BELVEDERE-TIBURON LIBRARY AGENCY

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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BELVEDERE-TIBURON LIBRARY AGENCY
BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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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), as of and for the year ended June 30, 2019, 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, 2019, 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.

Accountancy Corporation
3478 Buskirk Avenue, Suite 215
Pleasant Hill, CA 94523

T 925.930.0902
F 925.930.0135
E maze@mazeassociates.com
W **mazeassociates.com**

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.

Maze & Associates

Pleasant Hill, California
January 13, 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, 2019

FINANCIAL HIGHLIGHTS

From the Statement of Net Position on page 10

The Government-Wide Statement of Net Position shows the Agency's assets of $9,716,122; deferred outflows of $380,910; liabilities of $2,295,632; deferred inflows of $135,302; and a net position of $7,666,098 as of June 30, 2019.

The Agency's cash, cash equivalents, and investments totaled $4,281,901 and net capital assets totaled $5,158,301 at June 30, 2019, representing 44% and 53% of the Agency's total assets, respectively.

The Agency's total liabilities totaled $2,295,632 as of June 30, 2019 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 11

Total Agency revenues were $3,834,878 (general revenues of $2,755,183 and program revenues of $1,079,695 (which included expansion grants of $912,349) compared with total expenses of $2,806,645, resulting in an increase in net position of $1,028,233 (which includes $894, 216 in construction in progress) for the fiscal year ended June 30, 2019.

From the Governmental Funds Statements on pages 12 and 14

Fund balances increased by $400,319. Key factors affecting operating results were the receipt of library tax revenue in excess of budget by $181,232 and of interest earnings in excess of budget by $49,469.

Grants from the Belvedere-Tiburon Library Foundation totaled $1,016,522 for the fiscal year, including $912,249 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 cost for fiscal 2019 was $1,743,970, a 4.5% increase over the prior year.

Services and Supplies include materials costs, except for book acquisitions totaling $107,382 which were capitalized for the fiscal year, i.e., included in capital assets on the balance sheet rather than in expenditures. This is typical of book costs from year to year. The capitalized collection is depreciated over 7 years.

The remaining expensed resource collection costs including print subscriptions, digital content, and database costs totaling $244,538 in 2018 and $262,629 in 2019, were included in Services and Supplies. The Services and Supplies category also includes Programs, Facilities, and not-capitalized Technology and Equipment and Maintenance costs. The total Services and Supplies cost for fiscal 2019 was $649,203, a 1% increase from the prior year.

Debt service cost for the year on the limited obligation bonds was $116,500 for principal and interest, plus $13,115 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, 2019
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 10-11.
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 12 and 14.
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 13 and 15.
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.

Notes to the basic financial statements are found on pages 17-36.
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 38-41.
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, 2019
GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Position

	Governmental Activities		Total Percent
	2019	2018	Change
Cash, cash equivalents and investments	$ 4,281,901	$ 4,047,547	6%
Capital assets, net	5,158,301	4,424,632	17%
Other assets	275,920	109,666	152%
Total assets	**9,716,122**	**8,581,845**	13%
Deferred outflows (Pension & OPEB)	380,910	473,557	(3)%
Total deferred outflows	**380,910**	**473,557**	(3)%
Series 1996 bonds & capital lease, net	761,994	838,580	(9)%
Net Pension liability	1,037,322	1,063,688	(3)%
Net Postemployment benefit (OPEB)	234,345	213,395	9%
Other liabilities	261,971	240,976	9%
Total liabilities	**2,295,632**	**2,356,639**	(3)%
Deferred inflows (Pension & OPEB)	135,302	60,898	122%
Total deferred outflows	**135,302**	**60,898**	122%
Net investment in capital assets	4,396,307	3,586,052	23%
Restricted and Unrestricted	3,269,791	3,051,813	7%
Net position	**$ 7,666,098**	**$ 6,637,865**	12%

Net position serves over time as a useful indicator of the Agency's financial position: assets exceeded liabilities by $7,666,098 as of June 30, 2019. This number is comprised of three components:

Net investment in capital assets	$4,396,307
Restricted Assets	1,270,682
Unrestricted assets	1,999,109
Total net position	$7,666,098

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, 2019
GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Changes in Net Position

	Governmental Activities		$	%
	2019	**2018**	**Change**	**Change**
PROGRAM EXPENSES:				
Library Services				
Salaries and Benefits	$ 1,743,970	$ 1,669,978	$ 73,992	4%
Pension and OPEB Adjustments	182,341	167,585	14,756	9%
Total Personnel Services	1,926,311	1,837,563	88,748	5%
Materials and Programs	538,821	497,590	41,231	8%
Depreciation and Amortization	288,484	267,992	20,492	8%
Bond Interest & Fiscal Agent Fees	53,029	61,138	(8,109)	-13%
Total Program Expenses	**2,806,645**	**2,664,283**	**142,362**	**5%**
PROGRAM REVENUES:				
Charges for Services	25,350	32,104	(6,754)	-21%
Private Grants and Contributions	1,054,345	264,847	789,498	298%
Total Program Revenues	**1,079,695**	**296,951**	**782,744**	**264%**
GENERAL REVENUES:				
Property Taxes	2,678,139	2,526,882	151,257	6%
Investment Earnings	75,704	42,533	33,171	78%
Miscellaneous	1,340	3,069	(1,729)	-56%
Total General Revenues	**2,755,183**	**2,572,484**	**182,699**	**7%**
Increase in Net Position	**1,028,233**	**205,152**	**823,081**	**401%**
Net Position - Beginning of Year	6,637,865	6,177,365	460,500	7%
Adjustment for Pension & OPEB Liabilities	-	255,348	(255,348)	
Net Position - End of Year	**$ 7,666,098**	**$ 6,637,865**	**$ 1,028,233**	**15%**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
GOVERNMENTAL FUNDS ANALYSIS

The following schedule presents a comparison of general fund revenues and expenditures for the fiscal year ended June 30, 2019 to the prior fiscal year.

	Governmental Funds Analysis		$	%
	2019	**2018**	**Change**	**Change**
Basic Library Tax	$ 1,932,650	$ 1,820,607	$ 112,043	6%
Parcel Tax	277,886	277,690	196	0%
ERAF	467,603	428,585	39,018	9%
Total intergovernmental	2,678,139	2,526,882	151,257	**6%**
Private Grants & Contributions:				
Belvedere Tiburon Library Foundation	1,016,522	218,558	797,964	365%
Miscellaneous Grants & Contributions	37,823	46,289	(8,466)	-18%
Charges for Services	25,350	32,104	(6,754)	-21%
Investment Earnings	75,704	42,533	33,171	78%
Miscellaneous	1,340	3,069	(1,729)	-56%
Total Revenues	**3,834,878**	**2,869,435**	**965,443**	**34%**
Salaries and Benefits	1,743,970	1,669,978	73,992	4%
Services and Supplies	649,203	644,798	4,405	1%
Principal	70,000	65,000	5,000	8%
Interest and Fiscal Agent Fees	59,615	61,138	(1,523)	-2%
	911,771	29,653	882,118	2975%
Total Expenditures	**3,434,559**	**2,470,567**	**963,992**	**39%**
	400,319	**398,868**	**1,451**	0%
	-	-	-	
Financing Sources	**400,319**	**398,868**	**1,451**	
	4,096,877	3,698,009	398,868	
	$ 4,497,196	**$ 4,096,877**	**$ 400,319**	**10%**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
GOVERNMENTAL FUNDS ANALYSIS

	June 30, 2018	Increase/ (Decrease)	June 30, 2019
Nonspendable	$ 6,512	$ 9,386	$ 15,898
Committed for operations	2,650,245	193,577	2,843,822
Committed for insurance	50,000	0	50,000
Committed for building maintenance	247,238	69,556	316,794
Restricted for building expansion	1,000,000	0	1,000,000
Restricted for library programs	54,832	8,516	63,348
Restricted for debt service	88,050	119,284	207,334
	$ 4,096,877	$ 400,319	$ 4,497,196

COMMENTS ON BUDGET COMPARISONS
see Required supplementary information on page 38

Actual total revenues exceeded the amount budgeted by $294,642. This was mainly due to a positive $181,232 variance in tax revenues and a positive $49,469 variance in investment earnings.

Actual total expenditures exceeded the amount budgeted by $778,031. This difference is mainly due Capital Outlay of $911,711. These Capital Outlay expenditures offset below budget expenditures in Operations.

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 being funded on a yearly basis to pay for building upgrades and maintenance, including roofing, carpeting, or other important facility items. 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. 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, 2019
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, 2019

	Governmental Activities
ASSETS	
Current assets:	
Cash, cash equivalents and investments (Note 3)	$4,281,901
Accounts and interest receivable (Note 4)	260,022
Prepaids	15,748
Security deposit	150
Total current assets	4,557,821
Noncurrent assets:	
Nondepreciable capital assets	4,005,222
Depreciatble capital assets, net (Note 5)	1,153,079
Total capital assets, net of accumulated depreciation	5,158,301
Total Assets	9,716,122
DEFERRED OUTFLOWS OF RESOURCES	
Related to pension (Note 8)	376,606
Related to OPEB (Note 9)	4,304
Total Deferred Outflows of Resources	380,910
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	60,625
Long-term debt - due within one year (Note 6)	83,127
Total current liabilities	143,752
Non-current liabilities:	
Compensated absences (Note 2F)	201,346
Long-term debt - due in more than one year (Note 6)	678,867
Net Pension Liability (Note 8)	1,037,322
Net OPEB Liability (Note 9)	234,345
Total Liabilities	2,295,632
DEFERRED INFLOWS OF RESOURCES	
Related to pension (Note 8)	108,043
Related to OPEB (Note 9)	27,259
Total Deferred Inflows of Resources	135,302
NET POSITION (Note 7A)	
Net investments in capital assets	4,396,307
Restricted	1,270,682
Unrestricted	1,999,109
Total Net Position	$7,666,098

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, 2019

	Governmental Activities
PROGRAM EXPENSES:	
Library services:	
Personnel services	$1,926,311
Materials and services	538,821
Depreciation and amortization	288,484
Interest	53,029
Total Program Expenses	2,806,645
PROGRAM REVENUES:	
Charges for services	25,350
Operating grants and contributions	141,996
Capital grants and contributions	912,349
Total Program Revenues	1,079,695
Net Program Loss	(1,726,950)
GENERAL REVENUES:	
Property taxes	2,678,139
Investment earnings	75,704
Miscellaneous	1,340
Total General Revenues	2,755,183
Increase in Net Position	1,028,233
Net position - beginning of year	6,637,865
Net position - end of the year	$7,666,098

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, 2019

ASSETS	
Cash, cash equivalents and investments (Note 3)	$4,281,901
Accounts and interest receivable (Note 4)	260,022
Prepaids	15,748
Security deposit	150
Total Assets	$4,557,821
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable and accrued liabilities	$60,625
Total Liabilities	60,625
Fund Balances (Note 7B):	
Nonspendable for prepaids and security deposit	15,898
Restricted for:	
Building expansion	1,000,000
Debt service	207,334
Library programs	63,348
Committed for:	
Operations	2,843,822
Insurance	50,000
Building maintenance	316,794
Total Fund Balances	4,497,196
Total Liabilities and Fund Balances	$4,557,821

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, 2019

Total Fund Balances - Governmental Funds		$4,497,196
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	$9,596,081	
Less: Accumulated depreciation	(4,437,780)	5,158,301
Deferred outflows of resources related to pension		376,606
Deferred outflows of resources related to OPEB		4,304
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	(761,994)	
Compensated absences	(201,346)	
Net Pension Liability	(1,037,322)	
Net OPEB Liability	(234,345)	
Deferred inflows of resources related to pension	(108,043)	
Deferred inflows of resources related to OPEB	(27,259)	(2,370,309)
Net Position - Governmental Activities		$7,666,098

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, 2019

REVENUES	
Intergovernmental:	
Basic library tax	$1,932,650
Parcel tax	277,886
ERAF	467,603
Total Intergovernmental	2,678,139
Private grants and contributions:	
Belvedere-Tiburon Library Foundation (Note 10)	1,016,522
Miscellaneous gifts and donations (Note 10)	37,823
Charges for service	25,350
Investment earnings	75,704
Miscellaneous	1,340
Total Revenues	3,834,878
EXPENDITURES	
Current - Library Services:	
Salaries and benefits	1,743,970
Services and supplies	649,203
Debt service:	
Principal	70,000
Interest	59,615
Capital outlay	911,771
Total Expenditures	3,434,559
Excess of Revenues over Expenditures	400,319
Fund Balances, Beginning of Year	4,096,877
Fund Balances, End of Year	$4,497,196

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, 2019

Net Changes in Fund Balances - Governmental Funds		$400,319
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	$911,771	
Services and supplies (Books)	110,382	
Depreciation and amortization expense	(288,484)	733,669
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		(20,706)
Change in pension liabilities		(135,532)
Change in OPEB liabilities		(26,103)
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		70,000
Principal repayments on capital lease		6,586
Changes in Net Position - Governmental Activities		$1,028,233

See accompanying notes to basic financial statements.

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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.

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, 2019, the Agency incurred capital outlay, debt service interest and fiscal charges and services and supplies expenditures in excess of its budget in the amounts of $783,854, $2,115 and $65,604, 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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, 2019 was $201,346.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2019:

Held by Agency:	
Petty cash	$200
Deposits with financial institutions	581,898
Local Agency Investments Fund	3,519,407
Held by Fiscal Agent:	
Money Market Mutual Fund	180,396
Total Cash, Cash Equivalents and Investments	$4,281,901

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, 2019, these investments matured in an average of 173 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.

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, 2019:

Parcel Tax	$34,480
Basic Tax	88,113
LAIF Interest	21,132
Library Expansion	115,355
Other Receivables	942
	$260,022

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.

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, 2019, was as follows:

	Balance June 30, 2018	Additions/ Transfers	Retirements	Balance June 30, 2019
Non-depreciable assets:				
Land	$1,606,560			$1,606,560
Construction-in-progress	1,504,446	$894,216		2,398,662
Depreciable assets:				
Books	2,599,168	107,382		2,706,550
Buildings and improvements	2,351,952			2,351,952
Computers and equipment	139,236	20,555	($14,106)	145,685
Furniture and fixtures	309,097			309,097
Website	77,575			77,575
	8,588,034	1,022,153	(14,106)	9,596,081
Accumulated depreciation:				
Books	(2,111,410)	(162,060)		(2,273,470)
Buildings and improvements	(1,646,359)	(78,398)		(1,724,757)
Computers and equipment	(102,650)	(23,386)	14,106	(111,930)
Furniture and fixtures	(258,654)	(13,558)		(272,212)
Website	(44,329)	(11,082)		(55,411)
	(4,163,402)	(288,484)	14,106	(4,437,780)
Capital assets, net of depreciation	$4,424,632	$733,669		$5,158,301

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. The Agency is working towards completing various milestones in order to be able to commence construction; however, as of June 30, 2019, the Agency cannot determine when they will be able to commence construction.

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, 2019:

	Balance June 30, 2018	Payments	Balance June 30, 2019	Due within one year
Governmental Activities:				
Series 1996 Special Tax Bonds	$810,000	$70,000	$740,000	$75,000
Capital Leases	28,580	6,586	21,994	8,127
	$838,580	$76,586	$761,994	$83,127

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:

Fiscal Year	Principal	Interest	Total
2020	$75,000	$42,150	$117,150
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
2025-2027	315,000	28,950	343,950
Total	$740,000	$190,200	$930,200

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

Fiscal Year	Principal	Interest	Total
2020	$8,127	$3,904	$12,031
2021	10,028	2,003	12,031
2022	3,839	171	4,010
Total	$21,994	$6,078	$28,072

NOTE 7 – NET POSITION AND FUND BALANCE

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, 2019 are presented on the General Fund Balance Sheet.

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 6.5% 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.

NOTE 8 – PENSION PLAN (Continued)

The Plan's provisions and benefits in effect at June 30, 2019 are summarized as follows:

	Miscellaneous	
	Classic	PEPRA
Hire date	Prior to January 1, 2013	On or after January 1, 2013
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	50-55 or older	52-67 or older
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	7.0%	6.25%
Required employer contribution rates	8.892%	6.842%

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, 2019, the contributions recognized as part of pension expense for the Plan was as follows:

	Miscellaneous
Contributions - employer	$103,885

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - As of June 30, 2019, the Agency reported net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous - Classic & PEPRA	$1,037,322

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, 2018, 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, 2017 rolled forward to June 30, 2018 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, 2017 and 2018 was as follows:

	Miscellaneous
Proportion - June 30, 2017	0.02698%
Proportion - June 30, 2018	0.02752%
Change - Increase (Decrease)	0.00054%

For the year ended June 30, 2019, the Agency recognized pension expense of $239,417. At June 30, 2019, the Agency reported deferred outflows of resources and deferred inflows of resources related to the Miscellaneous Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$103,885	
Differences between actual and expected experience	39,800	($13,544)
Changes in assumptions	118,258	(28,983)
Net differences between projected and actual earnings on plan investments	5,128	
Net difference in actual contribution and proportion contributions	14,646	(65,516)
Adjustment due to differences in proportions	94,889	
Total	$376,606	($108,043)

$103,885 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, 2020. 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:

Fiscal Year Ended June 30	Annual Amortization
2020	$137,041
2021	72,717
2022	(35,750)
2023	(9,330)
Total	$164,678

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, 2017
Measurement Date	June 30, 2018
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
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% 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) that can be found on the CALPERS website.

Changes of assumptions – For the measurement date June 30, 2018, the inflation rate reduced from 2.75% to 2.50%.

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.

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%	4.90%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation assets		0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%		-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 Asssets 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:

	Miscellaneous
1% Decrease	6.15%
Net Pension Liability	$1,774,426
Current Discount Rate	7.15%
Net Pension Liability	$1,037,322
1% Increase	8.15%
Net Pension Liability	$428,855

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 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, 2019:

Eligibility	• 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: Year — PEMHCA Minimum 2017 — $ 128 2018 — 133 2019 — 136 2020+ — Increase at CPI-U Medical
Surviving Spouse Benefit	• Surviving spouse coverage based on retirement plan election • Same benefit continues to surviving spouse
Other OPEB	• No dental, vision, life insurance or Medicare reimbursement
Implied Subsidy	• Participating retirees pay active rates vs actual cost • Implied subsidy included in valuation

For the year ended June 30, 2019, the Agency's contributions to the Plan were $103,732.

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the measurement date of June 30, 2018:

Active employees	14
Inactive employees or beneficiaries currently receiving benefit payments	2
Inactive employees entitled to but not yet receiving benefit payments	3
Total	19

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, 2018 and was determined by an actuarial valuation dated June 30, 2017 to determine the June 30, 2019 total OPEB liability as of June 30, 2018, based on the following actuarial methods and assumptions:

	Actuarial Assumptions
Actuarial Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Assumptions:	
Discount Rate	- 3.78% at June 30, 2018 (Bond Buyer 20-bond Index) - 3.58% at June 30, 2017 (Bond Buyer 20-bond Index)
General Inflation	2.75% per annum
Salary Increases	- Aggregate - 3.00% - Merit - CalPERS 1997-2015 Experience Study
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-17
Medical Trend	- Non-Medicare - 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 - Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4.0% in
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

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, 2018 Reporting Date	$213,395
Changes Recognized for the Measurement Period:	
Service cost	26,163
Interest on the total OPEB liability	8,510
Changes of assumptions	(9,989)
Benefit payments	(3,734)
Net changes	20,950
Balance at June 30, 2019 Reporting Date	$234,345

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% (2.87%)	Current Discount Rate (3.87%)	Discount Rate +1% (4.87%)
$271,539	$234,345	$204,115

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)		
1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
$194,857	$234,345	$285,192

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, 2019, the Agency recognized OPEB expense of $30,407. At June 30, 2019, 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	$4,304	
Differences between actual and expected experience		
Changes of assumptions		($27,259)
Total	$4,304	($27,259)

$4,304 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, 2020. 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
2020	($4,266)
2021	(4,266)
2022	(4,266)
2023	(4,266)
2024	(4,266)
Thereafter	(5,929)
Total	($27,259)

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, 2019) consist of the following:

	Grant Revenue		
	Inception-to-Date June 30, 2018	Total Grants Fiscal Year 2019	Inception-to-Date June 30, 2019
Construction: Original Building 1997	$1,959,581		$1,959,581
Construction: Library Expansion 2019	672,903	$912,249	1,585,152
Collection - Original Book Collection 1997-2001	882,534		882,534
Collection -BTLF (Foundation) Annual Appeal	1,223,288	34,850	1,258,138
Collection - BTLF's Corner Books	205,000	19,000	224,000
Programs & Operations - BTLF Endowments	1,164,041	27,523	1,191,564
Programs - BTLF's Bookmarks	301,412	23,000	324,412
Total Belvedere Tiburon Library Foundation Grants	$6,408,759	$1,016,622	$7,425,381

Grant revenues for the fiscal year ended June 30, 2019 were as follows:

Belvedere Tiburon Library Foundation (BTLF)	FYE 6/30/19
Construction: Library Expansion 2019	$912,249
Collection -BTLF (Foundation) Annual Appeal	34,850
Collection - BTLF's Corner Books	19,000
Programs - BTLF Endowments	27,423
Programs - BTLF's Bookmarks	23,000
Total Belvedere Tiburon Library Foundation Grants	$1,016,522
Miscellaneous Grants and Contributions	
BTLA Art Committee	$10,794
Miscellaneous Donations	27,029
Total Private Grants and Conributions	$1,054,345

NOTE 11 – RISK MANAGEMENT

The Agency is a member of the Pooled Liability Assurance Network (PLAN), which provides general liability coverage of $5,000,000 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 $14,294 in premium during fiscal year ended June 30, 2019. 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 coverage of $1,000,000 for excess liability on each accident, policy limit & each employee. The Agency has no deductible for the claims and has paid $5,317 in premiums during fiscal year ended June 30, 2019. 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, 2019. Settlements have not exceeded insurance coverage in the past three years.

NOTE 12 – SUBSEQUENT EVENTS

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 the next 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 is scheduled to begin on October 16, 2019. 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, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
Revenues:			
Intergovernmental:			
Basic library tax	$1,875,872	$1,932,650	$56,778
Parcel tax	275,000	277,886	2,886
ERAF	346,035	467,603	121,568
Total intergovernmental	2,496,907	2,678,139	181,232
Private grants & contributions:			
Belvedere-Tiburon Library Foundation	181,653	1,016,522	834,869
Miscellaneous gifts & donations	30,000	37,823	7,823
Charges for services	27,275	25,350	(1,925)
Investment earnings	26,235	75,704	49,469
Miscellaneous	135	1,340	1,205
Total Revenues	2,762,205	3,834,878	1,072,673
Expenditures:			
Current - Library Services:			
Salaries and benefits	1,817,512	1,743,970	73,542
Services and supplies	583,599	649,203	(65,604)
Debt service:			
Principal	70,000	70,000	0
Interest and fiscal charges	57,500	59,615	(2,115)
Capital outlay	127,917	911,771	(783,854)
Total Expenditures	2,656,528	3,434,559	(778,031)
Excess of revenues over expenditures	$105,677	400,319	$294,642
Fund balances, beginning of year		4,096,877	
Fund balances, end of year		$4,497,196	

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

	Miscellaneous Plan				
Measurement Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Plan's proportion of the Net Pension Liability (Asset)	0.01024%	0.02324%	0.02544%	0.02698%	0.02752%
Plan's proportion share of the Net Pension Liability (Asset)	$637,621	$637,654	$883,572	$1,063,688	$1,037,322
Plan's Covered Payroll	$1,057,330	$1,081,598	$1,129,322	$1,139,794	$1,186,789
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%
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	79.82%	78.40%	74.06%	73.31%	75.26%

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

BELVEDERE-TIBURON LIBRARY AGENCY

Miscellaneous Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Last 10 Years*
Fiscal Year Ended June 30, 2019

SCHEDULE OF CONTRIBUTIONS

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

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) that can be found on the CALPERS website.

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

BELVEDERE-TIBURON LIBRARY AGENCY
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
For the Year Ended June 30, 2019

Last Ten Fiscal Years *

Other Post-Employment Benefits (OPEB)

Measurement period	June 30, 2018	June 30, 2019
Total OPEB Liability		
Service Cost	$29,649	$26,163
Interest	6,625	8,510
Benefit changes		
Differences between expected and actual experience		
Assumption changes	(24,569)	(9,989)
Benefit payments	(2,286)	(3,734)
Changes of benefit terms		
Net change in total OPEB liability	9,419	20,950
Total OPEB liability - beginning	203,976	213,395
Total OPEB liability - ending	$213,395	$234,345
Covered payroll	$1,129,395	$1,192,875
Total OPEB liability as a percentage of covered payroll	18.9%	19.6%

* Fiscal year 2018 was the first year of implementation; therefore, only two years are shown.

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