

BELVEDERE-TIBURON LIBRARY AGENCY
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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**BELVEDERE-TIBURON LIBRARY AGENCY
BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Belvedere-Tiburon Library Agency
Tiburon, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and General Fund of the Belvedere-Tiburon Library Agency (Agency), California, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and General Fund of the Agency as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other required supplementary information as listed in the Table of Contents 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.



Pleasant Hill, California

October 30, 2020

BELVEDERE TIBURON LIBRARY AGENCY
(A California Joint Exercise of Powers Agency of the
Town of Tiburon and the City of Belvedere and
A California Community Facilities District)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

FINANCIAL HIGHLIGHTS

From the Statement of Net Position on page 14

The Government-Wide Statement of Net Position shows the Agency's assets of \$12,719,101; deferred outflows of \$430,386; liabilities of \$2,363,120; deferred inflows of \$213,578; and a net position of \$10,572,789 as of June 30, 2020.

The Agency's cash, cash equivalents, and investments totaled \$4,760,067 and net capital assets totaled \$7,772,345 at June 30, 2020, representing 37% and 61% of the Agency's total assets, respectively.

The Agency's liabilities totaled \$2,363,120 as of June 30, 2020 and consist primarily of accounts payable, accrued bonds and capital lease, compensated absences, postemployment benefit obligation and net pension liability.

From the Statement of Activities on page 15

Total Agency revenues were \$5,857,176 (general revenues of \$2,859,796 and program revenues of \$2,996,380 (which included expansion grants of \$2,893,523)) compared with total operating expenses of \$2,949,485, resulting in an increase in net position of \$2,906,691 (which includes \$2,776,672 in additions to construction in progress) for the fiscal year ended June 30, 2020.

From the Governmental Funds Statements on pages 16 and 18

General fund balances increased by \$413,245. Key factors affecting operating results were the receipt of library tax revenue in excess of budget by \$151,879, interest earnings in excess of budget by \$11,245, and operating expenses under budget by \$137,780. In addition, due to timing differences, Foundation Expansion grants exceeded Expansion capital outlay by \$116,851. Expansion activity was budgeted at \$7,000,000 for both Grant revenue and for Expenditures. Expansion expenses were under budget, due to a later than expected start, and minor COVID delays, by \$4,223,328. Grants from the Library Foundation were requested based on actual expenditures, so were also lower than budget.

Grants from the Belvedere Tiburon Library Foundation totaled \$2,956,435 for the fiscal year, including \$2,893,523 in Expansion grants. Details of this grant money are found in Note 10 of the financial statements.

Salaries and Benefits costs include Staffing, Retirement and Health Benefits, Payroll Tax Expense, Insurance, and Professional Development Costs. The total Salaries and Benefits were \$1,743,970 in 2019 and \$1,913,391 in 2020, a 9.7% increase over the prior year mostly due to an increase in required CalPERS retirement employer contributions, increased health benefit participation, and vacation payouts to 2 retirees.

Services and Supplies include materials and other resource purchases, except for book acquisitions which were capitalized for the fiscal year, i.e., included in capital assets on the balance sheet rather than in expenditures. The capitalized collection is depreciated over 7 years. Capitalized resource costs totaled \$107,382 in 2019 and \$118,681 in 2020. (Total resource expenditures before this capitalization of books were \$369,651 in 2019 and \$383,956 in 2020, a 4% increase in total purchases). The remaining expensed resource collection costs including print subscriptions, digital content, and database costs were included in Services and Supplies. Costs included in Services and Supplies were \$262,269 in 2019 and \$265,275 in 2020, a 1% increase.

The Services and Supplies category also includes Programs, Facilities, and non-capitalized Technology and Equipment and Maintenance costs. The total Services and Supplies was \$649,203 in 2019 and \$609,499 in, a 6% decrease from the prior year due to COVID-19 related service closures.

Debt service cost for the year on the limited obligation bonds was \$117,150 for principal and interest, plus \$11,489 in fiscal agent fees in accordance with the CFD1995-1 Bond Issue Agreement.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

OVERVIEW OF FINANCIAL STATEMENTS

The Agency's basic financial statements are comprised of four components: government-wide financial statements, governmental funds financial statements, notes to the financial statements, and supplementary information.

Government-wide financial statements are found on pages 14 - 15.

The Government-wide financial statements are designed to provide readers with a broad overview of the Agency's finances in a manner similar to a private-sector business. There are two government-wide financial statements – The Statement of Net Position and the Statement of Activities and Changes in Net Position.

The Statement of Net Position presents information on all of the Agency's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The Statement of Activities presents information showing how the Agency's net position changed during the fiscal year. Accruals of revenue and expenses are taken into account regardless of when cash is received or paid.

As in a private-sector business, capital assets are depreciated, principal payments on debt are not an expense, and compensated absences and other post-employment benefits are expensed in the period earned.

Governmental funds financial statements are found on pages 16 & 18.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities.

Reconciliations between the two types of financial statements are found on pages 17 & 19.

The major differences between fund financial statements and government-wide financial statements are the ways in which capital outlay, debt service, bond issuance costs, compensated absences, retirement costs, and other post-employment benefits are recorded.

Notes to the basic financial statements are found on pages 20-39.

The notes provide additional information and detail that is essential to a full understanding of the data provided in the financial statements.

Required supplementary information is found on pages 40-44.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information: A Budget-to-Actual Results Comparison, CalPERS Pension Plan Information, and CalPERS Post-Employment Health Plan Information.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR
THE FISCAL YEAR ENDED JUNE 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Position

| | Governmental Activities | | Total Percent |
|--|----------------------------|---------------------|------------------|
| | 2020 | 2019 | Change |
| Cash, cash equivalents and investments | \$ 4,760,067 | \$ 4,281,901 | 11% |
| Capital assets, net | 7,772,345 | 5,158,301 | 51% |
| Other assets | 186,689 | 275,920 | (32)% |
| Total assets | 12,719,101 | 9,716,122 | 31% |
| Deferred outflows (Pension & OPEB) | 430,386 | 380,910 | 13% |
| Total deferred outflows | 430,386 | 380,910 | 13% |
| Series 1996 bonds & capital lease, net | 678,867 | 761,994 | (11)% |
| Net Pension liability | 1,172,442 | 1,037,322 | 13% |
| Net Postemployment benefit (OPEB) | 235,217 | 234,345 | 0% |
| Other liabilities | 276,594 | 261,971 | 6% |
| Total liabilities | 2,363,120 | 2,295,632 | 3% |
| Deferred inflows (Pension & OPEB) | 213,578 | 135,302 | 58% |
| Total deferred outflows | 213,578 | 135,302 | 58% |
| Net investment in capital assets | 7,093,478 | 4,396,307 | 61% |
| Restricted and Unrestricted | 3,479,311 | 3,269,791 | 6% |
| Net position | \$ 10,572,789 | \$ 7,666,098 | 38% |

Net position serves over time as a useful indicator of the Agency's financial position: Assets exceeded liabilities by \$10,572,789 as of June 30, 2020. This number is comprised of three components:

| | |
|----------------------------------|---------------------|
| Net investment in capital assets | \$7,093,478 |
| Restricted Assets | 1,270,682 |
| Unrestricted assets | <u>2,208,629</u> |
| Total net position | <u>\$10,572,789</u> |

Net investment in capital assets consists of fixed assets less any related debt that is still outstanding. Unrestricted assets are used to finance day-to-day operations, including debt service.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR
THE FISCAL YEAR ENDED JUNE 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Changes in Net Position

| | Governmental | | | |
|---|-------------------|------------------|------------------|-------------|
| | Activities | | \$ | % |
| | 2020 | 2019 | Change | Change |
| PROGRAM EXPENSES: | | | | |
| Library Services | | | | |
| Personnel Cost | \$ 1,899,206 | \$ 1,743,970 | \$ 155,236 | 9% |
| Pension and OPEB Adjustments | 217,910 | 182,341 | 35,569 | 20% |
| Total Personnel Services | 2,117,116 | 1,926,311 | 190,805 | 10% |
| Materials and Programs | 474,691 | 538,821 | (64,130) | (12)% |
| Depreciation and Amortization | 304,039 | 288,484 | 15,555 | 5% |
| Bond Interest & Fiscal Agent Fees | 53,639 | 53,029 | 610 | 1% |
| Total Program Expenses | 2,949,485 | 2,806,645 | 142,840 | 5% |
| PROGRAM REVENUES: | | | | |
| Charges for Services | 13,930 | 26,690 | (12,760) | (48)% |
| Private Grants and Contributions | 2,982,450 | 1,054,345 | 1,928,105 | 183% |
| Total Program Revenues | 2,996,380 | 1,081,035 | 1,915,345 | 177% |
| GENERAL REVENUES: | | | | |
| Property Taxes | 2,794,251 | 2,678,139 | 116,112 | 4% |
| Investment Earnings | 65,545 | 75,704 | (10,159) | (13)% |
| Total General Revenues | 2,859,796 | 2,753,843 | 105,953 | 4% |
| Increase in Net Position | 2,906,691 | 1,028,233 | 1,878,458 | 183% |
| Net Position - Beginning of Year | 7,666,098 | 6,637,865 | 1,028,233 | 15% |
| Adjustment for Pension & OPEB Liabilities | - | - | - | - |
| Net Position - End of Year | 10,572,789 | 7,666,098 | 2,906,691 | 38% |

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR
THE FISCAL YEAR ENDED JUNE 30, 2020

GOVERNMENTAL FUNDS ANALYSIS

The following schedule presents a comparison of general fund revenues and expenditures for the fiscal year ended June 30, 2020 to the prior fiscal year.

| | Governmental Funds Analysis | | \$ | % |
|---|--|---------------------|-------------------|---------------|
| | 2020 | 2019 | Change | Change |
| Basic Library Tax | \$ 1,997,105 | \$ 1,932,650 | \$ 64,455 | 3% |
| Parcel Tax | 277,360 | 277,886 | (526) | 0% |
| ERAF | 519,786 | 467,603 | 52,183 | 11% |
| Total intergovernmental | 2,794,251 | 2,678,139 | 116,112 | 4% |
| Private Grants & Contributions: | | | | |
| Belvedere Tiburon Library Foundation | 2,956,435 | 1,016,522 | 1,939,913 | 191% |
| Miscellaneous Grants & Contributions | 26,015 | 37,823 | (11,808) | (31)% |
| Charges for Services | 13,930 | 26,690 | (12,760) | (48)% |
| Investment Earnings | 65,545 | 75,704 | (10,159) | (13)% |
| Total Revenues | 5,856,176 | 3,834,878 | 2,021,298 | 53% |
| Salaries and Benefits | 1,913,391 | 1,743,970 | 169,421 | 10% |
| Services and Supplies | 609,499 | 649,203 | (39,704) | (6)% |
| Principal | 75,000 | 70,000 | 5,000 | 7% |
| Interest and Fiscal Agent Fees | 53,639 | 59,615 | (5,976) | (10)% |
| Capital Outlay | 2,791,402 | 911,771 | 1,879,631 | 206% |
| Total Expenditures | 5,442,931 | 3,434,559 | 2,008,372 | 58% |
| Excess of Revenues over Expenditures | 413,245 | 400,319 | 12,926 | 3% |
| Fund Balances, Beginning of Year | 4,497,196 | 4,096,877 | 400,319 | 10% |
| Fund Balances, End of Year | \$ 4,910,441 | \$ 4,497,196 | \$ 413,245 | 9% |

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR
THE FISCAL YEAR ENDED JUNE 30, 2020

GOVERNMENTAL FUNDS ANALYSIS

| | June 30, 2019 | Increase/ (Decrease) | June 30, 2020 |
|------------------------------------|---------------------|-------------------------|---------------------|
| Nonspendable deposits | \$ 15,898 | \$ 15,832 | \$ 31,730 |
| Restricted for building expansion | 1,000,000 | 0 | 1,000,000 |
| Restricted for debt service | 207,334 | (107,178) | 100,156 |
| Restricted for library programs | 63,348 | 20,310 | 83,658 |
| Committed for operations | 2,843,822 | 484,281 | 3,328,103 |
| Committed for Insurance | 50,000 | 0 | 50,000 |
| Committed for building maintenance | 316,794 | 0 | 316,794 |
| | <u>\$ 4,497,196</u> | <u>\$ 413,245</u> | <u>\$ 4,910,441</u> |

COMMENTS ON BUDGET COMPARISONS
see Required supplementary information on page 40

Total operating revenues exceeded the amount budgeted by \$4,711. This was mainly due to a positive \$151,879 variance in tax revenues, a negative variance in Foundation operating grants of \$(139,282) and a positive \$11,245 variance in investment earnings. Foundation Operating Grants were smaller due to focus on the Library Expansion.

Total operating expenditures were less than the amount budgeted by \$137,778. This was mainly due to closures during the COVID-19 pandemic and the Library Expansion construction.

The budget for the Library Expansion was \$7,000,000 for both grant revenue and capital outlay. Actual Foundation grants received were \$2,893,523 and actual Capital Outlay totaled \$2,776,672.

HISTORY AND ECONOMIC FACTORS

The history of the Agency organization is described in Note 1 of the financial statements. The main source of revenue for the Agency is property taxes as described in Note 1 of the financial statements. The return of excess ERAF is not assured on an annual basis into the future. The Agency also relies on annual grants from the Belvedere Tiburon Library Foundation, which may vary from year to year.

Building reserves are normally being funded on a yearly basis to pay for building upgrades and maintenance, including roofing, carpeting, or other important facility items. In Fiscal Year 2020, no amount was added to the Building Reserve, as financial focus was on the building expansion. In Fiscal Year 2018, \$500,000 of the Building Reserve and \$500,000 of previously Unassigned Reserves were transferred to a newly established Library Expansion Reserve of \$1,000,000, and any remaining funds each year will be reserved for operations via Agency Resolution No. 235-2017.

The Agency is presently investing time and resources into the expansion of the library. The final environmental impact report for this project was approved in August 2011. The Tiburon Town Council approved the site plan and architectural drawings in August 2012. Completion of the expansion is expected in summer of 2021. For additional information regarding the progress of the expansion project, please refer to the Agency's website under "Library Expansion."

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR
THE FISCAL YEAR ENDED JUNE 30, 2020

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Agency's finances for all those with an interest in the Agency's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Library Director
Belvedere Tiburon Library Agency
1501 Tiburon Blvd
Tiburon, CA 94920.

BELVEDERE-TIBURON LIBRARY AGENCY

**(A California Joint Exercise of Powers Agency of the
Town of Tiburon and the City of Belvedere and
A California Community Facilities District)**

**STATEMENT OF NET POSITION
JUNE 30, 2020**

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| ASSETS | |
| Current assets: | |
| Cash, cash equivalents and investments (Note 3) | \$4,760,067 |
| Accounts and interest receivable (Note 4) | 154,959 |
| Prepays | 31,580 |
| Security deposit | 150 |
| Total current assets | <u>4,946,756</u> |
| Noncurrent assets: | |
| Nondepreciable capital assets (Note 5) | 6,781,894 |
| Depreciable capital assets, net (Note 5) | 990,451 |
| Total capital assets, net of accumulated depreciation | <u>7,772,345</u> |
| Total Assets | <u>12,719,101</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Related to pension (Note 8) | 415,531 |
| Related to OPEB (Note 9) | 14,855 |
| Total Deferred Outflows of Resources | <u>430,386</u> |
| LIABILITIES | |
| Current liabilities: | |
| Accounts payable and accrued liabilities | 36,315 |
| Long-term debt - due within one year (Note 6) | 90,028 |
| Total current liabilities | <u>126,343</u> |
| Non-current liabilities: | |
| Compensated absences (Note 2F) | 240,279 |
| Long-term debt - due in more than one year (Note 6) | 588,839 |
| Net Pension Liability (Note 8) | 1,172,442 |
| Net OPEB Liability (Note 9) | 235,217 |
| Total Liabilities | <u>2,363,120</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Related to pension (Note 8) | 154,414 |
| Related to OPEB (Note 9) | 59,164 |
| Total Deferred Inflows of Resources | <u>213,578</u> |
| NET POSITION (Note 7A) | |
| Net investments in capital assets | 7,093,478 |
| Restricted | 1,183,814 |
| Unrestricted | 2,295,497 |
| Total Net Position | <u><u>\$10,572,789</u></u> |

See accompanying notes to financial statements

BELVEDERE-TIBURON LIBRARY AGENCY

**(A California Joint Exercise of Powers Agency of the
Town of Tiburon and the City of Belvedere and
A California Community Facilities District)**

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

| | <u>Governmental Activities</u> |
|------------------------------------|------------------------------------|
| PROGRAM EXPENSES: | |
| Library services: | |
| Personnel services | \$2,117,116 |
| Materials and services | 474,691 |
| Depreciation and amortization | 304,039 |
| Interest | 53,639 |
| Total Program Expenses | <u><u>2,949,485</u></u> |
| PROGRAM REVENUES: | |
| Charges for services | 13,930 |
| Operating grants and contributions | 88,927 |
| Capital grants and contributions | 2,893,523 |
| Total Program Revenues | <u><u>2,996,380</u></u> |
| Net Program Income | <u><u>46,895</u></u> |
| GENERAL REVENUES: | |
| Property taxes | 2,794,251 |
| Investment earnings | 65,545 |
| Total General Revenues | <u><u>2,859,796</u></u> |
| Increase in Net Position | 2,906,691 |
| Net position - beginning of year | <u>7,666,098</u> |
| Net position - end of the year | <u><u>\$10,572,789</u></u> |

See accompanying notes to basic financial statements.

BELVEDERE-TIBURON LIBRARY AGENCY

**(A California Joint Exercise of Powers Agency of the
Town of Tiburon and the City of Belvedere and
A California Community Facilities District)**

**BALANCE SHEET
GOVERNMENTAL FUND - GENERAL FUND
JUNE 30, 2020**

ASSETS

| | |
|---|--------------------|
| Cash, cash equivalents and investments (Note 3) | \$4,760,067 |
| Accounts and interest receivable (Note 4) | 154,959 |
| Prepays | 31,580 |
| Security deposit | 150 |
| Total Assets | \$4,946,756 |

LIABILITIES AND FUND BALANCES

Liabilities:

| | |
|--|---------------|
| Accounts payable and accrued liabilities | \$36,315 |
| Total Liabilities | 36,315 |

Fund Balances (Note 7B):

| | |
|--|--------------------|
| Nonspendable for prepaids and security deposit | 31,730 |
| Restricted for: | |
| Building expansion | 1,000,000 |
| Debt service | 100,156 |
| Library programs | 83,658 |
| Committed for: | |
| Operations | 3,328,103 |
| Insurance | 50,000 |
| Building maintenance | 316,794 |
| Total Fund Balances | 4,910,441 |
| Total Liabilities and Fund Balances | \$4,946,756 |

See accompanying notes to basic financial statements

BELVEDERE-TIBURON LIBRARY AGENCY

**(A California Joint Exercise of Powers Agency of the
Town of Tiburon and the City of Belvedere and
A California Community Facilities District)**

**Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2020**

| | | |
|---|--|--------------------|
| Total Fund Balances - Governmental Funds | | \$4,910,441 |
|---|--|--------------------|

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources. Therefore, they are not reported in the Governmental Funds Balance Sheet.

| | | |
|--------------------------------|--------------------|-----------|
| Capital assets | \$12,459,007 | |
| Less: Accumulated depreciation | <u>(4,686,662)</u> | 7,772,345 |

| | | |
|---|--|---------------|
| Deferred outflows of resources related to pension | | 415,531 |
| Deferred outflows of resources related to OPEB | | <u>14,855</u> |

Long-term liabilities and deferred inflows of resources are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet.

| | | |
|--|-----------------|--------------------|
| Long-term debt | (678,867) | |
| Compensated absences | (240,279) | |
| Net Pension Liability | (1,172,442) | |
| Net OPEB Liability | (235,217) | |
| Deferred inflows of resources related to pension | (154,414) | |
| Deferred inflows of resources related to OPEB | <u>(59,164)</u> | <u>(2,540,383)</u> |

| | | |
|---|--|-----------------------------------|
| Net Position - Governmental Activities | | <u><u>\$10,572,789</u></u> |
|---|--|-----------------------------------|

See accompanying notes to basic financial statements

BELVEDERE-TIBURON LIBRARY AGENCY

**(A California Joint Exercise of Powers Agency of the
Town of Tiburon and the City of Belvedere and
A California Community Facilities District)**

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

REVENUES

| | |
|--|-------------------------|
| Intergovernmental: | |
| Basic library tax | \$1,997,105 |
| Parcel tax | 277,360 |
| ERAF | <u>519,786</u> |
| Total Intergovernmental | 2,794,251 |
| Private grants and contributions: | |
| Belvedere-Tiburon Library Foundation (Note 10) | 2,956,435 |
| Miscellaneous gifts and donations (Note 10) | 26,015 |
| Charges for service | 13,930 |
| Investment earnings | <u>65,545</u> |
| Total Revenues | <u>5,856,176</u> |

EXPENDITURES

| | |
|--------------------------------------|----------------------------------|
| Current - Library Services: | |
| Personnel costs | 1,913,391 |
| Services and supplies | 609,499 |
| Debt service: | |
| Principal | 75,000 |
| Interest | 53,639 |
| Capital outlay | <u>2,791,402</u> |
| Total Expenditures | <u>5,442,931</u> |
| Excess of Revenues over Expenditures | 413,245 |
| Fund Balances, Beginning of Year | <u>4,497,196</u> |
| Fund Balances, End of Year | <u><u>\$4,910,441</u></u> |

See accompanying notes to basic financial statements.

BELVEDERE-TIBURON LIBRARY AGENCY

**(A California Joint Exercise of Powers Agency of the
Town of Tiburon and the City of Belvedere and
A California Community Facilities District)**

Reconciliation of the Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Position For the Fiscal Year Ended June 30, 2020

| | |
|--|------------------|
| Net Changes in Fund Balances - Governmental Funds | \$413,245 |
|--|------------------|

Amounts reported for governmental activities in the Statement of Activities and Changes in Net Position are different because:

Governmental funds report capital outlays as expenditures.

However, in the Statement of Activities and Change in Net Position the cost of these assets is allocated over their estimated useful lives and recorded as depreciation expense.

| | | |
|---------------------------------------|------------------|-----------|
| Capital outlay | \$2,791,402 | |
| Services and supplies (Books) | 126,681 | |
| Depreciation and amortization expense | <u>(304,039)</u> | 2,614,044 |

Some expenses reported in the Statement of Activities and Changes in Net Position do not require the use of financial resources and therefore are not reported as expenditures in governmental funds.

| | |
|--------------------------------|-----------|
| Change in compensated absences | (38,933) |
| Change in pension liabilities | (142,566) |
| Change in OPEB liabilities | (22,226) |

Series 1996 bond and capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

| | |
|---|--------------|
| Principal repayments on Series 1996 Bonds | 75,000 |
| Principal repayments on capital lease | <u>8,127</u> |

| | |
|--|----------------------------------|
| Changes in Net Position - Governmental Activities | <u><u>\$2,906,691</u></u> |
|--|----------------------------------|

See accompanying notes to basic financial statements.

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BELVEDERE-TIBURON LIBRARY AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 1 – ORGANIZATION

The Belvedere-Tiburon Library Agency (the “Agency”), and Community Facilities District No. 1995-1 (“CFD”), were organized in 1995 by a joint power agreement between the Town of Tiburon and the City of Belvedere. The Agency was created to construct and operate a library facility which was completed April 13, 1997. Financing for the construction of the facility was primarily through a grant from the Belvedere-Tiburon Library Foundation and the issuance of limited obligation bonds. The Agency is governed by a Board of Trustees, which adopted a resolution authorized by a registered-voter election to levy a special tax against parcels of land within the CFD. This tax and other property taxes will provide for repayment of the bonds and provide operational funding for the Agency which receives payments from the County of Marin Tax Collector through the Town of Tiburon and the City of Belvedere. The Agency is subject to the laws, regulations and guidelines that are set forth by the California State Controller’s Office.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Agency have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental agencies. The Governmental Accounting Standards Boards (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting principles are described below.

A. Government-Wide Financial Statements

The government-wide financial statements include all of the activities of the Agency. The Agency has no component units (other governments under the Agency’s oversight or control). The statement of net position and the statement of activities display information about the reporting government as a whole. They display the Agency’s activities on a full accrual accounting basis and economic resource measurement focus.

The statement of net position includes long-term assets as well as long-term debt and other obligations. The Agency’s net position is reported in two parts: (1) net investment in capital assets and (2) unrestricted net position.

The activities of the Agency are supported primarily by general government revenues (property taxes and intergovernmental revenues). The statement of activities presents gross program expenses (including depreciation) and deducts related program revenues, operating and capital grants to indicate the net cost of operations. Program revenues include (a) fees and charges paid by recipients for services and (b) operating grants include operating-specific and discretionary (either operating or capital) grants while capital grants reflect capital- specific grants.

The government-wide focus is more on the sustainability of the Agency as an entity and the change in the Agency’s net position resulting from the current year’s activities.

BELVEDERE-TIBURON LIBRARY AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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| NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) |
|--|

B. Fund Financial Statements

The financial transactions of the government are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues and expenditures. The Agency only reports one fund as follows:

General Fund is the general operating fund of the Agency. It is used to account for all financial resources and activities of the Agency.

C. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.

Accrual

The governmental activities in the government-wide financial statements are presented on the full accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. “Available” means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

D. Budget Process and Expenditures in Excess of Appropriations

The Library Director, with the assistance of the Agency Treasurer and the Administrative Assistant to the Library Director, annually prepare a preliminary budget for review by the Board of Directors and the Library Foundation. The final budget is voted on by the full Board at the June board meeting, prior to the beginning of the new fiscal year on July 1st of every year.

During fiscal year ended June 30, 2020, the Agency incurred debt service interest and fiscal charges and services and supplies expenditures in excess of its budget in the amounts of \$489 and \$51,084, respectively, primarily due to capital expenditures related to the library expansion. The excess expenditures were funded by available financial resources and other financing resources.

E. Cash and Cash Equivalents

The Agency has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with maturity dates within three months of the acquisition date.

BELVEDERE-TIBURON LIBRARY AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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| NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) |
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F. Compensated Absences

Earned vacation payable upon termination or retirement are accrued as a compensated absences liability. Regular employees earn vacation hours based on years of continuous service and scheduled weekly hours worked. Also, regular employees are given credit for seven- and one-half hours of sick leave each month of employment with a maximum pro-rated accumulation of 90 days. During fiscal year ended June 30, 2020, as a result of the COVID-19 pandemic, the Agency allowed employees to accrue more than their maximum hours. This allowance is expected to be temporary.

At the close of each fiscal year, a liability is recorded based on the accumulated time for employees at their current salary. The General Fund has been used to liquidate compensated absences. The balance of accrued compensated absences as of June 30, 2020 was \$240,279.

G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and governmental funds balance sheet sometimes reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position and governmental funds balance sheet report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

H. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

BELVEDERE-TIBURON LIBRARY AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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| NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) |
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I. Property taxes

Operation of the library facility is funded by that portion of County ad valorem real estate taxes which previously was funding County of Marin library services. The 1996 Special Tax Bonds (discussed in Note 6) are to be repaid through the collection of a special library tax which is \$66 per parcel per annum in the City of Belvedere and the Town of Tiburon. Any portion of the special parcel tax which is not needed to service the bonds is used for operations.

The County of Marin, which collects all taxes paid to the Agency, levies property taxes each November 1 on the assessed value of real property as of prior March 1. Taxes are due in two equal installments on December 10 and April 10 following the levy date. The County operates under the permission of Section 4701-4717 of the California Revenue and Taxation Code (the “Teeter Plan”). In accordance with the Teeter Plan, all subdivisions of the County for which the County collects tax revenues are credited with 100% of their respective treasuries’ cash positions and are additionally protected by a special fund into which all County-wide delinquent penalties are deposited.

J. Use of Estimates

The basic financial statements have been prepared in conformity to generally accepted accounting principles and therefore include amounts based on informed estimates and judgments of management. Actual results could differ from those estimates.

| |
|--|
| NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS |
|--|

A. Policies

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the Agency’s cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California Law this collateral is held in a separate investment pool by another institution in the Agency’s name and places the Agency ahead of general creditors of the institution.

The Agency’s investments are carried at fair value, as required by generally accepted accounting principles. The Agency adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

Cash, cash equivalents and investments consist of the following at June 30, 2020:

| | |
|--|---------------------------|
| <i>Held by Agency:</i> | |
| Petty cash | \$200 |
| Deposits with financial institutions | 736,802 |
| Local Agency Investments Fund | 3,740,936 |
| <i>Held by Fiscal Agent:</i> | |
| Money Market Mutual Fund | <u>282,129</u> |
| Total Cash, Cash Equivalents and Investments | <u><u>\$4,760,067</u></u> |

BELVEDERE-TIBURON LIBRARY AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS Continued)

B. Investments Authorized by the California Government Code and the District's Investment Policy

The Agency's Investment Policy and the California Government Code allow the Agency to invest in the following, provided the credit ratings of the issuers are acceptable to the Agency, and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code, or the Agency's Investment Policy where the Agency's Investment Policy is more restrictive.

| Authorized Investment Type | Maximum Maturity | Minimum Credit Quality | Maximum Percentage of Portfolio | Maximum Investment in One Issuer |
|------------------------------------|---------------------|---------------------------|---------------------------------------|--|
| U.S. Treasury Obligations | 5 years | N/A | 100% | None |
| Certificates of Deposit | 2 years | N/A | 50% | None |
| State Local Agency Investment Fund | None | N/A | 100% | None |

C. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity is of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Agency generally manages its interest rate risk by holding investments to maturity.

All of the Agency's investments mature in less than twelve months. The Agency is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The Agency 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, 2020, these investments matured in an average of 191 days.

D. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. None of the Agency's investments are subject to credit ratings.

E. Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Agency would not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the Agency's name, and held by the counterparty. The Agency's investment securities are not exposed to custodial credit risk because all securities are held by the Agency's custodial bank in the Agency's name.

BELVEDERE-TIBURON LIBRARY AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS Continued)

F. Fair Value Hierarchy

The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The California Local Agency Investment Fund is exempt from the fair value hierarchy and is valued based on the fair value factor provided by the Treasurer of the State of California, which is calculated as the fair value divided by the amortized cost of the investment pool.

NOTE 4 – ACCOUNTS AND INTEREST RECEIVABLE

Accounts and interest receivable consist of the following at June 30, 2020:

| | |
|-------------------|------------------|
| Parcel Tax | \$14,192 |
| Basic Tax | 105,343 |
| ERAF | 18,519 |
| LAIF Interest | 12,709 |
| Other Receivables | 4,196 |
| | <u>\$154,959</u> |

It is the practice of the Agency to expense uncollectibles only after exhausting all efforts to collect the amounts due. No allowance for doubtful accounts is used and management believes all amounts will be collected in full.

NOTE 5 – CAPITAL ASSETS

Governmental activity capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value on the date donated.

Depreciation of capital assets is charged as an expense against operations each year and the total amount of depreciation taken over the years, accumulated depreciation, is reported on the Statement of Net Position as a reduction in the book value of capital assets.

BELVEDERE-TIBURON LIBRARY AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 5 – CAPITAL ASSETS (Continued)

Depreciation of capital assets in service is provided using the straight-line method, which means the cost of the asset is divided by its expected useful life in years, and the result is charged to expense each year until the asset is fully depreciated. The Agency has assigned the useful lives listed below to capital assets:

| | |
|---------------------------|-----------|
| Books | 7 years |
| Building and improvements | 30 years |
| Computers and equipment | 3-5 years |
| Furniture and fixtures | 7 years |
| Website | 7 years |

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

| | Balance June 30, 2019 | Additions/ Transfers | Retirements | Balance June 30, 2020 |
|-------------------------------------|--------------------------|-------------------------|-----------------|--------------------------|
| Non-depreciable assets: | | | | |
| Land | \$1,606,560 | | | \$1,606,560 |
| Construction-in-progress | 2,398,662 | \$2,776,672 | | 5,175,334 |
| Depreciable assets: | | | | |
| Books | 2,706,550 | 118,681 | (\$55,157) | 2,770,074 |
| Buildings and improvements | 2,351,952 | | | 2,351,952 |
| Computers and equipment | 145,685 | 17,431 | | 163,116 |
| Furniture and fixtures | 309,097 | 5,299 | | 314,396 |
| Website | 77,575 | | | 77,575 |
| | <u>9,596,081</u> | <u>2,918,083</u> | <u>(55,157)</u> | <u>12,459,007</u> |
| Accumulated depreciation: | | | | |
| Books | (2,273,470) | (175,899) | 55,157 | (2,394,212) |
| Buildings and improvements | (1,724,757) | (78,398) | | (1,803,155) |
| Computers and equipment | (111,930) | (24,272) | | (136,202) |
| Furniture and fixtures | (272,212) | (14,388) | | (286,600) |
| Website | (55,411) | (11,082) | | (66,493) |
| | <u>(4,437,780)</u> | <u>(304,039)</u> | <u>55,157</u> | <u>(4,686,662)</u> |
| Capital assets, net of depreciation | <u>\$5,158,301</u> | <u>\$2,614,044</u> | | <u>\$7,772,345</u> |

Construction in progress costs include planning and pre-development costs (architectural, environmental reporting, planning, etc.) related to the proposed expansion of the existing library facility. The Agency entered into an agreement with the Town of Tiburon in 2007 to transfer the rights to use adjacent property to facilitate the expansion project which expired on July 5, 2013. The Agency amended the agreement on December 5, 2012 which extended the expiration date to August 1, 2017. The Agency subsequently amended the agreement on May 15, 2017 which extended the expiration date to August 1, 2022. The Town shall transfer the title of the property to the Agency within sixty (60) days of written notice of obtaining satisfactory evidence of sufficient funds to complete the expansion project. As of June 30, 2020, construction on the library expansion project is well underway, is on budget, and expected to be completed in Summer of 2021.

BELVEDERE-TIBURON LIBRARY AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 6 – LONG-TERM DEBT

The following is a summary of long-term debt transactions of the governmental activities for the year ended June 30, 2020:

| | <u>Balance</u> <u>June 30, 2019</u> | <u>Additions</u> | <u>Payments</u> | <u>Balance</u> <u>June 30, 2020</u> | <u>Due within</u> <u>one year</u> |
|---------------------------------|--|------------------|-----------------|--|--------------------------------------|
| <i>Governmental Activities:</i> | | | | | |
| Series 1996 Special Tax Bonds | \$740,000 | | \$75,000 | \$665,000 | \$80,000 |
| 2016 Copier Capital Leases | 21,994 | | 8,127 | 13,867 | 10,028 |
| | <u>\$761,994</u> | <u>\$0</u> | <u>\$83,127</u> | <u>\$678,867</u> | <u>\$90,028</u> |

1996 Special Tax Bonds

In April 1996, the Agency issued \$1.6 million in limited obligation bonds. The bond agreement calls for an interest rate ranging from 4 to 6% per annum, with interest payable semi-annually on March 1 and September 1, beginning March 1, 1998. The bonds mature on varying dates and in varying amounts from September 1, 1999 through September 1, 2026, and are repayable from ad valorem property taxes.

Equipment Lease – Color Copier

In October 2016, the Agency entered into a lease purchase agreement with Discovery Office Systems to finance a Kyocera 4550ci copier/printer. The lease provides for 60 monthly payments of \$924 plus tax, including principal and interest, commencing November 2016 and ending October 2021.

Payments on the bonds for the succeeding five years and thereafter are as follows:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|------------------|------------------|------------------|
| 2021 | \$80,000 | \$37,500 | \$117,500 |
| 2022 | 85,000 | 32,550 | 117,550 |
| 2023 | 90,000 | 27,300 | 117,300 |
| 2024 | 95,000 | 21,750 | 116,750 |
| 2025 | 100,000 | 15,900 | 115,900 |
| 2026-2027 | 215,000 | 13,050 | 228,050 |
| Total | <u>\$665,000</u> | <u>\$148,050</u> | <u>\$813,050</u> |

The total annual minimum annual payments on the capital lease are as follows:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|------------------|-----------------|-----------------|
| 2021 | \$10,028 | \$2,003 | \$12,031 |
| 2022 | 3,839 | 171 | 4,010 |
| Total | <u>\$13,867</u> | <u>\$2,174</u> | <u>\$16,041</u> |

BELVEDERE-TIBURON LIBRARY AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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| NOTE 7 – NET POSITION AND FUND BALANCE |
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A. Net Position

Net Position is the excess of all the Agency's assets and deferred outflows over all its liabilities, deferred inflows, regardless of fund. Net Position is divided into two captions. These captions apply only to Net Position, which is determined only at the Agency-wide level, and are described below:

Net Investment in Capital Assets describes the portion of Net Position which is represented by the current net book value of the Agency's capital assets.

Restricted describes the portion of the Net Position which is restricted by external creditors, grantors, contributors or laws or regulations of other governments.

Unrestricted describes the portion of Net Position which is not restricted to use.

B. Fund Balance

The Agency's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires the Agency to classify its fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the Agency prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

Nonspendables represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for redevelopment are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category.

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose.

Committed fund balances have constraints imposed by formal action of the Board of Trustees which may be altered only by formal action of the Board of Trustees.

Assigned fund balances are amounts constrained by the Agency's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the Board of Trustees or its designee and may be changed at the discretion of the Board of Trustees or its designee. This category includes nonspendables, when it is the Agency's intent to use proceeds or collections for a specific purpose.

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds. The Agency strives to maintain 50% of operating expenditures in reserves.

Fund balances classifications at June 30, 2020 are presented on the General Fund Balance Sheet.

BELVEDERE-TIBURON LIBRARY AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

| |
|------------------------------|
| NOTE 8 – PENSION PLAN |
|------------------------------|

A. Plan Descriptions and Summary of Balances

Plan Description – The Agency only has one defined benefit pension plan, a Miscellaneous Plan. The Miscellaneous Plan is a Cost-Sharing Multiple Employer Plan administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plan is established by State statute and Agency Ordinance.

CalPERS Plan - All qualified employees are eligible to participate in the Agency’s Miscellaneous (Classic) or Miscellaneous (PEPRA) cost-sharing multiple employer defined benefit pension plans (“Plan”).

Benefit provisions under the Plan is established by State statute and Agency resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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

Pension liabilities are liquidated by the funds that have recorded the liability. The long-term portion of the governmental activities pension liabilities are liquidated by the General Fund.

The Plan is discussed in detail below.

B. CalPERS Plan (Miscellaneous)

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the Plan are applied as specified by the Public Employees’ Retirement Law.

Funding Policy – Active plan members in the Plan are required to contribute 6.75% or 7% of their covered salary for the Miscellaneous Plan. The Agency contributes 5% of the 7% CalPERS contribution required of Classic Members. The Agency does not contribute to the employee portion for PEPRA Members. The Agency is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The contribution requirements of plan members are established by State statute and the employer contribution is established and may be amended by CalPERS.

BELVEDERE-TIBURON LIBRARY AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 8 – PENSION PLAN (Continued)

The Plan's provisions and benefits in effect at June 30, 2020 are summarized as follows:

| | Miscellaneous | |
|---|------------------------|------------------------|
| | <u>Classic</u> | <u>PEPRA</u> |
| | Prior to | On or after |
| | <u>January 1, 2013</u> | <u>January 1, 2013</u> |
| Hire date | | |
| Benefit formula | 2% @ 55 | 2% @ 62 |
| Benefit vesting schedule | 5 years service | 5 years service |
| Benefit payments | monthly for life | monthly for life |
| Retirement age | 50-67 or older | 52-67 or older |
| Monthly benefits, as a % of eligible compensation | 1.426% to 2.418% | 1.0% to 2.5% |
| Required employee contribution rates | 7.0% | 6.75% |
| Required employer contribution rates | 9.680% | 6.985% |

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

For the year ended June 30, 2020, the contributions recognized as part of pension expense for the Plan was as follows:

| | <u>Miscellaneous</u> |
|--------------------------|----------------------|
| Contributions - employer | <u>\$183,918</u> |

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - As of June 30, 2020, the Agency reported net pension liability for its proportionate share of the net pension liability of the Plan as follows:

| | <u>Proportionate Share of Net Pension Liability</u> |
|---------------------------------|---|
| Miscellaneous - Classic & PEPRA | <u>\$1,172,442</u> |

BELVEDERE-TIBURON LIBRARY AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 8 – PENSION PLAN (Continued)

The Agency's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Agency's proportionate share of the net pension liability for the Plan as of June 30, 2018 and 2019 was as follows:

| | <u>Miscellaneous</u> |
|------------------------------|----------------------|
| Proportion - June 30, 2018 | 0.02752% |
| Proportion - June 30, 2019 | <u>0.02928%</u> |
| Change - Increase (Decrease) | <u>0.00175%</u> |

For the year ended June 30, 2020, the Agency recognized pension expense of \$142,566. At June 30, 2020, the Agency reported deferred outflows of resources and deferred inflows of resources related to the Miscellaneous Plan from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Pension contributions subsequent to measurement date | \$183,918 | |
| Differences between actual and expected experience | 81,431 | (\$6,309) |
| Changes in assumptions | 55,907 | (19,819) |
| Net differences between projected and actual earnings on plan investments | | (20,498) |
| Net difference in actual contribution and proportion contributions | 6,509 | (107,788) |
| Adjustment due to differences in proportions | <u>87,766</u> | |
| Total | <u>\$415,531</u> | <u>(\$154,414)</u> |

\$183,918 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. The Agency does not incur any amount for pension contributions subsequent to measurement date related to deferred outflows of resources. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| <u>Fiscal Year Ended June 30</u> | <u>Annual Amortization</u> |
|--------------------------------------|--------------------------------|
| 2021 | \$91,977 |
| 2022 | (22,223) |
| 2023 | 3,304 |
| 2024 | <u>4,141</u> |
| Total | <u>\$77,199</u> |

BELVEDERE-TIBURON LIBRARY AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 8 – PENSION PLAN (Continued)

Actuarial Assumptions – The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

| | |
|-----------------------------------|---|
| Valuation Date | June 30, 2018 |
| Measurement Date | June 30, 2019 |
| Actuarial Cost Method | Entry-Age Normal in accordance with the requirements of GASB Statement No. 68 |
| Actuarial Assumptions: | |
| Discount Rate | 7.15% |
| Inflation | 2.50% |
| Salary Increases | Varies by Entry Age and Service |
| Mortality Rate Table ¹ | Derived using CalPERS' Membership Data for all Funds The lesser of contract COLA or 2.50% until Purchasing Power |
| Post Retirement Benefit Increase | Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter |

¹ The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015)

Discount Rate – The discount rate used to measure the total pension liability for each Plan was 7.15%. The projection of cash flows used to determine the discount rate for each Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, each Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members for all plans in the PERF. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability for each Plan.

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

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (Public Employees' Retirement Fund) cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated. The expected nominal rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

BELVEDERE-TIBURON LIBRARY AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 8 – PENSION PLAN (Continued)

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

| Asset Class(1) | Assumed Asset Allocation | Real Return Years 1 - 10(2) | Real Return Years 11+ (3) |
|------------------|-----------------------------|--------------------------------|------------------------------|
| Global Equity | 50.0% | 4.80% | 5.98% |
| Fixed Income | 28.0% | 1.00% | 2.62% |
| Inflation assets | 0% | 0.77% | 1.81% |
| Private Equity | 8.0% | 6.30% | 7.23% |
| Real Assets | 13.0% | 3.75% | 4.93% |
| Liquidity | 1.0% | 0% | -0.92% |
| Total | 100% | | |

- (1) In the System's CAFR, Fixed Income is included in Global Debt Securities;
Liquidity is included in Short Term Investments; Inflation Assets are included in both
Global Equity Securities and Global Debt Securities.
- (2) An expected inflation of 2.00% used for this period.
- (3) An expected inflation of 2.92% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Agency's proportionate share of the net pension liability for each Plan, calculated using the discount rate 7.15%, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | <u>Miscellaneous</u> |
|-----------------------|----------------------|
| 1% Decrease | 6.15% |
| Net Pension Liability | \$1,956,658 |
| Current Discount Rate | 7.15% |
| Net Pension Liability | \$1,172,442 |
| 1% Increase | 8.15% |
| Net Pension Liability | \$525,126 |

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

BELVEDERE-TIBURON LIBRARY AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 9 – POST-EMPLOYMENT HEALTH CARE BENEFITS

A. General Information about the Agency's Other Post Employment Benefit (OPEB) Plan

Plan Description – The Agency's Post Employment Benefit Plan is a single employer OPEB plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board Statement No. 75.

Benefits Provided –The following is a summary of Plan benefits as of June 30, 2020:

| Eligibility | <ul style="list-style-type: none"> • Retire directly from Library under CalPERS - Service - Age 50 & 5 years CalPERS service, or - Disability | | | | | | | | | | |
|---------------------------------|---|-------------|-----------------------|------|--------|------|-----|------|-----|-------|---------------------------|
| Retiree Medical Benefit | Library contributes PEMHCA minimum retirees participating in PEMHCA medical plan: <table> <tr> <th><u>Year</u></th><th><u>PEMHCA Minimum</u></th></tr> <tr> <td>2019</td><td>\$ 136</td></tr> <tr> <td>2020</td><td>139</td></tr> <tr> <td>2021</td><td>143</td></tr> <tr> <td>2022+</td><td>Increase at CPI-U Medical</td></tr> </table> | <u>Year</u> | <u>PEMHCA Minimum</u> | 2019 | \$ 136 | 2020 | 139 | 2021 | 143 | 2022+ | Increase at CPI-U Medical |
| <u>Year</u> | <u>PEMHCA Minimum</u> | | | | | | | | | | |
| 2019 | \$ 136 | | | | | | | | | | |
| 2020 | 139 | | | | | | | | | | |
| 2021 | 143 | | | | | | | | | | |
| 2022+ | Increase at CPI-U Medical | | | | | | | | | | |
| Surviving Spouse Benefit | <ul style="list-style-type: none"> • Surviving spouse coverage based on retirement plan election • Same benefit continues to surviving spouse | | | | | | | | | | |
| Other OPEB | <ul style="list-style-type: none"> • No dental, vision, life insurance or Medicare reimbursement | | | | | | | | | | |
| Implied Subsidy | <ul style="list-style-type: none"> • Participating retirees pay active rates vs actual cost • Implied subsidy included in valuation | | | | | | | | | | |

For the year ended June 30, 2020, the Agency's contributions to the Plan were \$4,286.

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the measurement date of June 30, 2019:

| | |
|--|---|
| Active employees | 17 |
| Inactive employees or beneficiaries currently receiving benefit payments | 2 |
| Inactive employees entitled to but not yet receiving benefit payments | 3 |
| Total | <div style="border-top: 1px solid black; border-bottom: 3px double black;">22</div> |

BELVEDERE-TIBURON LIBRARY AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

| |
|--|
| NOTE 9 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued) |
|--|

B. Total OPEB Liability

Actuarial Methods and Assumptions – The Agency’s total OPEB liability was measured as of June 30, 2019 and was determined by an actuarial valuation dated June 30, 2019 to determine the June 30, 2020 total OPEB liability as of June 30, 2019, based on the following actuarial methods and assumptions:

| | Actuarial Assumptions |
|---|---|
| Actuarial Valuation Date | June 30, 2019 |
| Measurement Date | June 30, 2019 |
| Actuarial Assumptions: | |
| | - 3.50% at June 30, 2019 (Bond Buyer 20-bond Index) |
| Discount Rate | - 3.87% at June 30, 2018 (Bond Buyer 20-bond Index) |
| General Inflation | 2.75% per annum |
| | - Aggregate - 3.00% |
| Salary Increases | - Merit - CalPERS 1997-2015 Experience Study |
| Mortality, Retirement, Disability, Termination | CalPERS 1997-2015 Experience Study |
| Mortality Improvement | Mortality projected fully generational with Scale MP-2019 |
| Medical Trend | - Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076 |
| | - Medicare - 6.30% for 2021, decreasing to an ultimate rate of 4.0% in 2076 |
| PEMHCA Minimum Increase | 4.25% per year |
| Medical Participation at Retirement | - Currently covered - 60% |
| | - Currently waived - 30% |
| Medical Plan at Retirement | - Currently covered - same as current election |
| | - Currently waived - Kaiser |

BELVEDERE-TIBURON LIBRARY AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 9 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

C. Changes in Total OPEB Liability

The changes in the total OPEB liability follows:

| | Total OPEB Liability |
|--|---------------------------------|
| Balance at July 1, 2019 Reporting Date | \$234,345 |
| Changes Recognized for the Measurement Period: | |
| Service cost | 25,387 |
| Interest on the total OPEB liability | 9,968 |
| Actual vs. expected experience | (40,637) |
| Changes of assumptions | 10,440 |
| Benefit payments | (4,286) |
| Net changes | 872 |
| Balance at June 30, 2020 Reporting Date | \$235,217 |

D. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Agency, as well as what the Agency's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58%) or 1-percentage-point higher (4.58%) than the current discount rate:

| Total OPEB Liability/(Asset) | | |
|------------------------------|-----------------------|-------------------|
| Discount Rate -1% | Current Discount Rate | Discount Rate +1% |
| (2.50%) | (3.50%) | (4.50%) |
| \$274,239 | \$235,217 | \$203,671 |

The following presents the total OPEB liability of the Agency, as well as what the Agency's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

| Total OPEB Liability/(Asset) | | |
|------------------------------|-------------|-------------|
| Current Healthcare Cost | | |
| 1% Decrease | Trend Rates | 1% Increase |
| \$193,997 | \$235,217 | \$288,642 |

BELVEDERE-TIBURON LIBRARY AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

| |
|--|
| NOTE 9 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued) |
|--|

E. OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the Agency recognized OPEB expense of \$22,226. At June 30, 2020, the Agency reported deferred outflows and inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Employer contributions made subsequent to the measurement date | \$5,562 | |
| Differences between actual and expected experience | | \$36,171 |
| Changes of assumptions | 9,293 | 22,993 |
| Total | \$14,855 | \$59,164 |

\$5,562 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

| Fiscal Year Ended June 30 | Annual Amortization |
|------------------------------|------------------------|
| 2021 | (\$7,585) |
| 2022 | (7,585) |
| 2023 | (7,585) |
| 2024 | (7,585) |
| 2025 | (7,585) |
| Thereafter | (11,946) |
| Total | (\$49,871) |

BELVEDERE-TIBURON LIBRARY AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 10 – FOUNDATION GRANTS

Major funding for the building and for equipping the library facility is from the nonprofit Belvedere-Tiburon Library Foundation which has been formed through contributions and bequests from community members. Grants committed by the Foundation (from inception through June 30, 2020) consist of the following:

| | Grant Revenue | | |
|---|------------------------------------|----------------------------------|------------------------------------|
| | Inception-to-Date June 30, 2019 | Total Grants Fiscal Year 2020 | Inception-to-Date June 30, 2020 |
| <u>Construction:</u> Original Building 1997 | \$1,959,581 | | \$1,959,581 |
| <u>Construction:</u> Library Expansion 2019 | 1,585,152 | \$2,893,523 | 4,478,675 |
| <u>Collection</u> - Original Book Collection 1997-2001 | 882,534 | | 882,534 |
| <u>Collection</u> -BTLF (Foundation) Annual Appeal | 1,258,138 | 60,000 | 1,318,138 |
| <u>Collection</u> - BTLF's Corner Books | 224,000 | | 224,000 |
| <u>Programs & Operations</u> - BTLF Endowments | 1,191,564 | 2,912 | 1,194,476 |
| <u>Programs</u> - BTLF's Bookmarks | 324,412 | | 324,412 |
| Total Belvedere Tiburon Library Foundation Grants | <u>\$7,425,381</u> | <u>\$2,956,435</u> | <u>\$10,381,816</u> |

Grant revenues for the fiscal year ended June 30, 2020 were as follows:

Belvedere Tiburon Library Foundation (BTLF)

| | |
|---|------------------|
| <u>Construction:</u> Library Expansion | \$2,893,523 |
| Collection -BTLF (Foundation) Annual Appeal | 60,000 |
| Programs - BTLF Endowments | 2,912 |
| Sub-Total Belvedere Tiburon Library Foundation Grants | <u>2,956,435</u> |

Miscellaneous Gift and Donations

| | |
|--|--------------------|
| BTLA Art Committee | 4,700 |
| Miscellaneous Donations | 21,315 |
| Total Private Grants and Contributions | <u>\$2,982,450</u> |

BELVEDERE-TIBURON LIBRARY AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 11 – RISK MANAGEMENT

The Agency is a member of the Pooled Liability Assurance Network (PLAN), through the Town of Tiburon, which provides general liability coverage of \$30,000,000 above the Agency's deductible of \$50,000 per occurrence, risk property insurance of \$1,000,000,000 above the Agency's deductible of \$5,000 for property damage and \$5,000 for auto/vehicle damage. PLAN is governed by a board consisting of representatives from member municipalities. The board controls the operations of PLAN, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the Board. The Agency has paid \$13,765 in premiums during fiscal year ended June 30, 2020. Audited financial statements may be obtained from PLAN Services, 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833.

The Agency is also a member of Republic Indemnity Company of America, which provides workers compensation and employment practices liability coverage of \$1,000,000. The Agency has no deductible for the claims and has paid \$7,987 in premiums during fiscal year ended June 30, 2020. Audited financial statements may be obtained from Republic Indemnity Company of America, 15821 Ventura Blvd, Suite 370, Encino, CA 91436.

The Agency does not have any liability for uninsured claims, including estimated claims incurred but not reported for fiscal year ended June 30, 2020. Settlements have not exceeded insurance coverage in the past three years.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Library Expansion Project

The Agency entered into a cost-sharing agreement with the Town of Tiburon in June 2019, for a total contribution of \$600,000 from the Town toward the Library Expansion Project, split over a period of four years. The Town will be making four (4) contributions of \$150,000 each over four fiscal years starting in August 2019.

In September 2019, the Agency awarded a bid for the Library Expansion project construction services to Alten Construction, Inc. for \$12,633,800. The construction began during fiscal year ended June 30, 2020. Funds will come from the Library Foundation and the Mechanics Bank line of credit. Fundraising by the Foundation continues in order to avoid using the line of credit.

REQUIRED SUPPLEMENTARY INFORMATION

BELVEDERE-TIBURON LIBRARY AGENCY

**(A California Joint Exercise of Powers Agency of the
Town of Tiburon and the City of Belvedere and
A California Community Facilities District)**

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

| | Original and Final Budgeted Amounts | Actual Amounts | Variance Positive (Negative) |
|--|---|--------------------|------------------------------------|
| Revenues: | | | |
| Intergovernmental: | | | |
| Basic library tax | \$1,967,372 | \$1,997,105 | \$29,733 |
| Parcel tax | 275,000 | 277,360 | 2,360 |
| ERAF | 400,000 | 519,786 | 119,786 |
| Total intergovernmental | 2,642,372 | 2,794,251 | 151,879 |
| Private grants & contributions: | | | |
| Belvedere-Tiburon Library Foundation - Operating | 202,194 | 62,912 | (139,282) |
| Belvedere-Tiburon Library Foundation - Expansion | 7,000,000 | 2,893,523 | (4,106,477) |
| Miscellaneous gifts & donations | 32,195 | 26,015 | (6,180) |
| Charges for services | 26,881 | 13,930 | (12,951) |
| Investment earnings | 54,300 | 65,545 | 11,245 |
| Total Revenues | 9,957,942 | 5,856,176 | (4,101,766) |
| Expenditures: | | | |
| Current - Library Services: | | | |
| Personnel costs | 1,926,704 | 1,913,391 | 13,313 |
| Services and supplies | 731,182 | 609,499 | 121,683 |
| Debt service: | | | |
| Principal | 75,000 | 75,000 | |
| Interest and fiscal charges | 53,150 | 53,639 | (489) |
| Capital outlay: | | | |
| Expansion | 7,000,000 | 2,776,672 | 4,223,328 |
| Other | 18,000 | 14,730 | 3,270 |
| Total Expenditures | 9,804,036 | 5,442,931 | 4,361,105 |
| Excess of revenues over expenditures | <u>\$153,906</u> | 413,245 | <u>\$259,339</u> |
| Fund balances, beginning of year | | <u>4,497,196</u> | |
| Fund balances, end of year | | <u>\$4,910,441</u> | |

BELVEDERE-TIBURON LIBRARY AGENCY

**Miscellaneous Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Last 10 Years***

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND RELATED RATIOS AS OF THE MEASUREMENT DATE**

| Measurement Date | Miscellaneous Plan | | | | | |
|--|---------------------------|------------------|------------------|------------------|------------------|------------------|
| | 6/30/2014 | 6/30/2015 | 6/30/2016 | 6/30/2017 | 6/30/2018 | 6/30/2019 |
| Plan's proportion of the Net Pension Liability (Asset) | 0.01024% | 0.02324% | 0.02544% | 0.02698% | 0.02752% | 0.02928% |
| Plan's proportion share of the Net Pension Liability (Asset) | \$637,621 | \$637,654 | \$883,572 | \$1,063,688 | \$1,037,322 | \$1,172,442 |
| Plan's Covered Payroll | \$1,057,330 | \$1,081,598 | \$1,129,322 | \$1,139,794 | \$1,186,789 | \$1,223,832 |
| Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll | 60.30% | 58.95% | 78.24% | 93.32% | 87.41% | 95.80% |
| Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability | 79.82% | 78.40% | 74.06% | 73.31% | 75.26 | 77.73% |

* Fiscal year 2015 was the first year of implementation, therefore only six years are shown.

BELVEDERE-TIBURON LIBRARY AGENCY

**Miscellaneous Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Last 10 Years***

SCHEDULE OF CONTRIBUTIONS

| Fiscal Year Ended June 30 | Miscellaneous Plan | | | | | |
|---|---------------------------|------------------|------------------|------------------|------------------|------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Contractually required contribution (actuarially determined) | \$116,149 | \$115,449 | \$138,093 | \$110,838 | \$103,885 | \$183,918 |
| Contributions in relation to the actuarially determined contributions | <u>(116,149)</u> | <u>(115,449)</u> | <u>(138,093)</u> | <u>(110,838)</u> | <u>(103,885)</u> | <u>(183,918)</u> |
| Contribution deficiency (excess) | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| Covered payroll | \$1,081,598 | \$1,129,322 | \$1,139,794 | \$1,186,789 | \$1,223,832 | \$1,297,054 |
| Contributions as a percentage of covered payroll | 10.74% | 10.22% | 12.12% | 9.34% | 8.49% | 14.18% |

Notes to Schedule Contributions

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method Entry-Age Normal Cost in accordance with the requirements of GASB Statement No.68

Actual Assumptions:

| | |
|---------------------------|---|
| Discount Rate | 7.15% |
| Inflation | 2.50% |
| Payroll Growth | 3.00% |
| Investment Rate of Return | 7.15% (1) |
| Mortality | Derived using CalPERS Membership Data for all Funds (2) |

(1) Net of pension plan investment expenses, including inflation

(2) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015)

* Fiscal year 2015 was the first year of implementation, therefore only six years are shown.

BELVEDERE-TIBURON LIBRARY AGENCY

**Other Post-Employment Benefits (OPEB)
Last 20 Fiscal Years ***

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

| Measurement period | <u>June 30, 2018</u> | <u>June 30, 2019</u> | <u>June 30, 2020</u> |
|---|---------------------------|---------------------------|---------------------------|
| Total OPEB Liability | | | |
| Service Cost | \$29,649 | \$26,163 | \$25,387 |
| Interest | 6,625 | 8,510 | 9,968 |
| Benefit changes | | | |
| Differences between expected and actual experience | | | (40,637) |
| Assumption changes | (24,569) | (9,989) | 10,440 |
| Benefit payments | (2,286) | (3,734) | (4,286) |
| Changes of benefit terms | | | |
| Net change in total OPEB liability | <u>9,419</u> | <u>20,950</u> | <u>872</u> |
| Total OPEB liability - beginning | <u>203,976</u> | <u>213,395</u> | <u>234,345</u> |
| Total OPEB liability - ending | <u><u>\$213,395</u></u> | <u><u>\$234,345</u></u> | <u><u>\$235,217</u></u> |
| Covered payroll | <u><u>\$1,129,395</u></u> | <u><u>\$1,192,875</u></u> | <u><u>\$1,375,610</u></u> |
| Total OPEB liability as a percentage of covered payroll | <u><u>18.9%</u></u> | <u><u>19.6%</u></u> | <u><u>17.1%</u></u> |

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