

November 20, 2017

To the Board of Trustees  
Belvedere-Tiburon Library Agency

We have substantially completed our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Belvedere-Tiburon Library Agency (the Agency) for the year ended June 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 28, 2017. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2017. We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's 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 significantly from those expected. The most sensitive estimates affecting the Agency's financial statements were:

Management's estimate of the depreciable lives for fixed assets as described in Note 4 to the financial statements. We evaluated the key factors and assumptions used to develop the estimated useful lives of the capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate (based on PERS reports) on the net pension liability as described in Note 9 to the financial statements. We reviewed the PERS reports and reconciled the estimated pension liability recorded in the financial statements to the PERS reports.

Management's estimate of the postemployment benefit obligation as described in Note 10 to the financial statements. We evaluated the key factors and assumptions used to develop the estimated postemployment benefit obligations in determining that is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements, except for the one uncorrected misstatement noted below. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statement taken as a whole.

Unrealized loss on investment	\$3,282
Cash, cash equivalents, and investments	\$3,282

*To record unrealized loss due to LAIF fair market value changes.*

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### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated November 17, 2017.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Agency's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Agency's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### *Internal Control Over Financial Reporting*

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Agency, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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.

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

### Other Matters

We applied certain limited procedures to Budgetary Comparison schedules, PERS-Schedule of Funding Progress, OPEB-Schedule of Funding Progress, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

### Upcoming Accounting Pronouncements

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). GASB 75 revises and establishes new accounting and financial reporting requirements for governments that provide their employees with OPEB and requires additional OPEB disclosures. GASB 75 is effective for periods beginning after June 15, 2017 and is effective for the Agency's fiscal year ending June 30, 2018.

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This information is intended solely for the information and use of Board of Trustees and management of the Agency and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

**OUM + Co. LLP**

San Francisco, CA