



TO: North County Library Authority (NCLA) Commission

FROM: Marcie Scott, Liaison

DATE: August 30, 2021

SUBJECT: NCLA Financial Status Update

**RECOMMENDATION: Receive update and provide direction as appropriate.**

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### **Summary**

At the March 22, 2021 NCLA meeting the Commission voted to accept the report and analysis prepared by Mr. Russ Morreale concluding additional interest is due to NCLA earned while NCLA invested in a commingled investment account at the City. This analysis determined \$58,977 is due in interest earnings, for a total of \$836,439 of interest and remaining NCLA funds (cash and LAIF) to be transferred from the City to the County. (attachment letter to City)

This transfer has occurred, but in the amount of \$818,816. The difference (lower amount transferred) resulting from City payment of NCLA vendors before the transfer occurred.

### **Discussion**

On August 13, 2021 the City of Los Altos sent a check in the amount of \$818,816 to NCLA's account at the County (see attachment 3a). The City's accounting statement of these funds is enclosed as Attachment 3b. The amount of funds transmitted is lower than the amount determined by NCLA due to payments to vendors processed by the City, including a consultant for the library redevelopment project, annual auditor, legal expenses and NCLA Liaison costs.

Financial statements, including statements from NCLA's LAIF account, have been requested from the City.

### **Attachments:**

- 3a. Letter to City dated May 21, 2021
- 3b. County copy of cancelled check and deposit receipt
- 3c. City of Los Altos accounting statement for transfer of funds



May 21, 2021

Mr. Brad Kilger  
City Manager  
City of Los Altos  
Via email: [bkilger@losaltosca.gov](mailto:bkilger@losaltosca.gov)

Dear Mr. Kilger,

The NCLA Commission met on May 10<sup>th</sup> for their regular meeting to adopt the annual budget and conduct other business. The Commission discussed the pending request for unpaid interest (\$58,977) due from NCLA's PFM investment and the status of NCLA funds held by the City, funds NCLA's board had directed the City to transfer to NCLA's County account on June 26, 2019, now almost two years ago. At Monday's meeting, the Commission asked me to request an interim report from you on the progress that has been made to date.

As you may recall, on March 16, 2021 Mr. Russ Morreale sent you and Deputy City Manager Maginot a copy of his financial analysis and conclusions to be presented to the Commission. On March 24<sup>th</sup>, following the NCLA Commission meeting, another letter was sent to you and Mr. Maginot requesting a meeting as well as asking for your confirmation of the interest due to NCLA and the transfer of all NCLA funds from the City to the County. I've attached that letter again here for your referral. Additionally, in several communications NCLA has offered to schedule a meeting with City staff to review the analysis and answer questions. We encourage City staff to meet with our Ad Hoc Committee (myself, Russ Morreale and Marcie Scott) to ensure we can resolve these matters quickly.

The City communicated on April 26 that staff was working on NCLA's request including 'fixing NCLA Cash balances', 'posting interest amounts to NCLA', and 'transferring funds no later than June 30, 2021'. We are glad to hear this and we understand the City is under new management, but just to give you an understanding, we have received numerous communications from the City over the past two years, all giving a date two to three months in the future of when funds will be transferred or action taken. An interim report showing the status of the City's efforts confirming the analysis of PFM interest due, including 'interest on the interest' since October 2019, and the status of the NCLA funds transfer will be welcome. We would appreciate your staff's calculation of the interest due NCLA since June 2017 on the Cash holdings held by the City resulting from retaining NCLA parcel tax receipts rather than depositing the parcel tax money in NCLA's LAIF account (May 4, 2017 was the last deposit of parcel tax money to NCLA's LAIF account). Just as a reminder, demands for payment from NCLA funds are to be approved by the NCLA board prior to payment and authorized for payment by signature of the NCLA President (Neysa Fligor) and

Mr. Brad Kilger  
RE: Resolution of NCLA matters

the NCLA Secretary (myself). We have not authorized any payment from the funds held at the City in FY20/21.

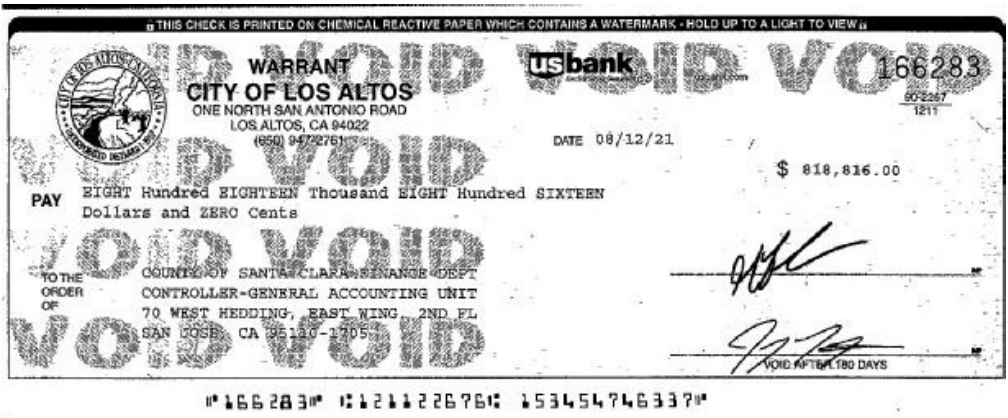
The Commission is anxious to bring closure to these issues which have remained unresolved for multiple years. If the City is not in agreement with the analysis we ask to be informed right away. The Commission wishes to express very directly their expectation to have full resolution of these issues as soon as possible. We (Russ, Marcie and myself) again request a meeting with you and Mr. Maginot.

Sincerely,



Suzanne Epstein  
NCLA Secretary and Ad Hoc Committee Member

Cc: Jon Maginot, Deputy City Manager  
NCLA Commission  
Russ Morreale, Financial Project Advisor



Item ID	Item Type	Check Account Number	RTN	Check No./ Aux-On-Us	Item Status	Item Amount
082021633016866	Check	153454746337	121122676	166283	Deposit Complete	\$ 818,816.00

**End of Report**

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Reclass Doc 103747259  
 Credit fund 8210  
 Posted on 8/24/21 by RJenks

FI Doc No	FY	Period	Post Date	Account Number	Fund	Fund Center	Cost Center	IO	WBS	DT	Amount	Reference	Header Text	Item Text	Entry Date	User Name	Warrant #	SCC JE Type	PO#	Clearing Date	Document Date	Tax	
<input type="checkbox"/> 103747259	2022	2	08/20/2021	4980010	8210	T000	T8210	999999	SA		818,816.00	1200528827-0820	*Reclass 08/20/21 Deposit	City of Los Altos- Ck 166283	08/24/2021	JENKSR01		OTHER				08/24/2021	

Single Year Selectio X  
 Multiple Year Select  
 Fiscal Year 2022  
 Fiscal Year Single Value 2022  
 Fiscal Period No selections  
 Posting Date Interval 08/20/2021 to 08/20/2021  
 Document Entry Date No selections  
 GL Account Number Single Value 4980010  
 Fund Single Value 8210  
 Fund Center No selections  
 Cost Center No selections  
 Order Number No selections  
 WBS Element No selections  
 Document Type No selections  
 FI Document Number No selections  
 User Name No selections  
 Include Vendor Name  
 Vendor Number No selections  
 Output File Location  
 Output Filename  
 ALV Display Variant

**CITY OF LOS ALTOS**  
*NCLA Schedule of Cash Flows*  
Year Ended June 30, 2021

Beginning Cash at 7/1/2020	\$ 5,057,077
Cash Inflows	
Interest Income	
Additional Interest due	58,977
Earned 7/15/2020	1,188
Earned 9/15/2020	694
Earned 12/15/2020	518
Earned 3/15/2021	358
Earned 7/15/2021	230
Total Interest Income	<u>61,964</u>
<i>Total Cash Inflows</i>	61,964
Cash Outflows	
Professional services	
Terris Barnes 5/4/2020	6,919
Terris Barnes 5/27/2020	6,500
Municipal Resource Group 10/08/2020	3,800
Maze & Associates 10/31/2020	2,965
Best, Best & Krieger 11/7/2020	425
Total Professional services	<u>20,609</u>
Transfer to NCLA	<u>4,279,615</u>
<i>Total Cash Outflows</i>	4,300,224
Ending Cash Balance	<u><u>\$ 818,816</u></u>