PLS Administrative Council Agenda
August 6, 2026
2:00 p.m.
Menlo Park Public Library, Belle Haven Branch
100 Terminal Ave, Menlo Park, CA 94025

Peninsula Library System Administrative Council

Brad McCulley, Burlingame Public Library (Chair)	Chelssee De Barra, San Mateo County Community College
Chela Anderson, Daly City Public Library	Stephanie Roach, San Mateo County Community College
Nicholas Szegda, Menlo Park Public Library	Anne-Marie Despain, San Mateo County Libraries
Sarah LaTorra, Redwood City Public Library	Rukshana Singh, San Mateo Public Library
Tim Wallace, San Bruno Public Library	Valerie Sommer, South San Francisco Public Library

I. Introductions and Roll-Call	McCulley	
II. Approval of Consent Items (Action Item)	McCulley	
A. Approval of Agenda		
B. Approval of June 4, 2026 Minutes		Attachment 1, pg. 2
C. PLAN Report and Update		Attachment 2, pg. 4
D. FY 2025-26 Measure K Final Report		Attachment 3, pg. 8
E. PLS FY 2024-25 Audit		Attachment 4, pg. 13
III. Old Business		
A. Update on PLS Ad Hoc Groups for Empower Card Expansion and Shared Programming Analysis	Wasterlain	
IV. New Business		
A. Discussion of Circulation Hotspots	All	
B. Transition of PLS Leadership **(Action Item)**	McCulley	Attachment 5, pg. 52
V. Reports		
A. System Chair Report	McCulley	
B. PLP Executive Committee Update	Frost	
C. System Administration	Frost	

VI. Public Comment - (Individuals are allowed three minutes, groups in attendance five minutes. It is system policy to refer matters raised in this forum to staff for further investigation or action if appropriate. The Brown Act prohibits the Administrative Council from discussing or acting on any matter not agendized pursuant to state law.)

VII. Review of Draft Agenda Calendar, Agenda Building for October 1, 2026 Meeting	McCulley	Attachment 6, pg. 53

VIII. Announcements

IX. Adjournment

32 West 25th Avenue, Suite 201, San Mateo, CA 94403 T: 650-349-5538 F: 650-349-5089

PLS Administrative Council
June 4, 2026 2:00 p.m.
San Mateo Public Library, 55 W. 3rd Avenue, San Mateo, CA 94402

MINUTES

Council Representative Present:
Chela Anderson, DCL (Chair)
Brad McCulley, BPL
Nicholas Szegda, MPL
Liz Meeks, RCL
Tim Wallace, SBL
Stephanie Roach, SMCCCD
Anne-Marie Despain, SMCL
Rukshana Singh, SMPL
Valerie Sommer, SSFPL

System Staff:
Carol Frost, PLS
Andrew Yon, PLS
Scott Young, PLAN
Rose Waldman, MPL

The meeting was called to order at 2:03 p.m. by Chair Anderson.

I. **Introductions and Roll Call**

II. **Approval of Consent Items**

A. **Approval of Agenda**

B. **Approval of April 23, 2026 Minutes**

C. **Minutes from May 7, 2026 PLS Executive Committee (Review Only)**

D. **Approval of 2nd Contract Amendment of FY 2025-26 PLS/PLP Contract for Fiscal and Administrative Services and Budget Adjustment**

E. **PLAN Report and Update**

F. **PLS Youth Services Work Group Summer Learning Challenge Overview**

G. **eBook Purchasing Chair Annual Report for FY 2025-26**

H. **Fund Allocation for the PLS eBook Purchasing Chair**

A motion was made, and passed unanimously, to approve the consent items. (M/S McCulley/Roach)

III. **New Business**

A. **Election of New PLS Administrative Council and Executive Committee Officers for FY 2026-27**
A motion was made, and passed unanimously, to approve the slate of officers for the Administrative Council and Executive Committee for FY 2026-27. (M/S Roach/Wallace)

B. Recommendations from the PLS Executive Committee

1) Approval of the FY 2026-27 Budget

Yon provided updates to the budgets since last presented. There was a slight staffing change in the Delivery budget due to vacancies and repurposing positions. The PLAN Central budget includes a decrease in the CENIC costs, and funds for a new patron registration portal. The new Shared Library Programs budget was introduced, with the individual library costs being captured on the All Fees schedule. A motion was made, and passed unanimously, to approve the FY 2026-27 budget. (M/S McCulley/ Szegda)

C. FY 2026-27 PLS Administrative Council Meeting Schedule

Anderson reviewed the FY 2026-27 meeting schedule.

IV. Reports

A. System Chair Report

No report.

B. PLP Executive Committee Update

Frost announced upcoming PLP events.

C. System Administration

None

V. Public Comment

There was no public comment.

VI. Review of Draft Agenda Calendar, Agenda Building for August 6, 2026 Meeting

- This will be an in-person meeting
- Audit
- Ad Hoc Programming Review
- Ad Hoc Pilot Card Update
- HotSpot Discussion

VII. Announcements

Sommer reported South San Francisco will be recruiting for a Librarian. Wallace is implementing a holds locker. iTiva phone system is in the cloud now. The colleges will be moving from Verizon from their hotspots. Directors shared about hotspots and the vendor Kajeet was mentioned. A new Vice President of Instruction is being hired. San Mateo County will be adding meeting pods in San Carlos and also adding a MakerSpace at that location. They have experienced delays for their hybrid bookmobile. They are considering spaces for two additional outposts. The County Executive is pushing a return-to-work which may affect some of their administrative staff who are working remotely.

VIII. Adjournment

The meeting was adjourned at 2:46 p.m. by Chair Anderson.

PLAN Projects Report

August 6, 2026

1. **BiblioSuggest & BiblioCloud Records**
   The new BiblioSuggest forms for submitting suggestions for purchase are live and PLAN is working with the Information Services representatives and BiblioCommons to provide instruction on managing requests and responses and resolve a few issues. PLAN is working on the implementation of OverDrive BiblioCloud Records (BCR). The PLS Information Services Committee has paused the implementation of hoopla BCR, expressing concerns with how the entire catalog of hoopla records will impact search results.

2. **Patron Blocks Revisions**
   III introduced new functionality to manage patron blocks that allows libraries to set circulation policies by library location, jurisdiction or item type. PLAN is working with the Circulation Managers to do essential database cleanup and implement new patron blocks that more accurately reflect the libraries' policies.

3. **ADA Title II Compliance**
   1. Websites managed by PLAN: PLAN is working with a web developer to review and prioritize remediations.
   2. Shared eResources: PLAN is reviewing the accessibility documentation from each of the providers to ensure they are compliant or working on compliance by the deadline.
   3. Patron-facing catalog (discovery layers, patron online registration and payment portal): Bringing the branding colors into compliance for each BiblioCommons site is nearly complete, with only one library outstanding. The online patron registration pages will be remediated next. PLAN continues discussions with BiblioCommons and Clarivate to ensure that the publicly available digital services are compliant.

4. **Online Patron Registration Forms**
   PLAN is exploring third-party options to replace the online patron registration forms. The current forms are not ADA compliant and not compatible with modern browser security policies. PLAN has presented a cost and features comparison matrix and the PLS Circulation Managers Committee viewed demonstrations of four products on June 18, 2026. The committee will discuss the options and next steps at the meeting on August 20, 2026.

5. **PLS VPN Upgrade**
   PLAN is currently working to upgrade our current VPN service. This project is expected to be completed by August 2026.

6. **PLS Hyper-V Virtual Server Migration**
   PLAN has migrated 42 of our 44 total servers to our new virtual environment. The remaining two servers that need to be migrated to our new virtual environment is expected to be completed by September 2026.

7. **SBL Holds Locker**
   The San Bruno Library is implementing a Bibliotheca Holds Locker. The installation is scheduled for July 29, 2006.

PLAN Projects Report

August 6, 2026

8. **Data Center UPS Refresh Project**
   The UPS (Uninterruptible Power Supply) at the PLS Data Center is going end of life soon, so it's scheduled to be replaced this fiscal year. This UPS supports PLS' main servers and core infrastructure network equipment for our consortium. PLAN is currently evaluating three service providers to assist with this refresh project. This project is scheduled to be completed by December 2026.

9. **Marina Library Construction Project**
   The Marina Library is currently under construction for a remodel and is tentatively scheduled for reopening in early 2027. PLAN is working with the library, the construction team, and AT&T to reinstall the fiber internet service. This process will likely take 3-4 months to complete. Once the internet service has been installed, PLAN will work with the library to install the remaining PLS services.

PLAN Projects Report

August 6, 2026

Projects in Progress

Projects	Pilot Site	Project Start Date	Completion Date	Project Lead	Notes
BiblioSuggest & BiblioCloud Records	N/A	Aug 2025	Sep 2026	Vanessa Walden	Implement add-on features to the BiblioCore subscription bundle.
Redesign of PLAN ServiceDesk support portal	N/A	Jan 2026	Oct 2026	Will Jay	Redesigning the support portal to enhance user experience, improving efficiency for support teams, and aligning the portal with evolving business needs.
ADA Title II Compliance	N/A	Aug 2025	Apr 2027	Vanessa Walden	All publicly accessible digital services, documents and resources must comply with WCAG 2.1 Level AA guidelines.
Patron Block Revisions	N/A	Jan 2026	Sep 2026	Vanessa Walden	Redesign and revise the patron block policies in Sierra
Credit Card Machine EOL hardware swap	N/A	Aug 2026	Sep 2026	Will Jay & Josh Shreffler	PLAN will inventory, receive, and swap the old credit card terminal. No cost for the replacement hardware.
New self-checks for HMB	N/A	Jul 2026	Jul 2026	Will Jay	HMB purchased 5 new Envisionware X25 self-checks to replace their old X11s.
San Bruno Public Library RFID Gate Damaged Replacement	N/A	Jul 2026	Aug 2026	Will Jay	The acrylic plastic part on one of the RFID gate panels was damaged. A quote was requested and generated. A possible install date is 8/25/26.
Online Patron Registration Forms	N/A	May 2026	Sep 2026	Vanessa Walden	Online forms must be ADA compliant, built on secure infrastructure and have customizable features for each library

PLAN Projects Report

August 6, 2026

Future Projects

Projects	Pilot Site	Project Start Date	Completion Date	Project Lead	Notes
Sierra Servers RHEL 9 OS Upgrade	N/A	TBD	TBD	John Sarmiento & Vanessa Walden	Sierra is certified to run on RHEL 9 starting with version 6.3
Sierra Cloud Migration Pricing and Discussion	N/A	TBD	TBD	Scott Young & Vanessa Walden	Migrate Sierra from an on-premise environment to hosted by Clarivate
Sierra Training Servers	N/A	TBD	TBD	Josh Shreffler, John Sarmiento & Vanessa Walden	Turn up training servers to be used for off-production testing of upgrades and security
LX Starter Email Notices	N/A	TBD	TBD	Vanessa Walden	Clarivate is working on technical and workflow improvements for consortia
PLAN Asset Inventory	N/A	Jun 2026	TBD	Will Jay	Validate and consolidate the current asset inventory to ensure it functions as the definitive source of truth
Annual Lyngsoe AMH Maintenance	N/A	Jun 2026	TBA	Will Jay	Planning for Lyngsoe's AMH maintenance has started. Working with Lyngsoe and various library branches to setup up dates for onsite maintenance

To: San Mateo County Board of Supervisors
From: Justin Wasterlain, Assistant Director
Subject: Peninsula Library System FY 2025-26 Measure K Grant Report (Resolution No. 081201)
Date: June 26, 2026

BACKGROUND

On June 10, 2025, Supervisor Speier of District 1 and the San Mateo County Board of Supervisors authorized a one-time grant of district-discretionary Measure K funds to the Peninsula Library System (PLS) for FY 2025-26. The grant of up to $50,000 was allocated for library programming that encouraged community-building with a goal to bring people together in trusted environments where participants could explore and learn together, find common ground, and experience connection. Activities of this nature are important as a way of addressing concerns about the increase in loneliness and isolation that can be found in our communities.

The grant proposal outlined that PLS libraries across the county would participate in the execution of this grant by hosting two types of events: larger community events and smaller library programs. $19,000 was allocated for approximately six main community events. These events were meant to draw larger audiences of diverse community members together and engage them on topics of current interest or provide experiences that would have the potential to touch their lives. $30,000 was allocated towards smaller library programs. This funding would support approximately 15 programs offering opportunities for residents to explore and learn together.

Through the grant-funded events and programs, PLS libraries would:

- Provide residents with meaningful opportunities for connection and inclusion into the wider community
- Strengthen civic and social engagement
- Deliver library services to diverse communities
- Reduce isolation and loneliness of community members
- Develop knowledge of community needs and interests

PERFORMANCE MEASURES

Performance Measure #1: Develop a working group of library staff to fully define programs and locations by August 2025.

In early July 2025, an ad hoc group of PLS library staff from across the system began planning events and programs to address the goals of the grant. Feedback was gathered from the ad hoc members, library directors, and other committee members, and reflected feedback from the community about connecting with others, civic and social engagement, and community interests. It was determined that the larger community events would be unique and novel programs that would have a wide appeal and that the smaller library programs would be designed around specific program types that could be replicated around the county.

Performance Measure #2: Commence booking speakers/facilitators and locations for community events in at least six locations by August 2025, with at least 2 topics being repeated 3 times throughout the county at public libraries by May 2026.

As part of the Measure K grant, $17,458 of the allocated funds were used for the following larger community events:

- *A series of mental health talks for adults and storytimes for kids with Mychal Threets, the host of the Reading Rainbow ($5,981).*
  Three events with Threets were held in Half Moon Bay, Redwood City, and South San Francisco with over 300 people attending. Threets' inspirational story and joyous celebration of inclusion through libraries and literacy encouraged people to engage each other with curiosity, compassion, and kindness. Additionally, his openness in sharing his own mental health journey gave people tools and inspiration to talk more freely about challenges they may be facing in their lives. Because Threets is a local librarian, and had just been appointed the new host for Reading Rainbow, there was much interest and support in these programs.
- *A speaker series focusing on parenting neurodiverse children ($6,081).*
  This series featured respected experts in the field of education, mental health, and advocacy for neurodiverse children, as well sessions for parents and neurodiverse children to talk about their personal, lived experiences. Each of the four session was held twice, once at the Redwood City Public Library and again at the San Mateo Public Library. This was done to ensure County residents had an opportunity to attend in a location that was convenient for them. While each of the programs had a modest attendance, the opportunity for these parents to learn and connect with each other was deeply important with Q&A sessions resulting in raw, honest, and emotional conversations between participants.
- *Día de los Niños/Día de los Libros activities at the San Bruno Library ($4,121).*
  This program drew over 550 people. This event celebrated children, literacy, language, and Latin American culture. While the program featured book giveaways, bilingual performers, games, and crafts, it also provided an opportunity for a widely diverse group of people to interact, connect, and share their culture with others.
- *San Francisco Shakespear Festival's performance of Julias Caesar at the San Mateo Public Library ($1,275).*
  Shakespear can often feel intimidating. But this hour-long version of Julis Caesar condensed all the characters and plot to present an engaging experience that all audience members could enjoy and appreciate. The library's facilitation of this program provides a welcoming and friendly entry point to introduce a wide range of cultural experiences people may not have previously thought they connected with.

Performance Measure #3: Purchase supplies and commence holding at least 15 programs and events throughout the county by May 2026

As part of the Measure K grant, $15,109 was spent on smaller library programming. 16 programs were supported with these funds, and many were repeated on a regular basis throughout the grant period. During the planning phase of the grant, it was felt that libraries could host similar programs across the county to ensure residents in the region had an opportunity to participate in these programs. The main focus was on the following programming types:

- *English as a Second Language (ESL) conversation programs ($489)*
  The programs provided a space for residents who are developing their English language skills to work with other learners in a safe and supportive environment. Language barriers create the potential for social isolation, so by providing ESL conversation programs, the libraries aim to create opportunities for residents to meet others and build relationships that will help them feel more connected to their communities. These programs were generally attended by 5-10 people, and were hosted on a regular basis to strengthen the learners' skills and social network. Burlingame Public Library and San Bruno public library used Measure K funding to bolster their programming for this important service.

- *Tabletop gaming programs ($2,961)*
  Tabletop gaming has become very popular in recent years. Beyond the enjoyment of playing board games, these events create opportunities for residents to meet new people in an inviting way that helps build connection through collaboration and friendly competition. Redwood City Public Library, San Bruno Public Library, and South San Francisco Public Library utilized funds to purchase a variety of games for diverse age groups with over 135 people attending the initial events. The libraries will continue to host game nights with the supplies purchased through the grant.

- *Makerspace programs ($6,090)*
  Library makerspaces are places where residents can explore their creativity, engage and learn about new technologies, and collaborate with their neighbors in a supportive environment. Other programs, such as "fix-it clinics," encourage residents to learn how to repair household goods and mend clothing to reduce waste and encourage sustainability. Nearly 300 residents attended a library makerspace or fix-it clinic at Burlingame Public Library, Daly City Public Library, San Bruno Public Library, South San Francisco Public Library, and Menlo Park Public Library. The tools and equipment purchased through the grant continue to support makerspace programming at these locations on a regular basis

In addition to these repeated programs, some libraries hosted unique and novel programs to further engage local residents. These programs included:

- *Food and film nights ($2,773)*
  Over 150 people attended two "Food and Film" nights at Daly City as part of this Measure K grant. One evening featured the film "Daly City" which explores issues of identity and cultural assimilation, and the other was a local filmmaker showcase. Both events featured Q&As with the filmmakers.

- *Library Scavenger Hunt ($1,993)*
  At Menlo Park Public Library, nearly 200 people participated in a Wizard of Oz themed

scavenger hunt across the library. People were encouraged to dress up and team up to meet people in their community, collaborate with each other, and enjoy a day of puzzle solving.

- *Trivia at the library ($803)*
  60 people attended a United States 250th anniversary themed trivia night at the South San Francisco Library. Through this event, participants met new people in their community, took part in friendly competitions, and learned together through the trivia questions.

Performance Measure #4: Survey Participants after the six larger community events on their experience and the impact it has on them personally and on their community.
Participants were surveyed after the larger community events as well as after some of the smaller programming. 118 people completed the survey across all of the programs. Of those participants:

- *32% had never attended a library program before.*
  One of the goals of this grant was to deliver library services to diverse communities. The number of first-time visitors is partially a result of the efforts of library staff to promote programs through different channels of communication and to perform outreach to potential non-library users. Digital marketing through websites, newsletters, and social media were supplemented by fliers at community centers, senior centers, included in water bills, municipal communications, and community activity guides.
- *72% of attendees met new people at these events*
  Isolation and loneliness in our communities is a growing concern. Libraries can organize opportunities, such as these Measure K grant programs, where people can engage with other residents they may not normally interact with. The ESL conversation programs are a great example of this. They bring together individuals who may be isolated by their limited language skills and encourage them to work with other learners to develop their ability to communicate and better opportunities to socialize in the community at large. All the programs were designed to get people interacting with each other, whether it be through an engaging talk from a popular cultural figure or learning a new skill set at a makerspace program.
- *85% of attendees felt more connected with their community after the programs.*
  While the Measure K programming was diverse in subject, activity, and audience, there was intention put behind the programs to create opportunities for connection. The speaker series for parenting neurodiverse children was created not only to impart information to the attendees, but also to help these parents create connection with others who may have similar experiences to their own. The screening of “Daly City” at the Daly City Public Library was an opportunity to watch a film, but also a chance to see their own lived experiences reflected on screen or learn about the experience of other community members. All these programs were designed to encourage social interaction, regardless of the activity.

- *95% of attendees were inspired to attend more social and civic events after the program.* Nearly all the attendees were inspired to attend other social events. While it is hoped that those future events will include library programs, the fact that these Measure K funded programs have encouraged people to look for opportunities to further connect with their community is heartening.

Conclusion

In total, $33,567 of Measure K funding was used to host 24 programs, with many programs continuing on a regular basis throughout and beyond the grant period. This total includes $1,000 used to support administrative activities such as planning and processing invoices and reimbursements.

The Peninsula Library System is grateful for the opportunity provided by the Board of Supervisors through this district-discretionary Measure K grant. With these funds, over 1,900 residents participated in programs and events designed to help build connections and reduce loneliness.

While this report specifically covers the programs supported by Measure K funding, it should be noted that all PLS libraries across the county embraced the grant's major themes of community building and social connection in their programming, even if the programs did not require the use of Measure K funds. The 24 programs listed above are just a portion of the work PLS libraries do on a continual and ongoing basis that align with the goals of this grant. As an example, the South San Francisco Public Library held multiple America 250th Anniversary programs including screenings of Hamilton and hosting a traveling interactive American Revolution Experience exhibit from Daughters of the American Revolution and American Battlefields Trust. These programs did not utilize Measure K funds, but they were designed to support the intended outcomes of the Measure K grant: inclusion, connection, and social engagement. And while this was a single year grant, PLS libraries will continue host programs and events that work towards these goals because they are critical aspects of the role libraries play in our communities as a social connectors.

PENINSULA LIBRARY SYSTEM

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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Peninsula Library System
Basic Financial Statements
For the year ended June 30, 2025

Table of Contents

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INDEPENDENT AUDITOR'S REPORT

To the Administrative Council of the
Peninsula Library System
San Mateo, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Government activities and each major fund of the Peninsula Library System (System) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise System's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate remaining fund information of the System, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The System's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Peninsula Library System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the PLS's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4-10 and budgetary comparison information on page 28, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2026 on our consideration of the 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.

July 27, 2026

JJACPA, Inc.

JJACPA, Inc.
Dublin, CA

This section of the Peninsula Library System's (System) basic financial statements presents management's discussion and analysis of the System's financial performance during the fiscal year ended June 30, 2025. Since this management's discussion and analysis is designed to focus on current activities, resulting change, and current known facts, please read it in conjunction with the System's basic financial statements (pages 13 and 16) as well as the footnotes to the financial statements (pages 17 - 27).

Financial Highlights

At June 30, 2025, the System's net position decreased to $5,223,562 from $5,906,077 in 2024, which includes capitalization of $2,728,095 in capital assets and accrual of a loan payable for the administration building of $626,961 which includes both the current and long term portions as shown in Note 10 as reclassifications/eliminations on page 26.

Additionally, changes to net position resulted from the following items shown in the Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balances/Statement of Activities on nm page 16:

- Operating expenses decreased by $620,933 due primarily to decrease in PLS libraries' technology purchases.
- Program revenues decreased by $1,014,864 due primarily to decrease in PLS libraries' reimbursements of technology purchases.
- General revenues decreased by $299,105, due to primarily to decrease in building rental income.

Using This Report

In June 1999, the Governmental Accounting Standards Board (GASB) released Statement No. 34, *Basic Financial Statements -- and Management's Discussion and Analysis -- for State and Local Governments*. Changes in Statement No. 34 require a comprehensive one-line look at the entity as a whole and capitalization of assets and depreciation. The major reconciling items necessary were capitalization and depreciation of capital assets and inclusion of long-term liabilities. The System has selected the single governmental fund (General Fund) presentation since this reflects the most concise and easily readable presentation for the System's operations.

The annual financial statements include the Independent Auditor's Report, this management's discussion and analysis, the basic financial statements, and notes to basic financial statements and required supplementary information.

Financial Analysis of the System as a Whole

Net Position
As of June 30, 2025 and 2024

	2025	2024	Increase (Decrease)	Percent Change
Assets:				
Current Assets	$ 7,353,415	$ 7,452,896	$ (99,481)	-1.3%
Non-current assets	2,728,095	2,818,179	(90,084)	-3.2%
Total Assets	10,081,510	10,271,075	(189,565)	-1.8%
Liabilities:				
Current Liabilities	4,318,648	3,744,254	574,394	15.3%
Non-current liabilities	539,300	620,744	(81,444)	-13.1%
Total liabilities	4,857,948	4,364,998	492,950	11.3%
Net position:				
Net investment in capital assets	2,101,134	2,113,306	(12,172)	-0.6%
Unrestricted	3,122,428	3,792,771	(670,343)	-17.7%
Total net position	5,223,562	5,906,077	(682,515)	-11.6%
Total liabilities and net position	$ 10,081,510	$ 10,271,075	$ (189,565)	-1.8%

This schedule is prepared from the System's Statement of Net Position, which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated.

Net position at June 30, 2025, decreased to $5,223,562 from $5,906,077 in 2024. The 11.6% decrease is primarily from decreased in Operating Expenses. Working capital (current assets less current liabilities) decreased by $673,875.

Financial Analysis of the System as a Whole, Continued

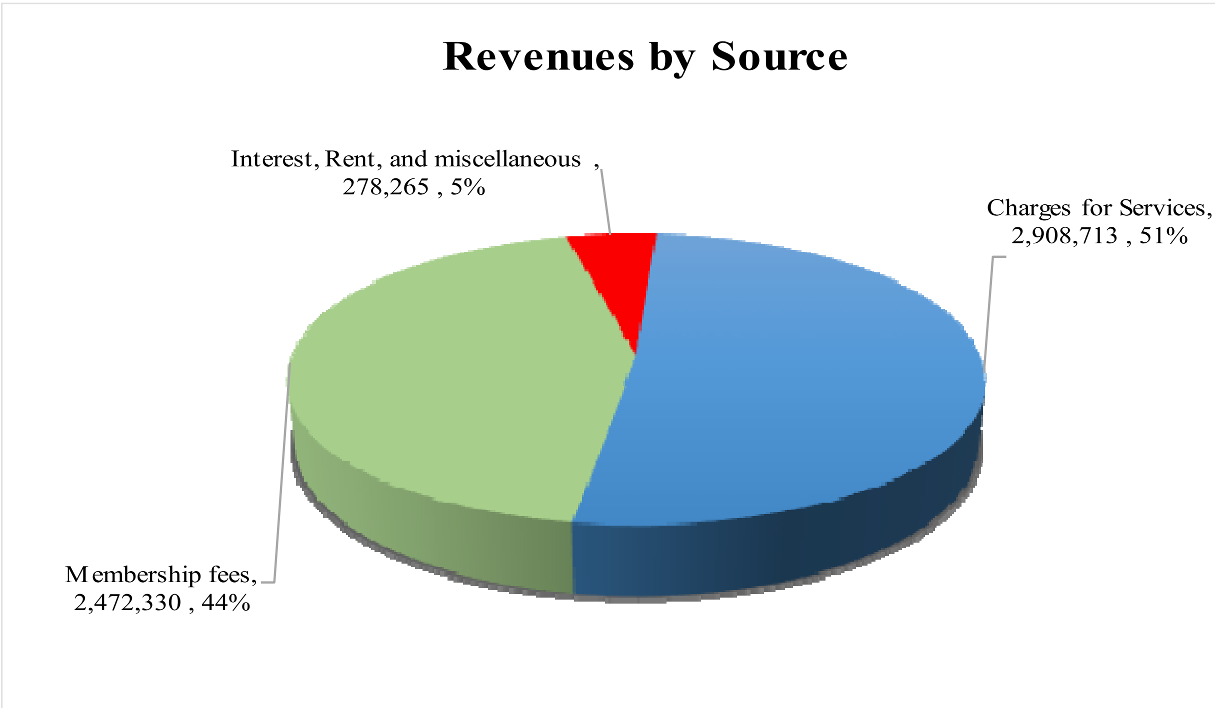
Operating Results
For the years ended June 30, 2025 and 2024

	2025	2024	Increase (Decrease)	Percent Change
Operating Expenses	$ 5,883,363	$ 6,504,296	$ (620,933)	-9.5%
Program Revenues:				
Charges for services	2,908,713	3,923,577	(1,014,864)	-25.9%
Total program revenue	2,908,713	3,923,577	(1,014,864)	-25.9%
Net program expense	2,974,650	2,580,719	393,931	15.3%
General revenue:				
Membership fees	2,472,330	2,223,661	248,669	11.2%
Interest, rent, and miscellaneous	278,265	826,039	(547,774)	-66.3%
Total general revenue	2,750,595	3,049,700	(299,105)	-9.8%
Increase (decrease) in net position	(224,055)	468,981	(693,036)	-147.8%
Net position:				
Beginning of year, as previously stateed	5,906,077	5,437,096	468,981	8.6%
Restatement	(458,460)	-	(458,460)	
Beginning of year, as restated	5,447,617	5,437,096	10,521	
End of year	$ 5,223,562	$ 5,906,077	$ (682,515)	-11.6%

In fiscal year 2025, program revenues decreased by $1,014,864 and operating expenses decreased by $620,933, due primarily to decreased PLS libraries' hardware and software purchases. General revenues decreased by $299,105 which was the result of decreased in rental income from vacant office and retail spaces.

Financial Analysis of the System as a Whole, Continued

The following is a graphic illustration of revenues by source for the year ended June 30, 2025:



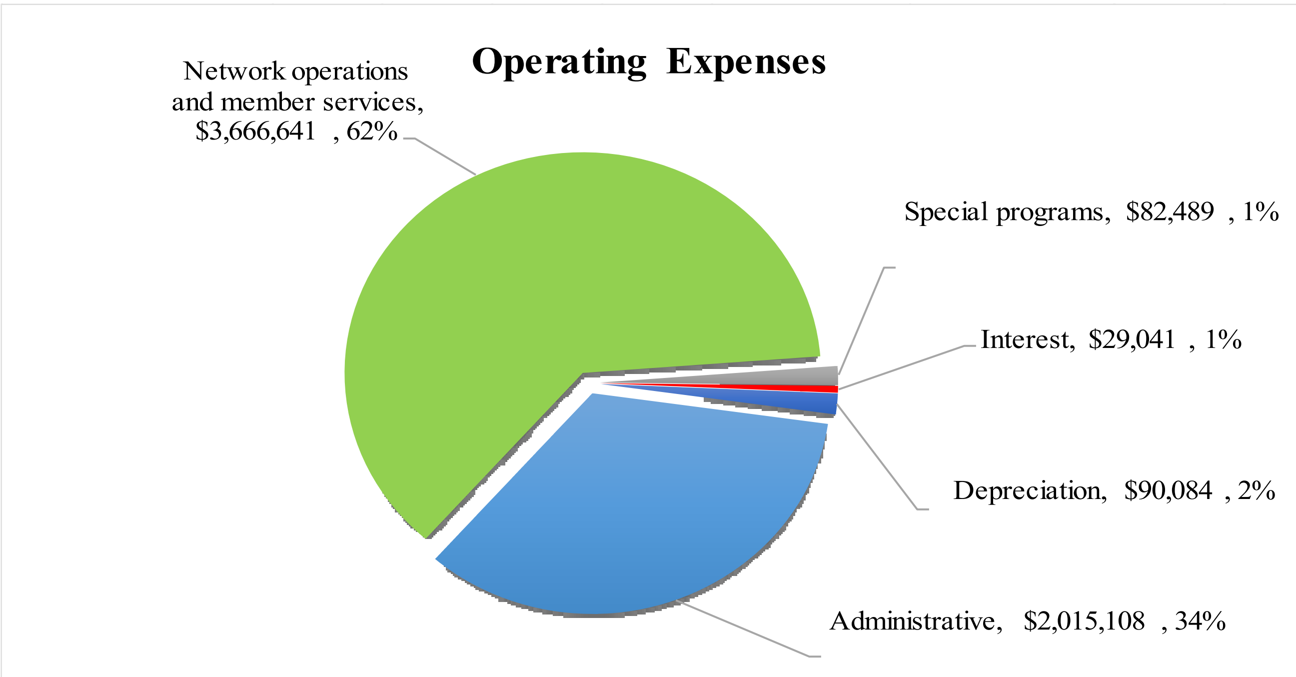
Operating Expenses
For the years ended June 30, 2025 and 2024

	2025	2024	Increase (Decrease)	Percent Change
Operating expenses:				
Administrative	$ 2,015,108	$ 1,968,500	$ 46,608	2.4%
Network operations and member services	3,666,641	4,275,759	(609,118)	-14.2%
Special programs	82,489	58,945	23,544	39.9%
Interest	29,041	32,722	(3,681)	-11.2%
Depreciation	90,084	168,370	(78,286)	-46.5%
Total	$ 5,883,363	$ 6,504,296	$ (620,933)	-9.5%

Operating expenses decreased by $620,933 in 2025 due primarily to decreased PLS libraries' hardware and software purchases; and fixed assets depreciation.

Financial Analysis of the System as a Whole, Continued

The following is a graphic illustration of operating expenses for the year ended June 30, 2025:



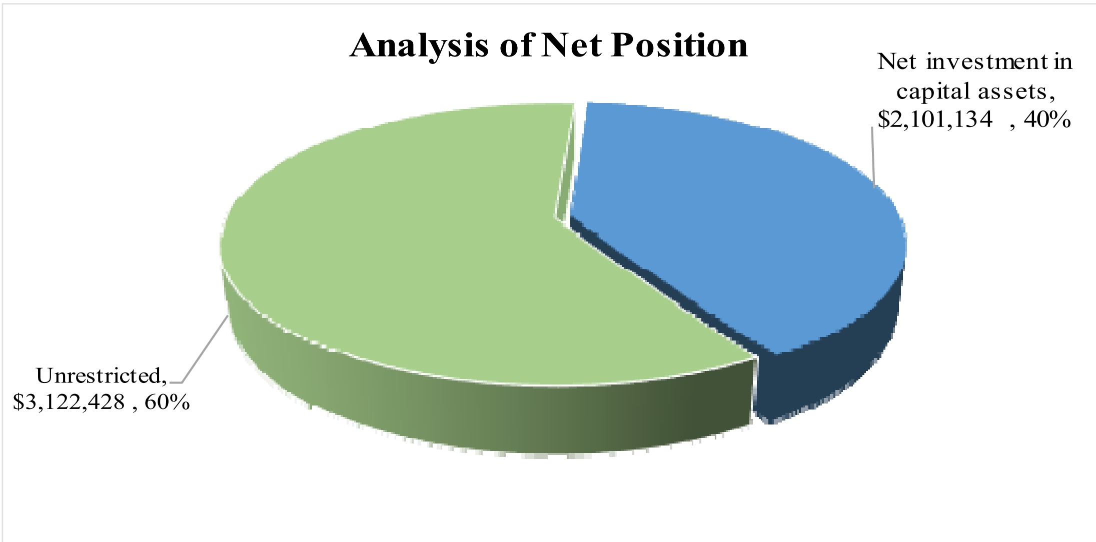
Analysis of Net Position
As of June 30, 2024 and 2024

	2025	2024	Increase (Decrease)	Percent Change
Net Position:				
Net investment in capital assets	$ 2,101,134	$ 2,113,306	$ (12,172)	-0.6%
Unrestricted	3,122,428	3,792,771	(670,343)	-17.7%
Total	$ 5,223,562	$ 5,437,096	$ (682,515)	-12.6%

The change in net position decreased by $682,515 primarily due to decreased in rental income and a reduction in the PLS pension payable balance.

Financial Analysis of the System as a Whole, Continued

The following is a graphic illustration of net position for June 30, 2025:



ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

As the current economy has affected the Federal and State operations in the way of significant revenue reductions and rising costs, so too has the System been affected by a trickle down of cost without adequate resources to sustain programs at their current level. Since the System has managed their finances prudently, reductions and cuts have been minimized, but further economic strain could cause deeper service level reductions either at the program level with personnel or at the regional level with services provided by the System.

In considering the System's Budget for fiscal year 2025-2026, the Administrative Council and management used the following criteria:

The key assumptions in our revenue forecast were:

1. Interest earnings should gradually increase.
2. Membership fees will increase relative to the Bay Area CPI index.
3. Rent income from renting vacant office space.
4. Pacific Library Partnership additional grant related contract services

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES, Continued

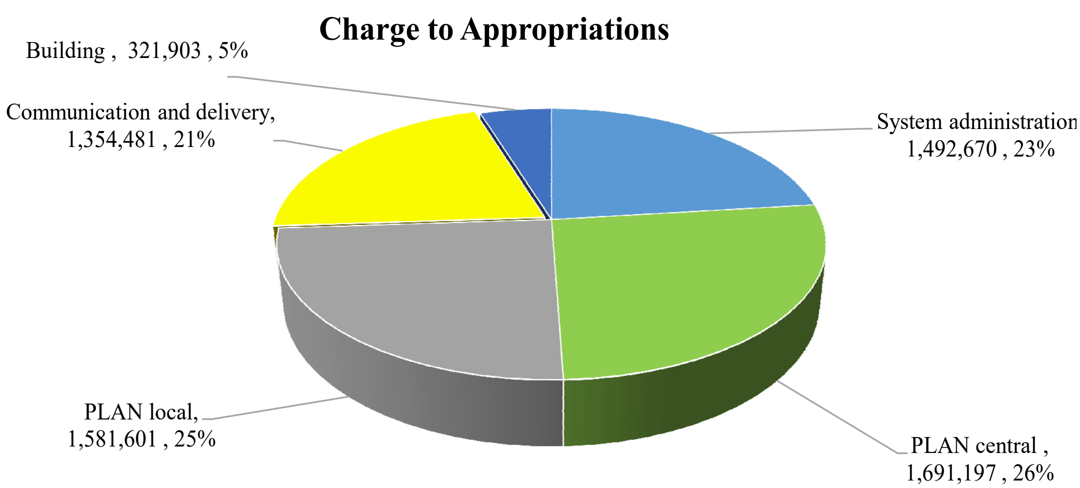
The proposed budget for the new fiscal year of 2024-2025 is $6,300,847 and is summarized as follows:

	FY 2025-26	FY 2024-25	Percentage change
Administration:			
System administration	$ 1,492,670	$ 1,510,173	-1.16%
Total administration	1,492,670	1,510,173	-1.16%
Network operations and member services:			
PLAN central	1,691,197	1,572,333	7.56%
PLAN local	1,581,601	1,815,635	-12.89%
Communication and delivery	1,354,481	1,117,138	21.25%
Building	321,903	285,568	12.72%
Total network operations and member services	4,949,182	4,790,674	3.31%
Total budget	$ 6,441,852	$ 6,300,847	

1. Administration - Shows a combined decrease of approximately 1.16%, which is mainly due to the decrease in PLS libraries special program costs.

2. Network Operations and Member Services - Show a combined increase of approximately 3.31% due to increase in PLAN and Delivery operating costs.

The following is a graphic illustration of appropriations for fiscal year 2024-2025:



Contacting the System

This financial report is designed to provide our customers and creditors a general overview of the System's finances and to demonstrate the System's accountability for the money it receives and is allocated to it. If you have questions about this report, contact the Peninsula Library System, 32 W. 25th Ave., Suite 201, San Mateo, CA 94403, telephone number (650) 349 5538.

BASIC FINANCIAL STATEMENTS

Peninsula Library System
Governmental Funds Balance Sheet/Statement of Net Position
June 30, 2025

	Governmental Funds	Adjustments (Note 10)	Statement of Net Position
ASSETS			
Current			
Cash and investments:			
Available for operations	$ 3,210,132	$ -	$ 3,210,132
Pension plan	3,459,328	-	3,459,328
Accounts receivable	645,866	-	645,866
Interest receivable	38,089	-	38,089
Total current assets	7,353,415	-	7,353,415
Noncurrent			
Capital assets, net of accumulated depreciation	-	2,728,095	2,728,095
Total assets	$ 7,353,415	$ 2,728,095	$ 10,081,510
LIABILITIES AND FUND BALANCES			
Liabilities:			
Current			
Accounts payable and accrued liabilities	$ 116,323	$ -	$ 116,323
Accrued payroll	115,962	-	115,962
Security deposits	27,568	-	27,568
Unearned revenue	350,987	-	350,987
Pension plan payable	3,459,328	-	3,459,328
Loan payable - Building - current portion	-	87,661	87,661
Accrued vacation payable	160,819	-	160,819
Total current liabilities	4,230,987	87,661	4,318,648
Noncurrent			
Loan payable - Building	-	539,300	539,300
Total liabilities	4,230,987	626,961	4,857,948
Fund balances/Net position:			
Committed:			
General fund	1,116,476	(1,116,476)	-
Unassigned:			
General fund	2,005,952	(2,005,952)	-
Total fund balances	3,122,428	(3,122,428)	-
Total liabilities and fund balances	$ 7,353,415		
NET POSITION			
Net investment in capital assets		$ 2,101,134	$ 2,101,134
Unrestricted		3,122,428	3,122,428
Total net position		$ 5,223,562	5,223,562
Total liabilities and net position			$ 10,081,510

The accompanying notes are an integral part of these basic financial statements

Peninsula Library System
Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities
For the year ended June 30, 2025

	Governmental Funds	Adjustments (Note 11)	Statement of Activities
EXPENDITURES/EXPENSES:			
Administration	$ 2,093,020	$ (77,912)	$ 2,015,108
Network operations and member services	3,666,641	-	3,666,641
Special programs:			
Federal	82,489	-	82,489
Interest	29,041	-	29,041
Depreciation	-	90,084	90,084
Total expenditures/expenses	5,871,191	12,172	5,883,363
REVENUES:			
Program revenues:			
Charges for services	2,908,713	-	2,908,713
Total program revenues	2,908,713	-	2,908,713
Net program expense	2,962,478	12,172	2,974,650
General revenues:			
Membership fees	2,472,330	-	2,472,330
Interest, rent, and miscellaneous	278,265	-	278,265
Total general revenues	2,750,595	-	2,750,595
REVENUES OVER (UNDER) EXPENDITURES	(211,883)		
NET CHANGE IN FUND BALANCE	(211,883)		
CHANGE IN NET POSITION		(12,172)	(224,055)
FUND BALANCES/NET POSITION:			
Beginning of year, as previously reported	3,792,771	2,113,306	5,906,077
Restatement	(458,460)	-	(458,460)
Beginning of year, as restated	3,334,311	2,113,306	5,447,617
End of year	$ 3,122,428	$ 2,101,134	$ 5,223,562

The accompanying notes are an integral part of these basic financial statements

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1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Peninsula Library System ("the System") is a Joint Exercise of Powers Agency established in 1970 by the cities of Burlingame, Daly City, Menlo Park, Redwood City, San Mateo, San Bruno, South San Francisco, the San Mateo Community College system, and San Mateo County. The System is a library service organization which provides computer access terminals at each member library. The System also delivers library materials to members, provides research services and general education workshops, and training seminars for its members.

The System is governed by a Board consisting of representatives from each member entity. Oversight responsibility, the ability to conduct independent financial affairs, issue debt instruments, approve budgets, and otherwise influence operations and account for fiscal matters is exercised by the System's governing board. The System is a separate reporting entity for financial reporting purposes and the accompanying basic financial statements reflect the assets, liabilities, fund balances/net position, revenues, and expenditures/expenses of the System only.

The financial statements of the System have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

In June 1999, the GASB released Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. The System implemented these changes in fiscal year ended June 30, 2004. The change in financial statement presentation provides a comprehensive one-line look at the total entity and requires capitalization of assets and recording of depreciation. The only significant changes made in order to comply with the new requirements were capitalization of fixed assets and recording of long term debt. The System has selected the single governmental fund (General Fund) presentation since this reflects the most concise and easily readable presentation for the System's operations.

A. Reporting Entity

As defined by GASB Statement No.39, *The Financial Reporting Entity*, the System is not financially accountable for any other entity other than itself, nor are there any other entities for which the nature and significance of their relationship with the System are such that exclusion would cause the System's financial statements to be misleading or incomplete.

In addition, based upon the above criteria, the System is not aware of any entity which would be financially accountable for the System which would result in the System being considered a component of the entity.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting

The fund-based financial statement columns (Governmental Funds column) on Pages 14 and 15 are accounted for using the modified accrual basis of accounting and reflect balances for the System's General Fund and Federal Grant Special Revenue Fund. These funds revenues are recognized when they become measurable and available as net current assets. Measurable means the amount of the transaction can be determined and available means the amount is collectible within the current period or soon enough thereafter (generally sixty days) to be used to pay liabilities of the current period. Amounts, which could not be measured or were not available, were not accrued as revenue in the current fiscal year. The Statements of Net position and Activities columns on Pages 14 and 15 have been prepared on the accrual basis of accounting whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

C. Use of Estimates

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

D. Budgets

Budgets are prepared on the modified accrual basis of accounting, in which capital assets acquired are recorded as expenditures and depreciation is not recorded.

The System follows these procedures in establishing the budgetary data reflected in the financial statements:

- By June 30, the PLS Executive Committee reviews and recommends to the Administrative Council a proposed operating budget for the year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.

- The budget is legally enacted through passage of a motion during an Administrative Council meeting prior to year-end.

- The PLS Executive Committee reviews all budget transfers and revisions, which are then approved by the Chair of the Administrative Council and the Chair of the PLS Executive Committee.

- Formal budgeting is employed as a management control device during the year for the general and special revenue funds.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Budgets, continued

- Budgets for the General and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

The legal level of a budgetary control, the amount to which budget should not be exceeded, is the program level.

Budgeted amounts are as originally adopted or as amended by the Administrative Council. Individual amendments were not material in relation to the original appropriations.

E. Cash and Investments

The System pools cash and investments from all funds for the purpose of increasing income through investment activities. Highly liquid money market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Market value is used as fair value for those securities for which market quotations are readily available.

The System indirectly participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested a portion of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to changes in interest rates.

F. Capital Assets

Capital assets are carried at cost or estimated cost if actual cost was not available. Donated assets are valued at their estimated fair value on the date donated.

Depreciation is calculated on a straight line basis using the following useful life schedule:

Buildings	25 years
Furniture and fixtures	5 to 10 years
Automobiles	5 years
Tools and equipment	5 to 10 years
Computer equipment	5 to 10 years

G. Interfund Transactions

With Administrative Council approval, resources may be transferred from one fund to another. The purpose of the majority of transfers, called operating transfers, is to reimburse a fund, which has made an expenditure on behalf of another fund. A residual equity transfer may be made to open or close a fund.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Compensated Absences

Compensated absences consist of accrued vacation time. It is the policy of the System to pay 100% of the accumulated vacation when an employee retires or terminates. In addition to the time normally accrued during the current twelve months, employees are permitted to defer a maximum of two years of accrued vacation with the approval of the System's Director. The System recognizes the liability for its compensated absences in the General Fund.

I. Jointly Governed Organizations

The Cities of Burlingame, Daly City, San Bruno, San Mateo, Redwood City, Menlo Park, South San Francisco, the County of San Mateo, and the San Mateo County Community College District entered into a Joint Powers Agreement to consolidate to form the Peninsula Library System (PLS), Joint Powers Authority, to provide cooperative library services to better serve the residents of San Mateo County in a manner consistent with and in furtherance of the objectives of the California Library Services Act. (Education Code, Sec. 18, 700 et seq.). The Peninsula Library System is governed by an Administrative Council, composed of all of the library directors of libraries agencies, therein.

J. Restatement

The System has restated the beginning fund balance/net position to correct the classification of an amount previously reported as interest revenue that should have been reported as a component pension plan payable. The following is a reconciliation of the total fund balance as previously reported at July 1, 2024, to the restated fund balance.

Fund Balance at June 30, 2024	$ 3,792,771
Restatement	(458,460)
Fund Balance at July 1, 2024, as restated	$ 3,334,311

The following is a reconciliation of the total net position as previously reported at July 1, 2024, to the restated net position.

Net Position at June 30, 2024	$ 5,906,077
Restatement	(458,460)
Net Position at July 1, 2024, as restated	$ 5,447,617

2. CASH AND INVESTMENTS

The System had the following cash and investments at June 30, 2025:

	FDIC / SIPC Insured	Not Rated	Fair Value
Checking	$ 87,791	$ -	$ 87,791
Local Agency Investment Fund (LAIF)	-	3,016,923	3,016,923
E-Payment Account	10,019	-	10,019
Payroll Account	95,299	-	95,299
Petty Cash	-	100	100
	$ 193,109	$ 3,017,023	$ 3,210,132

A. Cash Deposits

The System pools cash from all sources. The System invests excess cash in California Local Agency Investment Fund (LAIF), a special fund of the California State Treasury through which local governments may pool investments. At June 30, 2025, the System has balance of $3,016,923 invested with LAIF. The System maintains a petty cash fund of $100.

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

According to California law, the market value of pledged securities with banking institutions must equal at least 110% of the government's cash deposits. California law also allows institutions to secure government deposits by pledging first trust deed mortgage notes having a value of 150% of the government's total cash deposits. The government can waive collateral requirements for cash deposits, which are fully insured up to $250,000 by the Federal Deposit Insurance Corporation.

B. Investments

The System is authorized by State statutes and Administrative Council action to invest in the following:

- United States Treasury notes, bonds, bills or certificates of indebtedness.
- Registered state warrants or treasury notes or bonds of the State of California.
- Bonds, notes, warrants or other evidences of indebtedness of any local agency within the State of California.
- Obligations issued by banks and guaranteed by federal agency or United States government-sponsored enterprise.
- Negotiable certificates of deposit or time deposits placed with commercial banks and/or savings and loan companies.
- Banker's acceptances.
- Commercial paper.
- California Local Agency Investment Fund (LAIF).

2. CASH AND INVESTMENTS, Continued

B. Investments

In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, investments were stated at fair value using the aggregate method, which includes any adjustments recorded in interest/investment income.

C. Investments in External Investment Pools

The System's investments with LAIF at June 30, 2025, included a portion of the pool funds invested in structured notes and asset backed securities and similar transactions.

LAIF that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. NLS reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are maintained on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2025, these investments matured in an average of 248 days.

3. CAPITAL ASSETS

Changes in capital assets were as follows:

	Balance July 1, 2024	Additions	Deletions	Adjustments	Balance June 30, 2025
Land	$ 2,110,730	$ -	$ -	$ -	$ 2,110,730
Buildings	2,990,466	-	-	-	2,990,466
Furniture and fixtures	70,136	-	-	-	70,136
Automobiles	186,832	-	-	-	186,832
Tools and computer equipment	685,524	6,705	(57,013)	-	635,216
Total capital assets	6,043,688	6,705	(57,013)	-	5,993,380
Accumulated depreciation	(3,225,509)	(145,685)	(57,013)	162,922	(3,265,285)
Net capital assets	$ 2,818,179	$ (138,980)	$ (114,026)	$ 162,922	$ 2,728,095

4. DEFINED CONTRIBUTION PENSION PLAN

All qualified System employees participate in the Section 401 (a) qualified defined contribution pension plan as allowed under the Internal Revenue Code. The plan type sponsored by the System is a Money Purchase Plan, which was last amended July 1, 1996. This plan is a defined contribution retirement plan in which the employer's contribution is nondiscretionary and is based on a formula that is not related to profits. The plan sponsor guarantees no benefit and bears no investment risk while the plan participants bear all investment risk and have no guaranteed level of benefits. An administrative committee comprised of System personnel governs the plan.

Eligible employees begin participating the first day of their employment. The plan is entirely funded by System contributions of 7.5% of the participant's gross pay, which vests fully and immediately for participants. Plan provisions and contribution requirements are established and may be amended by the System. Participants are eligible to begin receiving benefits at age 62.

The System's payroll for employees covered by the plan for the year ended June 30, 2025, was $2,061,945. Total employee contributions paid by the System amounted to $160,068 or 7.5% of covered payroll. All of the System's employees are covered by the plan.

The plan's assets are invested and administered by Alerus. As of June 30, 2025, the plan had 35 participants and the market value of plan investments amounted to $3,459,328 in cash and investments.

5. DEBT

The following is a summary of changes in long-term liabilities for PLS at June 30, 2025:

	Balance July 1, 2024	Additions	Retirements	Balance June 30, 2025	Due Within One Year
Loan Payable - Building	$ 704,873	$ -	$ (77,912)	$ 626,961	$ 87,661
Total	$ 704,873	$ -	$ (77,912)	$ 626,961	$ 87,661

On May 21, 2002, the System purchased a building in the city of San Mateo to be used as its administrative offices. The purchase price of $4,750,000 was financed by a 25-year mortgage of $3,250,000 at a 7.25% interest rate and a down payment of $1,500,000. On February 15, 2012 the System refinanced the outstanding mortgage with a new debt of $2,250,000 with interest rates of 4.5% and 4.62%. The first payment on the new mortgage was due March 15, 2012, with the note maturity on November 10, 2031. The note will be funded by future revenues and rent savings of the System which includes rental income from other tenants in the building. The System refinanced to reduce its total debt service payments over the next 15 years by $983,777, and obtain an economic gain (the difference between the present values of the debt service payments on the old and new debt) of $974,476.

5. DEBT, Continued

The note maturity schedule is as follows:

Year ending June 30	Principal	Interest	Total
2026	$ 87,661	$ 25,942	$ 113,603
2027	91,560	22,043	113,603
2028	95,585	18,018	113,603
2029	99,884	13,719	113,603
2030	104,327	9,276	113,603
2031-2035	147,944	5,149	153,094
Total	626,961	$ 94,146	$ 721,107
Due within one year	$ 87,661	$ 25,942	$ 113,603
Due after one year	539,300	68,205	607,504
Total	$ 626,961	$ 94,146	$ 721,107

6. RELATED PARTY TRANSACTIONS

The System is contracted with the Pacific Library Partnership (PLP) and the NorthNet Library System (NLS) to provide administrative & fiscal services and/or materials. As compensation for services provided, the System received $1,257,532 from PLP for both PLP and NLS administrative & fiscal services for the year ended June 30, 2025. The other amounts, JPA members' fees were reported as membership fees.

7. FUND BALANCES/NET POSITION

Fund Balances consist of the following: Nonspendable, restricted, committed, assigned and unassigned.

- Nonspendable fund balance consists of investments that will not convert to cash soon enough to affect the current period.
- Restricted fund balance consists of resources that are subject to externally enforceable legal restrictions imposed by parties altogether outside the government.
- Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action of the System's highest level of decision-making authority.
- Assigned fund balance consists of amounts where intent is expressed by the governing body itself or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.
- Unassigned amounts represent deficits in fund balance as reflected by the necessity to show nonspendable and restricted balances in an amount greater than total fund balance.

7. FUND BALANCES/NET POSITION, Continued

Currently, the System uses the committed and unassigned categories as follows:

- *Committed for Building* – Used for maintenance repairs to be performed on building heating and air-conditioning units not completed prior to purchase of the administrative building.
- *Committed for Communications and delivery* – Amounts set aside for communications and delivery services.
- *Committed for PLAN* – Amounts set aside by the System to be used for future Peninsula Library Automated Network upgrades.
- *Committed for Operating* – Amounts set aside by the System to be used for operations.

Fund Balances at June 30, 2025 consisted of:

	Governmental Fund Balance
Commitments:	
PLAN	$ 378,934
Communications and delivery	48,532
Operating	574,596
Vehicle replacement	114,414
Total Commitments	1,116,476
Unassigned	2,005,952
Total	$ 3,122,428

Net position consist of restricted and unrestricted amounts. Restricted amounts reflect balances which cannot be influenced by System Administrative Council action, such as the investment in capital assets net of any related debt. Unrestricted amounts reflect balances available for current operations.

	Net Position
Net investment in capital assets	2,101,134
Unrestricted	3,122,428
Total net position	$ 5,223,562

8. INSURANCE

The System purchases several insurance policies to protect against catastrophic loss: (1) Workers' Compensation insurance with a limit of $1,000,000 per occurrence. (2) General Liability and Automobile Liability with $1,000,000 limit per occurrence and a $500 deductible. (3) A Master Property Insurance Policy covers the System's real and personal property on a replacement cost basis with a $4,880,800 limit and a $1,000 deductible.

9. CONTINGENT LIABILITIES

The System participates in several federal and state grant programs. These programs have been audited by the System's independent auditor in accordance with the provisions of the federal Single Audit Act and applicable state requirements. No cost disallowances were proposed as a result of these audits. However, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures, which may be disallowed by the granting agencies, cannot be determined at this time. The System expects such amounts, if any, to be immaterial.

10. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUNDS BALANCE SHEETS AND THE STATEMENTS OF NET POSITION

"Total fund balances" of the System's Governmental funds $3,122,428 differs from "net position" of governmental activities $5,223,562, reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the Governmental funds balance sheets. The effect of the difference is illustrated below:

Balance Sheet/Statement of Net Position

ASSETS	Governmental Funds	Reclassifications and Eliminations [1]	Statement of Net Position
Cash and investments:			
Available for operations	$ 3,210,132	$ -	$ 3,210,132
Pension plan	3,459,328	-	3,459,328
Accounts receivable	645,866	-	645,866
Interest receivable	38,089	-	38,089
Capital assets	-	2,728,095	2,728,095
Total assets	$ 7,353,415	$ 2,728,095	$ 10,081,510
LIABILITIES			
Accounts payable and accrued liabilities	116,323	-	116,323
Accrued payroll	115,962	-	115,962
Security deposits	27,568		27,568
Unearned revenue	350,987		
Pension plan payable	3,459,328	-	3,459,328
Loan payable - Building - current portion	-	87,661	87,661
Accrued vacation payable	160,819	-	160,819
Loan payable - Building	-	539,300	539,300
Total liabilities	4,230,987	626,961	4,857,948
Fund Balances/Net Position			
Total fund balances/net position	3,122,428	2,101,134	5,223,562
Total liabilities and fund balances/net position	$ 7,353,415	$ 2,728,095	$ 10,081,510

[1] When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported in expenditures in governmental funds. However, the statement of net position includes t

11. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUNDS OPERATING STATEMENTS AND THE STATEMENT OF ACTIVITIES

The "net change in fund balances" for the Governmental funds of ($211,883) differs from the "change in net position" for governmental activities ($224,055) reported in the Statement of Activities on page 16. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the General fund. The effect of the difference is illustrated below:

Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities

	Governmental Funds	Reclassifications and Eliminations [1]	Statement of Activities
EXPENDITURE/EXPENSES:			
Administration	$ 2,093,020	$ (77,912)	$ 2,015,108
Network operations and member services	3,666,641	-	3,666,641
Special programs	82,489	-	82,489
Interest	29,041	-	29,041
Depreciation	-	90,084	90,084
Total expenditures/expenses	5,871,191	12,172	5,883,363
REVENUES:			
Program revenues:			
Grants	-	-	-
Charges for services	2,908,713	-	2,908,713
Total program revenues	2,908,713	-	2,908,713
Net program expense	2,962,478	12,172	2,974,650
General revenues:			
Member fees	2,472,330	-	2,472,330
Interest, rent and miscellaneous	278,265	-	278,265
Total general revenues	2,750,595	-	2,750,595
REVENUES OVER (UNDER) EXPENDITURES	(211,883)		
NET CHANGE IN FUND BALANCE	(211,883)		
CHANGE IN NET POSITION		(12,172)	(224,055)
FUND BALANCES/NET POSITION			
Beginning of the year	3,334,311	2,113,306	5,447,617
End of the year	$ 3,122,428	$ 2,101,134	$ 5,223,562

[1] Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Governmental funds also report principal payments on debt as expenditures while governmental activities report reductions to the note payable liability.

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule
General Fund
For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	(Negative)
Budgetary fund balance, July 1, 2024	$ 3,334,311	$ 3,334,311	$ 3,334,311	$ -
Resources (inflows):				
Membership fees	2,498,465	2,498,465	2,472,330	(26,135)
Service charges:				
Reimbursements	1,615,635	1,615,635	1,655,686	40,051
PLAN recovery costs	5,950	5,950	1,170	(4,780)
Other Agencies	1,185,042	1,185,042	1,216,032	30,990
Miscellaneous fines, fees, and income	-	-	35,825	35,825
Interest, rent, and cash over/short	355,800	355,800	278,265	(77,535)
Amounts available for appropriation	8,995,203	8,995,203	8,993,619	(1,584)
Charges to appropriations (outflows):				
Administration:				
System administration	2,085,763	2,085,763	2,078,314	7,449
System operations	17,788	17,788	14,706	3,082
Network operations and member services:				
PLAN central	1,285,006	1,285,006	1,216,155	68,851
PLAN local	1,615,635	1,615,635	1,738,873	(123,238)
Communication and delivery	526,330	526,330	538,106	(11,776)
Building	255,893	255,893	173,507	82,386
Local:				
Federal	131,935	131,935	82,489	49,446
Interest	29,675	29,675	29,041	634
Total charges to appropriations	5,948,025	5,948,025	5,871,191	69,385
Budgetary fund balance, June 30, 2025	$ 3,047,178	$ 3,047,178	$ 3,122,428	$ 710,210

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*

INDEPENDENT AUDITOR'S REPORT

To the Administrative Council of the
Peninsula Library System
San Mateo, California

We have audited, in accordance with the auditing standard 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 financial statements of Peninsula Library System (System) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated July 27, 2026.

Report on 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) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of System's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 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 the 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 considered to be material weaknesses. We identified a deficiency in internal control, described in the accompanying Schedule of Findings and Responses as Finding 2025-001, that we consider to be a significant deficiency. Material weaknesses or additional significant deficiencies may exist that were not identified.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.

July 27, 2026

JJACPA, Inc.

JJACPA, Inc.
Dublin, CA

PENINSULA LIBRARY SYSTEM

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE AND COMMUNICATION OF INTERNAL CONTROL RELATED MATTERS

JUNE 30, 2025

July 27, 2026

To the Administrative Council of the
Peninsula Library System
San Mateo, California

We have audited the basic financial statements of the Peninsula Library System as of and for the year ended June 30, 2025, and have issued our report thereon dated July 27, 2026 . Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility under Generally Accepted Auditing Standards and Government Auditing Standards

As communicated in our engagement letter dated November 11, 2025, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of Peninsula Library System solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Peninsula Library System is included in Note 1 to the financial statements. During the year there were no new policies or procedures required to be disclosed in the current year's financial statements. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

7080 Donlon Way, Suite 204, Dublin, CA 94568 ● phone (925) 556-6200 ● fax: (707) 242-7392
1102 South Main Street, #1, Fort Bragg, CA 95437 ● phone (707) 964-6325
www.jjacpa.com

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are useful lives of capital assets ("useful lives")

Management's estimate of the useful lives is based on experience with and observation of capital assets, by category as well as industry standards, when applicable (i.e. buildings). We evaluated the key factors and assumptions used to develop the useful lives and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting Peninsula Library System's financial statements relate to commitments and contingencies.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The following material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management:

To update the pension plan to match the market value as of June 30, 2025, management made entries of $295,145 for the pension plan payable adjustment.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Peninsula Library System's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated July 27, 2026 .

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Findings or Issues

In the normal course of our professional association with Peninsula Library System, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting Peninsula Library System, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the entity's auditors.

Communication of Internal Control Related Matters

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 opinions 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 the 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 considered to be material weaknesses. We identified a deficiency in internal control, described in the accompanying Schedule of Findings and Responses as Finding 2025-001, that we consider to be a significant deficiency. Material weaknesses or additional significant deficiencies may exist that were not identified.

This communication is intended solely for the information and use of the Administrative Council and management of Peninsula Library System, others within the organization and Federal and State agencies and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Joseph J. Arch

JOSEPH J. ARCH, CPA
President/CEO
JJACPA, INC.

<u>Finding 2025-001</u>

Untimely Completion and Filing of the Annual Financial Audit

Criteria: California Government Code section 6505(c) requires a joint powers authority to file its annual audited financial statements with each contracting party and the county auditor within 12 months after fiscal year-end.

Condition: For the year ended June 30, 2025 the PLS did not file an annual audit of the accounts and records within 12 months of the end of the fiscal year.

Cause: The PLS did not have an adequately monitored year-end financial reporting and audit process to ensure completion of the audit and filing by the statutory deadline.

Effect: PLS was not in compliance with California Government Code section 6505(c), resulting in a delay in providing audited financial information to the Administrative Council, contracting parties, the county auditor, and the public.

Recommendation: The PLS should establish and monitor a formal year-end financial reporting and audit timeline that assigns responsibilities, establishes interim deadlines, and provides sufficient time to complete and file the annual audit report before the statutory deadline.

Responsible Official's Response: Management acknowledges that the annual audit was delayed due to limited staff resources to work on the audit. Management agrees with the auditor's recommendation and will take action to ensure future annual financial audits are completed in a timely manner and in compliance with California Government Code section 6505(c).

Peninsula Library System

To: PLS Administrative Council
From: Brad McCulley, Chair
Subject: Appointment of PLS Executive Director Effective November 3, 2026
Date: August 6, 2026

Following the notification by Carol Frost of her impending retirement on November 2, 2026, and the Council's deliberations on February 5, 2026, this memo serves to confirm the appointment of Justin Wasterlain as the Executive Director of the Peninsula Library System. In this capacity Justin will also serve as the CEO of the Pacific Library Partnership, and provide oversight for all of the affiliated partners and entities that contract for service from PLS. The first day in this capacity is November 3, 2026.

Justin has demonstrated proactive leadership during his tenure as Assistant Director with PLS and PLP since he was hired on May 9, 2022, including launching innovative projects, focusing on increased transparency and sustainability, and balancing the needs of very diverse member libraries and the communities they serve.

Based on the qualifications, leadership experience, and commitment to advancing the mission of the Peninsula Library System, the Pacific Library Partnership, and the NorthNet Library System, the Council is confident in Mr. Wasterlain's ability to bring value to all three organizations and to lead the organizations.

32 West 25th Avenue, Suite 201, San Mateo, CA 94403 T: 650-349-5538 F: 650-349-5089

Month	Standing Items
All	PLAN Report and Update
All	System Chair Report
All	Administration Report
Month	**Annual Items**
February	CLA Day in the District
February	PLAN Preliminary Budget and Formula for FY 20XX-20XX
February	PLS Delivery Services Preliminary Budget and Formula for FY 20XX-20XX
February	Executive Director/PLP CEO Annual Review
February	Mid-Year Report from eBook Chair
April	Review and Approval of Summer Learning Budget
April	PLCAF and YANovCon Budget Recommendations from YSWG
April	Executive and Council Election/Rotation
April	PLS Budget Projections (as requested)
June	PLS Audit Review
June	Approval of PLS FY 20XX-XX Budget
June	Approval of PLS FY 20XX-XX Meeting Schedule
June	Summer Learning Update, PLCAF Report
June	End-of-Year Financial and Rotation Update from eBook Chair
October	Budget Update (if needed)
October	Summer Learning Report, SMCR Report (depending on program date)
December	Youth Services Annual Report
December	Circulation Managers Annual Report
Month	**Additional Upcoming Items**