduciary net position as a percentage of the total pension liability	78.40%	79.82%		

**Notes to Schedule:**

Changes in assumptions

In 2018, inflation was changed from 2.75 percent to 2.50 percent and individual salary increases and overall payroll growth was reduced from 3.00 percent to 2.75 percent.

In 2017, as part of the Asset Liability Management review cycle, the discount rate was changed from 7.65 percent to 7.15 percent.

In 2016, the discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected ages of general employees.

\*- Fiscal year 2015 was the 1st year of implementation, thus only six years are shown.

**BLACK GOLD COOPERATIVE LIBRARY SYSTEM****SCHEDULE OF PENSION CONTRIBUTIONS**

Last 10 Years\*

As of June 30, 2020

The following table provides required supplementary information regarding the Sytem's Pension Plan.

	2020	2019	2018	2017
Contractually required contribution (actuarially determined)	\$ 73,202	\$ 73,596	\$ 95,204	\$ 61,179
Contribution in relation to the actuarially determined contributions	73,202	73,596	406,347	61,179
Contribution deficiency (excess)	\$ -	\$ -	\$ (311,143)	\$ -
Covered payroll	\$ 366,268	\$ 435,025	\$ 424,955	\$ 448,682
Contributions as a percentage of covered payroll	19.99%	16.92%	95.62%	13.64%
	2016	2015		
Contractually required contribution (actuarially determined)	\$ 78,977	\$ 46,450		
Contribution in relation to the actuarially determined contributions	78,977	46,450		
Contribution deficiency (excess)	\$ -	\$ -		
Covered payroll	\$ 419,323	\$ 406,588		
Contributions as a percentage of covered payroll	18.83%	11.42%		
<b>Notes to Schedule</b>				
Valuation Date:	6/30/2014			
Actuarial cost method	Entry Age Normal			
Asset valuation method	5-year smoothed market			
Amortization method	The unfunded actuarial accrued liability is amortized over an open 17 year period as a level percentage of payroll.			
Discount rate	7.50%			
Amortization growth rate	3.75%			
Price inflation	3.25%			
Salary increases	3.75% plus merit component based on employee classification and years of service			
Mortality	Sex distinct RP-2000 Combined Mortality projected to 2010 using Scale AA with a 2 year setback for males and a 4 year setback for females.			
Valuation Date:	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Discount Rate:	7.150%	7.250%	7.375%	7.650%

\*- Fiscal year 2015 was the 1st year of implementation, thus only six years are shown.