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)

BASIC FINANCIAL STATEMENTS
AND REQUIRED SUPPLEMENTARY INFORMATION

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JUNE 30, 2016

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

BASIC FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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OUM & CO. LLP
ACCOUNTANTS
& BUSINESS ADVISORS

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

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the 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) (the "Agency") as of and for the year ended June 30, 2016, 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 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Agency as of June 30, 2016, 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.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-8, budgetary comparison information on page 30, and schedules of proportionate share of net pension liability, PERS contributions, and OPEB funding progress on pages 31-33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2016, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Agency's internal control over financial reporting and compliance.

OUM & Co. LLP

San Francisco, California
November 4, 2016

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, 2016

FINANCIAL HIGHLIGHTS

From the Statement of Net Position on page 9

- The Government-Wide Statement of Net Position appearing as the first statement of the Basic Financial Statements and summarized in this Management Discussion and Analysis, shows Agency's assets of $8,041,895 ; deferred outflows of $173,848; liabilities of $2,169,740; deferred inflows of $110,760; and a net position of $5,935,243 as of June 30, 2016.

- The Agency's cash, cash equivalents, and investments totaled $3,375,860 and net capital assets totaled $4,606,078 at June 30, 2016, representing 42% and 57% of the Agency's total assets, respectively.

- The Agency's total liabilities totaled $2,169,740 as of June 30, 2016 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 10

- Total Agency revenues were $2,537,819 (general revenues of $2,233,499 and program revenues of $304,320) compared with total expenses of $2,424,923, resulting in an increase in net position of $275,248 for the fiscal year ended June 30, 2016.

From the Governmental Funds Statements on pages 11 and 13

- Fund balances increased by $230,900.

- Book acquisitions totaling $115,577 for the fiscal year are included in the expenditure category, "Services and supplies."

- Grants from the Belvedere-Tiburon Library Foundation totaled $228,921 for the fiscal year. Details of this grant money are found in Note 8 of the financial statements.

- A key factor affecting operating results was the receipt of basic library tax revenue that came in $56,517 and grants and contributions that came in $80,338 higher than budgeted.

- Debt service cost for the year on the limited obligation bonds was $117,900.

OVERVIEW OF FINANCIAL STATEMENTS

The Agency's basic financial statements are comprised of three components: government-wide financial statements, governmental funds financial statements, and notes to the financial statements. Supplementary information in addition to the basic financial statements is also presented.

Government-wide financial statements are found on pages 9-10.
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 11 and 13.
A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. 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, and other post-employment benefits are recorded. Reconciliations between the two types of financial statements are found on pages 12 and 14.

Notes to the basic financial statements are found on pages 15-29.
The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Required supplementary information is found on pages 30-33.
In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. One section includes budgetary comparison statements for the major fund. The other section includes a schedule of the Agency's proportionate share of the net pension liability of PERS, a schedule of the Agency's contributions to PERS, and a schedule of funding progress for OPEB.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Position

Net position for the Agency is summarized below and an analysis follows:

	Governmental Activities 2016	Governmental Activities 2015	Total Percent Change
Cash, cash equivalents and investments	$ 3,375,860	$ 3,196,518	6%
Capital assets, net	4,606,078	4,715,108	-2%
Other assets	59,957	27,107	121%
Total assets	**8,041,895**	**7,938,733**	1%
Defered outflows related to pension	173,848	115,611	50%
Total deferred outflows	**173,848**	**115,611**	50%
Series 1996 bonds & capital lease, net	945,434	1,010,281	-6%
Net pension liability	637,654	637,621	0%
Other liabilities	586,652	531,539	10%
Total liabilities	**2,169,740**	**2,179,441**	0%
Defered inflows related to pension	110,760	214,908	-48%
Total deferred outflows	**110,760**	**214,908**	-48%
Net investment in capital assets	3,660,644	3,704,827	-1%
Unrestricted	2,274,599	1,955,168	16%
Net position	**$ 5,935,243**	**$ 5,659,995**	5%

Net position serves over time as a useful indicator of the Agency's financial position. In the case of the Agency, assets exceeded liabilities by $5,935,243 as of June 30, 2016. This number is comprised of two components:

Net investment in capital assets	$3,660,644
Unrestricted assets	2,274,599
Total net position	$5,935,243

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.

Analysis of Changes in Net Position

Changes in net position for the Agency are summarized below and an analysis follows:

	Governmental Activities 2016	Governmental Activities 2015	Total Percent Change
PROGRAM EXPENSES:			
Library services:			
Personnel services	$ 1,484,600	$ 1,588,673	-7%
Materials and services	454,228	477,986	-5%
Depreciation & amortization	265,843	271,851	-2%
Interest	57,900	61,350	-6%
Total program expenses	2,262,571	2,399,860	-6%
PROGRAM REVENUES:			
Charges for services	33,910	61,852	-45%
Private grants and contributions	270,410	206,301	31%
Total program revenues	304,320	268,153	13%
GENERAL REVENUES:			
Property taxes	2,223,306	2,125,398	5%
Investment earnings	9,527	7,167	33%
Miscellaneous	666	353	89%
Total general revenues	2,233,499	2,132,918	5%
Increase in net position	275,248	1,211	22629%
Net position - beginning of year	5,659,995	5,658,784	
Net position - end of the year	$ 5,935,243	$ 5,659,995	

GOVERNMENTAL FUNDS ANALYSIS

The following schedule presents a summary of general fund revenues and expenditures for the fiscal year ended June 30, 2016:

REVENUES:		
Intergovernmental:		
Basic library tax	$	1,605,031
Parcel tax		275,167
ERAF		343,108
Total intergovernmental		2,223,306
Private grants & contributions:		
Belvedere-Tiburon Library Foundation		198,921
Corner Books		30,000
Miscellaneous gifts & donations		41,489
Charges for services		33,910
Investment earnings		9,527
Miscellaneous		666
Total revenues		2,537,819
EXPENDITURES:		
Current:		
Salaries and benefits		1,573,131
Services and supplies		572,169
Debt service:		
Principal		60,000
Interest		57,900
Capital outlay		43,719
Total expenditures		2,306,919
Excess of revenues over expenditures		230,900
Fund balances, beginning of year		3,163,932
Fund balances, end of year	$	3,394,832

The Agency's fund balances changed as follows:

	June 30, 2015	Increase/ (Decrease)	June 30, 2016
Nonspendable	$ 3,230	$ (3,080)	$ 150
Restricted for operations	250,000	-	250,000
Restricted for insurance	50,000	-	50,000
Restricted for building maintenance	590,254	39,555	629,809
Restricted for library programs	72,212	29,937	102,149
Assigned for debt service	86,500	-	86,500
Unassigned	2,111,736	164,488	2,276,224
	$ 3,163,932	$ 230,900	$ 3,394,832

COMMENTS ON BUDGET COMPARISONS

see Required supplementary information on page 31

Actual total revenues exceeded the amount budgeted by $140,301**.** This was mainly due to a positive $56,517 variance in basic library tax, a positive $39,349 variance in Belvedere-Tiburon Library Foundation, and a positive $40,989 variance in contributions from the miscellaneous gifts and donations.

Actual total expenditures exceeded the amount budgeted by $54,191. This difference is due to the expenditure for fixed assets and the increase in salary and benefit costs.

HISTORY AND ECONOMIC FACTORS

The history of the Agency is described in Note 1 of the financial statements. The main source of revenue for the Agency is property taxes as described in Note 7 of the financial statements. Building reserves are being funded on a yearly basis to pay for building upgrades and maintenance, including roofing, carpeting, or other important facility items. The return of excess ERAF is not assured on an annual basis into the future.

The Belvedere-Tiburon Library Foundation's ("BTLF") finances are stable and it is expected that grants from the BTLF will continue into the future.

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. For additional information regarding the progress of the expansion project, please refer to the Agency's website under "Library Expansion."

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, 2016

	Governmental Activities
ASSETS:	
Current assets:	
Cash, cash equivalents, and investments	$ 3,375,860
Accounts and interest receivable	59,807
Security deposit	150
Total current assets	3,435,817
Capital assets, net of accumulated depreciation	4,606,078
Total assets	8,041,895
DEFERRED OUTFLOWS	
Deferred outflows related to pension (Note 9)	173,848
Total deferred outflows	173,848
LIABILITIES:	
Current liabilities:	
Accounts payable and accrued liabilities	40,985
Current portion of Series 1996 Bonds & Capital Lease	65,627
Total current liabilities	106,612
Non-current liabilities:	
Compensated absences, net	145,205
Postemployment benefit obligation	400,462
Series 1996 Bonds & Capital Lease, net	879,807
Net pension liability	637,654
Total liabilities	2,169,740
DEFERRED INFLOWS	
Deferred inflows related to pension (Note 9)	110,760
Total deferred inflows	110,760
NET POSITION:	
Net investments in capital assets	3,660,644
Unrestricted	2,274,599
Total net position	$ 5,935,243

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 ACTIVITIES AND CHANGES IN NET POSITION FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Governmental Activities
PROGRAM EXPENSES:	
Library services:	
Personnel services	$ 1,484,600
Materials and services	454,228
Depreciation and amortization	265,843
Interest	57,900
Total program expenses	2,262,571
PROGRAM REVENUES:	
Charges for services	33,910
Private grants and contributions	270,410
Total program revenues	304,320
Net program loss	(1,958,251)
GENERAL REVENUES:	
Property taxes	2,223,306
Investment earnings	9,527
Miscellaneous	666
Total general revenues	2,233,499
Increase in net position	275,248
Net position - beginning of year	5,659,995
Net position - end of the year	$ 5,935,243

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 FUNDS
JUNE 30, 2016

	General Fund
ASSETS:	
Cash, cash equivalents, and investments	$ 3,375,860
Accounts and interest receivable	59,807
Security deposit	150
Total assets	$ 3,435,817
LIABILITIES AND FUND BALANCES:	
Liabilities:	
Accounts payable and accrued liabilities	$ 40,985
Total liabilities	40,985
Fund balances:	
Nonspendable for security deposit	150
Restricted for operations	250,000
Restricted for insurance	50,000
Restricted for building maintenance	629,809
Restricted for library programs	102,149
Assigned for debt service	86,500
Unassigned	2,276,224
Total fund balances	3,394,832
Total liabilities and fund balances	$ 3,435,817

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, 2016

Total Fund Balances - Governmental Funds		$ 3,394,832
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	8,253,493	
Less: Accumulated depreciation	(3,647,415)	4,606,078
Deferred outflows of resources related to pension		173,848
Long-term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet.		
Long-term debt	(945,434)	
Compensated absences	(145,205)	
Postemployment benefits	(400,462)	
Net pension liability	(637,654)	
Deferred inflows of resources related to pension	(110,760)	(2,239,515)
Net Position - Governmental Activities		$ 5,935,243

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 FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General Fund
REVENUES:	
Intergovernmental:	
Basic library tax	$ 1,605,031
Parcel tax	275,167
ERAF	343,108
Total intergovernmental	2,223,306
Private grants and contributions:	
Belvedere-Tiburon Library Foundation	198,921
Corner Books	30,000
Miscellaneous gifts and donations	41,489
Charges for services	33,910
Investment earnings	9,527
Miscellaneous	666
Total revenues	2,537,819
EXPENDITURES:	
Current:	
Salaries and benefits	1,573,131
Services and supplies	572,169
Debt service:	
Principal	60,000
Interest	57,900
Capital outlay	43,719
Total expenditures	2,306,919
Excess of revenues over expenditures	230,900
Fund balances, beginning of year	3,163,932
Fund balances, end of year	$ 3,394,832

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, 2016

Net Changes in Fund Balances - Governmental Funds		$ 230,900
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 Changes in Net Position the cost of these assets is allocated over their estimated useful lives and recorded as depreciation expense.		
Capital outlay	41,236	
Services and supplies (Books)	115,577	
Depreciation expense	(265,843)	(109,030)
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		(19,056)
GASB 68 adjustment		162,352
Change in postemployment benefits		(54,765)
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		60,000
Principal repayments on capital lease		4,847
Changes in Net Position - Governmental Activities		$ 275,248

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)

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - Organization and summary of significant accounting policies:

Organization and description of Agency

The Belvedere-Tiburon Library Agency (the "Agency"), and Community Facilities District ("CFD") No. 1995-1, were organized in 1995 by a joint powers 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.

Description of funds

The accounts of the Agency are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise the fund's assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government–Wide Financial Statements

The Agency's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position, as required by GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The Statement of Net Position presents assets plus deferred outflows of resources less liabilities less deferred inflows as net position. Net position is reported in three broad components, as applicable – net investment in capital assets; restricted; and unrestricted. These statements present summaries of Governmental Activities for the Agency.

These statements are presented on an *economic resources* measurement focus and the accrual basis of accounting. Accordingly, all of the Agency's assets and liabilities, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities and Changes in Net Position presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned and expenses are recognized in the period in which the liability is incurred.

The Government-Wide Statement of Activities and Changes in Net Position presents a comparison between expenditures, both direct and indirect, and program revenues for each governmental program. Direct expenditures are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenditures identifies the extent to which each program is self-financing or draws from the general revenues of the Agency.

Net position should be reported as restricted when constraints placed on net position use is either externally imposed by creditors, grantors, contributors, or by laws or regulations of other governments or constitutional provisions or enabling legislation. The net position restricted for other purposes result from special revenue funds and the restrictions on their net position use.

Separate financial statements are provided for governmental funds. Fund financial statements report detailed information about the Agency. The focus of governmental funds financial statements is on major funds rather than reporting funds by type. Major individual governmental funds are reported as separate columns in the governmental funds financial statements. Nonmajor funds are aggregated and presented in a single column. The Agency had no nonmajor funds in the fiscal year ended June 30, 2016.

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. Accompanying schedules are presented to reconcile and explain the differences in fund balances as presented in these statements to the net position presented in the Government-Wide Financial Statements.

All governmental funds are accounted for on a spending or *current financial resources* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the Agency, are intergovernmental revenues, investment earnings and charges for services. Expenditures are generally recognized when incurred under the modified accrual basis of accounting.

General Fund - the General Fund is the operating fund of the Agency. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is the Agency's only fund.

<u>Budget</u>

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

<u>Cash and cash equivalents</u>

Cash is defined as cash in demand deposit accounts as well as cash on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and investments so near their maturity that the risk of changes in value due to changes in interest rates is negligible. These generally are investments with maturity dates within three months of the acquisition date.

Statement calculations and use of estimates

Due to rounding, column and row calculations may approximate actual figures. Approximations may result when decimal places are eliminated to present whole numbers.

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

Compensated absences

Earned vacation and a portion of accumulated sick leave payable upon termination or retirement are accrued as a compensated absence 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 prorated accumulation of 90 days. At the close of each fiscal year, a liability is recorded based on the accumulated time for employees at their current salary.

NOTE 2 - Cash, cash equivalents, investments, and cash reserves:

Cash deposits

The Agency maintains its cash in demand deposits with federally insured banks. At June 30, 2016, the book balance was $343,722 and the bank balance was $381,089. The difference between the carrying amount and the bank balances is due to checks outstanding as of June 30, 2016. Financial instruments potentially subjecting the Agency to concentrations of credit risk include bank deposits. Deposits are placed with known credible financial institutions. All non-interest bearing cash balances were insured up to $250,000 per depositor at each financial institution at June 30, 2016 and non-interest bearing cash balance may exceed federally insured limits.

Investments

The Agency also invests in the Local Agency Investments Fund ("LAIF") maintained by the Treasurer of the State of California, which primarily invests in insured or collateralized cash equivalents and debt securities with average maturities of less than one year. The LAIF is part of the Pooled Money Investment Account ("PMIA"). The PMIA began in 1956 and has oversight provided by the Pooled Money Investment Board ("PMIB") and an in-house Investment Committee. The PMIB board members are the State Treasurer, Director of Finance, and the State Controller. The Agency's deposits are available for withdrawal on demand. Cash invested with LAIF as of June 30, 2016 was $2,831,764.

A summary of the Agency's cash, cash equivalents, and cash reserves at June 30, 2016 follows:

	Carrying Value	Market Value
Cash, cash equivalents, and investments		
Local Agency Investments Fund	$ 2,831,763	$ 2,833,523
U.S. Treasury Cash Management Fund	200,275	200,275
Cash in checking accounts	140,231	140,231
Cash in Certificate of Deposit	203,491	203,491
Petty cash	100	100
	$ 3,375,860	$ 3,377,620

Fund balances	
Nonspendable for security deposit	$ 150
Restricted for:	
Building reserves	629,809
Insurance reserves	50,000
Library programs	102,149
Operating reserves	250,000
	1,031,958
Assigned for debt service	86,500
Unassigned	2,276,224
	$ 3,394,832

NOTE 3 - Accounts and interest receivable:

Accounts and interest receivable at June 30, 2016 consist of the following:

Parcel Tax	$ 9,643
Basic Tax	46,437
LAIF Interest	3,727
	$ 59,807

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 4 - 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.

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

Capital assets as of June 30, 2016 consist of the donated land, library building and other property and equipment as follows:

	Balance, June 30, 2015	Additions	Deletions	Balance, June 30, 2016
Non-depreciable assets:				
Land	$ 1,606,560	$ -	$ -	$ 1,606,560
Construction in progress	1,473,145	-	-	1,473,145
Depreciable assets:				
Books	2,238,784	115,577	-	2,354,361
Buildings and improvements	2,351,952	-	-	2,351,952
Computers and equipment	109,350	13,840	(24,653)	98,537
Furniture and fixtures	263,967	27,396	-	291,363
Website	77,575	-	-	77,575
	8,121,333	156,813	(24,653)	8,253,493
Accumulated depreciation:				
Books	(1,694,542)	(142,017)	-	(1,836,559)
Buildings and improvements	(1,411,165)	(78,398)	-	(1,489,563)
Computers and equipment	(69,766)	(21,646)	24,653	(66,759)
Furniture and fixtures	(219,670)	(12,700)	-	(232,370)
Website	(11,082)	(11,082)	-	(22,164)
	(3,406,225)	(265,843)	24,653	(3,647,415)
Capital assets, net of depreciation	$ 4,715,108	$ (109,030)	$ -	$ 4,606,078

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 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. The Agency is working towards completing various milestones in order to be able to commence construction; however, as of June 30, 2016, the Agency cannot determine when they will be able to commence construction.

NOTE 5 - Fund equity:

The Agency has adopted the provisions of GASB Statement No. 54, *Fund Balance and Governmental Fund Type Definitions*. GASB 54 establishes Fund Balance classifications based largely upon the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Governmental Fund statements conform to this classification.

The Fund Financial Statements consist of Nonspendable, Restricted, Committed, Assigned and Unassigned amounts as described below:

Nonspendable: Items that cannot be spent because they are not in spendable form, such as prepaid items, or items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan fund.

Restricted: Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed: Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making (normally the governing body) and that remain binding unless removed in the same manner. The Board of Trustees is considered the highest authority for the Agency and can commit funds through resolutions.

Assigned: Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The Board of Trustees has the authority to assign funds for the Agency and can assign funds through the budgetary process.

Unassigned: This category is for any balances that have no restrictions placed upon them.

Fund balances classifications at June 30, 2016 are stated on the Balance Sheet (page 11).

NOTE 6 - General long-term debt – bonds payable, net:

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.

Equipment lease – Color copier: In March 2010, the Agency entered into a lease purchase agreement with Discovery Office Systems to finance a KM-4035 color copier/printer. The lease provides for 60 monthly payments of $315 plus tax, including principal and interest, commencing April 1, 2010 and ending March 1, 2015. In March 2013, the Agency entered into a new lease purchase agreement with Discovery Office Systems to finance a Kyocera 4550ci copier/printer. This new agreement includes the KM-4035 color copier/printer leased previously. The new lease provides for 60 monthly payments of $524 plus tax, including principal and interest, commencing April 2013 and ending March 2018.

Changes in long-term obligations and debt for the fiscal year ended June 30, 2016 are as follows:

	June 30, 2015	Additions	Reductions	June 30, 2016
Series 1996 Special Tax Bonds	$ 995,000	$ -	$ 60,000	$ 935,000
Capital Leases	15,281	-	4,847	10,434
	1,010,281	-	64,847	945,434
Compensated absences	126,149	19,056	-	145,205
	$ 1,136,430	$ 19,056	$ 64,847	$ 1,090,639

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

Fiscal year ended June 30,		
2017	$	60,000
2018		65,000
2019		70,000
2020		75,000
2021		80,000
2022-2026		475,000
2027		110,000
		935,000
Less - current portion		60,000
	$	875,000

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

	Principal	Interest
Fiscal year ended June 30:		
2017	$ 5,627	$ 1,190
2018	4,807	306
	$ 10,434	$ 1,496

NOTE 7 - 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 bonds 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.

NOTE 8 - 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, 2016) consist of the following:

Construction	$ 2,528,256
Book acquisition	1,525,542
Operations	1,186,721
Epstein Books	13,747
Bookmarks	30,000
Book Grants	571,000
Corner Books	140,000
	$ 5,995,266

Grant revenue for the fiscal year ended June 30, 2016 was as follows:

Belvedere-Tiburon Library Foundation:	
Collection and Programs	$ 150,711
Unrestricted	78,210
Total BTLF Grants	228,921
Miscellaneous grants and contributions	41,489
Total Private Grants and Contributions	$ 270,410

NOTE 9 - Pension plans:

General Information about the Pension Plans

Plan Descriptions – All qualified employees are eligible to participate in the Agency's following cost-sharing multiple employer defined benefit pension plans ("Plans"):

- Agency Miscellaneous (Classic) Plan
- Agency Miscellaneous (PEPRA) Plan

The Plans are administered by the California Public Employees' Retirement System ("CalPERS"). Benefit provisions under the Plans are established by State statute and the Agency resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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 each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2016, are summarized as follows:

	Miscellaneous	
	Classic	PEPRA
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63+	52 - 67+
Monthly benefits, as a % of eligible compensation	1.46%-2.418%	1.0%-2.5%
Required employee contribution rates	6.891%	6.250%
Required employer contribution rates	8.003%	6.237%

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 both Plans are 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 local government is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2016, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous	
	Classic	PEPRA
	Prior to January 1, 2013	On or after January 1, 2013
Contributions - employer	$81,084	$7,260
Contributions - employee	71,210	7,370

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

As of June 30, 2016, the Agency reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability (Asset)
Miscellaneous (Classic)	$ 638,082
Miscellaneous (PEPRA)	(428)
Total Net Pension Liability	$ 637,654

The Agency's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2015, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 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 plans relative to the projected contributions of all participating employers, actuarially determined. The Agency's proportionate share of the net pension liability for each Plan as of June 30, 2014 and 2015 was as follows:

	Miscellaneous	
	Classic	PEPRA
Proportion - June 30, 2014	0.02579%	0.02000%
Proportion - June 30, 2015	0.02326%	(0.00002)%
Change - Increase (Decrease)	(0.00253)%	(0.02002)%

For the year ended June 30, 2016, the Agency recognized pension expense of $162,352. At June 30, 2016, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement	$ 168,384	$ -
Differences between actual and expected experience	7,415	-
Changes in assumptions	-	(70,151)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate s hare of contributions	-	-
Net differences between projected and actual earnings on plan investments	-	(35,167)
Adjustment due to Differences in Proportions	(1,951)	(5,442)
Total	$ 173,848	$ (110,760)

$168,384 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2017	$ (77,491)
2018	(75,453)
2019	(69,534)
2020	(20,611)

Actuarial Assumptions – The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

	All Plans
Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)
Mortality	Derived using CalERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.75% thereafter

(1) Depending on age, service and type of employment

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

(3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2014 experience study report available on CalPERS website.

(4) All of the City's plans for miscellaneous and safety, and the District's plan's employed the same assumptions

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based an actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality, and retirement rates. Further details of the Experience Study can found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.65% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund ("PERF"). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management ("ALM") review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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

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

The 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.

	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100%		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% 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 of 7.65% for each Plan, 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:

	Miscellaneous	
	Classic	PEPRA
	Prior to January 1, 2013	On or after January 1, 2013
1% Decrease	6.65%	6.65%
Net Pension	$1,070,109	$(718)
Current Discount	7.65%	7.65%
Net Pension	$638,082	$(428)
1% Increase	8.65%	8.65%
Net Pension	$281,395	$(189)

The discount rate for the above sensitivity analysis uses a different discount rate than what was used for the net pension liability balances on the balance sheet. A sensitivity analysis was not provided by the actuary for this discount rate.

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

NOTE 10 – Postemployment benefits other than pensions:

Plan Description – During fiscal year ended June 30, 2011, the Agency implemented GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This statement establishes uniform financial reporting standards for employers providing postemployment benefits. The provisions of this statement are applied on a prospective basis. The Agency also implemented GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, which permits an agent employer that has an individual-employer OPEB plan with fewer than 100 total plan members to use the alternative measurement method, at its option, regardless of the number of total plan members in the agent multiple-employer OPEB plan in which it participates.

The Agency provides postretirement health care benefits through the PERS Health Plan to all employees who retire from the Agency on or after attaining age 50 with at least five years of service.

Funding Policy – The Agency provides these benefits on a pay-as-you-go basis. Currently, one retiree meets those eligibility requirements. The Agency will pay a portion of the health plan in the amount of $122 per month for each retiree. Expenditures for postretirement health care benefits are recognized as retirees elect coverage in the health plan. During fiscal 2016, the Agency paid a total of $1,464 for such postretirement health care benefits on behalf former employees.

Annual OPEB Cost and Net OPEB Obligation – The Agency's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution of the employer ("ARC"). The Agency has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45, as amended by GASB Statement 57, for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Agency's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Agency's net OPEB obligation to the Retiree Health Plan:

Annual OPEB cost (expense)	$ 56,229
Contributions made	(1,464)
Increase in net OPEB obligation	54,765
Net OPEB obligation - beginning of year	345,697
Net OPEB obligation - end of year	$ 400,462

The Agency's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2016 and the two preceding fiscal years were as follows:

Fiscal Year Ended	OPEB Annual Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	$ 67,929	0.0%	$ 274,654
6/30/2015	$ 71,043	0.0%	$ 345,697
6/30/2016	$ 56,229	2.6%	$ 400,462

Funded Status and Funding Progress – The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement age for active employees – Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 55, or at the first subsequent year in which the member would qualify for benefits.

Marital status – Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality – Life expectancies were based on mortality tables from the National Center for Health Statistics. The 1994 GAM tables for Males and for Females were used.

Turnover – Non-group-specific age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Healthcare cost trend rate – The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare & Medicaid Services. A rate of 8 percent initially, reduced to an ultimate rate of 5 percent after ten years, was used.

Health insurance premiums – 2012 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Inflation rate – The expected long-term inflation assumption of 4 percent was based on projected changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers ("CPI-W") in the 2012 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds for an intermediate growth scenario.

Payroll growth rate – The expected long-term payroll growth rate was assumed to equal the rate of inflation.

Based on the historical and expected returns of the Agency's short-term investment portfolio, a discount rate of 4 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2016 was thirty years.

NOTE 11 – Commitments and contingencies:

At times the Agency is a defendant in various lawsuits which arise during the normal course of business. As of June, 30, 2016, in the opinion of the Agency's attorney, there are no lawsuits involving the Agency that would have a material adverse effect on the financial position of the Agency.

NOTE 12 - Subsequent events:

The Agency has evaluated its financial statements for subsequent events after June 30, 2016 and through November 4, 2016, the date these financial statements were available to be issued. No subsequent events have taken place requiring disclosure.

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, 2016

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
Revenues:			
Intergovernmental:			
Basic library tax	$ 1,548,514	$ 1,605,031	$ 56,517
Parcel tax	275,000	275,167	167
ERAF	345,000	343,108	(1,892)
Total intergovernmental	2,168,514	2,223,306	54,792
Private grants & contributions:			
Belvedere-Tiburon Library Foundation	159,572	198,921	39,349
Corner Books	30,000	30,000	-
Miscellaneous gifts & donations	500	41,489	40,989
Charges for services	34,775	33,910	(865)
Investment earnings	4,157	9,527	5,370
Miscellaneous	-	666	666
Total revenues	2,397,518	2,537,819	140,301
Expenditures:			
Current:			
Salaries and benefits	1,612,475	1,573,131	39,344
Services and supplies	575,535	572,169	3,366
Debt service:			
Principal	60,000	60,000	-
Interest	57,900	57,900	-
Capital outlay	55,200	43,719	11,481
Total expenditures	2,361,110	2,306,919	54,191
Excess of revenues over expenditures	36,408	230,900	194,492
Other financing sources	-	-	-
Excess of revenues and other financing sources over expenditures	$ 36,408	230,900	$ 194,492
Fund balances, beginning of year		3,163,932	
Fund balances, end of year		$ 3,394,832	

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)

SCHEDULE OF THE AGENCY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
Last 10 Fiscal Years

	Miscellaneous			
	Classic	PEPRA	Classic	PEPRA
	6/30/2015	6/30/2015	6/30/2014	6/30/2014
Proportion of the net pension liability	0.02326%	-0.00002%	0.01024%	0.00000%
Proportionate share of the net pension liability	$ 638,082	$ (428)	$ 637,469	$ 152
Covered - employee payroll	$ 1,013,165	$ 116,157	$ 1,037,732	$ 43,866
Proportionate Share of the net pension liability as percentage of covered-employee payroll	62.98%	-0.37%	61.43%	0.35%
Plan's fiduciary net position	$ 3,398,256	$ 5,884	$ 190,599	$ 20
Plan fiduciary net position as a percentage of the total pension liability	84.19%	107.85%	83.28%	83.00%

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)

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years*

	Classic FY 2014-15	PEPRA FY 2014-15	Classic FY 2013-14	PEPRA FY 2013-14
Actuarially Determined Contributions	$ 112,566	$ 2,883	$ 111,872	$ 4,277
Contributions in Relation to the Actuarially Determined Contribution Deficiency (Excess)	(152,293)	(15,196)	(219,505)	(4,277)
Covered-Employee Payroll	$ (39,727)	$ (12,313)	$ (107,633)	$ -
Covered-Employee Payroll	$ 1,013,165	$ 116,157	$ 1,037,732	$ 43,866
Contribution as a Percentage of Covered-Employee Payroll	15.03%	13.08%	21.15%	9.64%

Notes:

Valuation date: 6/30/2015
Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	For details, see June 30, 2012 Funding Valuation Report.
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2012 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.75% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

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)

OPEB SCHEDULE OF FUNDING PROGRESS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Valuation Date	Entry Age Normal Accrued Liability (A)	Actuarial Value of Assets (B)	Unfunded Liability/ (Excess Assets) (A)-(B)	Funded Status (B)/(A)	Annual Covered Payroll (C)	UAAL as a % of Payroll [(A)-(B)]/(C)
7/1/2009	$ 379,587	$ -	$ 379,587	0.0%	1,037,786	36.58%
7/1/2012	242,595	-	242,595	0.0%	1,089,314	22.27%
7/1/2015	411,500	-	411,500	0.0%	1,244,618	33.06%

OUM &CO. LLP
ACCOUNTANTS
& BUSINESS ADVISORS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund the 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) ("Agency") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Agency's basic financial statements, and have issued our report thereon dated November 4, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

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Purpose of this Report

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

OUM & Co. LLP

San Francisco, California
November 4, 2016