

AGENDA
BELVEDERE TIBURON LIBRARY AGENCY
Regular Meeting of Monday, February 13, 2023, 5:00pm
Belvedere Tiburon Library
1501 Tiburon Blvd, Tiburon, California

This meeting will be held IN PERSON in the Library Founders Room.

CALL TO ORDER/ROLL CALL – 5:30pm

PUBLIC COMMENT

This is an opportunity for any citizen to comment on the subject matter of the closed session.

CLOSED SESSION

Closed Session: (per Government Code Section 54957 and 54954.5 (e))

Public Employee Performance Review: Government Code Section 34957

Title: Library Director

RETURN FROM CLOSED SESSION – 6:15pm

ANNOUNCEMENT OF ACTION TAKEN IN CLOSED SESSION, IF ANY.

OPEN FORUM

This is an opportunity for any citizen to briefly address the Board of Trustees on any matter that does not appear on this agenda. Upon being recognized by the Chair, please state your name, address, and limit your oral statement to no more than three minutes. Matters that appear to warrant a lengthier presentation or Board consideration may be placed on the agenda for further discussion at a later meeting.

STAFF BOARD AND COMMITTEE REPORTS

1. Chair's Report – Ken Weil, Agency Chair (2 minutes)
2. Library Director's Report, - Crystal Duran, Library Director (10 minutes)
3. Expansion Update – Glenn Isaacson, Project Manager (5 minutes)
4. Belvedere Tiburon Library Foundation Report, Suzannah Scully, Foundation President, (5 minutes)
5. Committee Reports (5 minutes)

CONSENT CALENDAR – 5-10 MINUTES

The purpose of the Consent Calendar is to group items together which generally do not require discussion and which will probably be approved by one motion unless separate action is required on a particular item. Any member of the Agency may request removal of an item for discussion.

6. Approval of Agency Meeting Minutes of January 23, 2023
7. Approval of Agency Warrants month of January, 2023

AGENDA CONTINUES ON PAGE 2

AGENDA (Continued)
BELVEDERE TIBURON LIBRARY AGENCY
Regular Meeting of Monday, *February 13, 2023*, 5:00pm
Belvedere Tiburon Library
1501 Tiburon Blvd, Tiburon, California

TRUSTEE CONSIDERATIONS

- 8. Consideration of Library Sustainability Policy**
- 9. Consideration of Approval of Final Audit Draft for the fiscal year ended June 30, 2022**
- 10. Consideration of Future Meeting Format**
- 11. Consideration of Lease Capitalization Threshold**

COMMUNICATIONS & ANNOUNCEMENTS

- 12. Schedule of 2023 Meeting Dates**

NOTICE: AMERICANS WITH DISABILITIES ACT

The following accommodations will be provided, upon request, to persons with a disability: agendas and/or agenda packet materials in alternate formats; special assistance needed to attend or participate in this meeting. Please make your request at the office of the Administrative Assistant or by calling (415) 789-2660. Whenever possible, please make your request three days in advance.



DATE: February 13, 2023

TO: Library Board of Trustees

FROM: Crystal Duran, Library Director

SUBJECT: Library Director's Report

Library Programs and Services

We upgraded our barcode scanners to read digital library cards at all our service points. We encourage patrons to download the MARINet application, log in with their library card and pin, and use their digital library card when checking out materials at the library. In the coming months, the MARINet consortium is adding a new feature in the app that will allow patrons to use their mobile phones to check out items in real time. The self-check feature will empower savvy library patrons to complete faster check-outs at their fingertips and enable staff to provide more one-on-one support to patrons who may need it.

The children's library continues to be a vibrant and active space. It includes a wall of seasonal displays currently featuring books on Black History Month, Presidents Day, Valentine's, and Mardi Gras. An intricate lego scene is displayed in an acrylic case honoring the Lunar New Year and complements the new lego club that will take place on one Saturday each month. Staff are preparing for the summer program and have secured vendors to host a weekly special performance akin to pre-pandemic programming. Finally, staff are connecting with homeschooling families to establish a rapport and facilitate meetups to discuss curriculums, share resources, and provide library support.

The Makerspace is building a dedicated community of young afterschool patrons who regularly create and play with the technology daily. A series of demonstrations are scheduled in the morning to showcase the stations to a different audience. Exhibit A details additional Makerspace data.

Outreach and Community Connections

Staff are connecting with a wide range of partners to increase and enhance programs and services. For our Teen Seeds project, the teen librarian is working with Ground owners to design a garden in the teen patio that will be planted and maintained by teens. The library's green team is connecting to several community groups and local entities for its sustainability fair. Through the Library Art Committee, we've partnered with Del Mar Middle School to host an "Emerging Artists" exhibit in the art gallery beginning in mid-March. The exhibit aims to feature

local young artists and engage a different segment of the community with the library. Plans for a youth exhibit are already underway for the following calendar year. Lastly, we maintain an internal planning calendar with the Chamber, City, Town, and Ranch for community events to minimize competing special events wherever possible.

Administration

We will resume Sunday business hours on February 26 to open from 10 am to 5 pm. The new business hours will be displayed on library signage, on the website, shared via electronic newsletters, posted on social media, and in the local press.

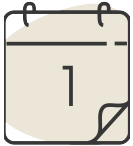
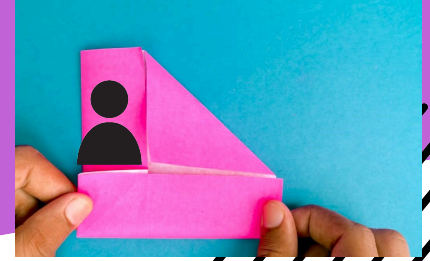
At the January Agency meeting, the Board directed the Finance Committee and director to explore further installing solar panels on the library. To date, work on these efforts has included reviewing public contract codes for bidding requirements, engaging three solar providers for information and cost proposals, and consulting renewable energy experts for further information on the NEM 2.0 application. We will provide information to the Board at an upcoming meeting.

Regarding building maintenance and operations, we are reevaluating our current janitorial services and gathering bids from other vendors. Our janitorial needs have changed with the expansion, and we anticipate requesting the Board to approve a new contract in the coming weeks.

LEARN * CREATE * PLAY

Makerspace

In Numbers, Oct - Dec 2022



EVENTS

11

events hosted at the
Makerspace



ATTENDANCE

70

people attended our events at
the Makerspace



MEETUPS

3

Clubs meet regularly



60 % of total attendance

participated in a club/meetup vs a class/demo event

Local Band

"We used the media lab to print the posters for our next tour."

Local Maker

"I used the 3D Printer to re-decorate my mailbox."

Local Student

"I used the laser cutter to create a model for my architecture class."

Coming SOON!

- ▶ Memory Lab
- ▶ Immersive Storytelling
- ▶ Sound Booth



SIGN UP FOR NEWS! Visit the Makerspace for schedule & details.

DRAFT FOR AGENCY REVIEW

**SPECIAL Meeting
BELVEDERE-TIBURON LIBRARY AGENCY
Belvedere-Tiburon Library, Tiburon, California
January 23, 2023**

Roll Call, Present: Chair Ken Weil, Vice Chair Maureen Johnson, Treasurer Jeff Slavitz, Niran Amir, Lawrence Drew, Anthony Hooker, Maureen Johnson, Roxanne Richards

Members Absent:

Also Present: Crystal Duran, Glenn Isaacson, Chuck Hornbrook, George Landau, Deirdre McCrohan, Kristin Johnson

CALL TO ORDER: Chair Weil called the meeting to order at 5:00 pm

PUBLIC COMMENT

Chair Weil opened the floor to public comment on the subject matter of the closed session. There were no comments.

CLOSED SESSION

Closed Session: (per Government Code Section 54957 and 54954.5 (e))

Public Employee Performance Review: Government Code Section 34957

Title: Library Director

RETURN FROM CLOSED SESSION – 6:15pm

Chair Weil announced that no action was taken in the Closed Session.

OPEN Forum:

Chair Weil opened the floor to comments or questions from the public. There were none.

1. SPECIAL TRUSTEE CONSIDERATION

MOTION TO APPROVE RESOLUTION NO. 288-2023 PROCLAIMING A LOCAL EMERGENCY, RATIFYING THE PROCLAMATION OF A STATE OF EMERGENCY BY EXECUTIVE ORDER N-08-21, DATED JUNE 11, 2021, AND AUTHORIZING REMOTE TELECONFERENCE MEETINGS OF THE LEGISLATIVE BODIES OF THE BELVEDERE-TIBURON LIBRARY AGENCY FOR THE PERIOD JANUARY 19, 2023 through FEBRUARY 19, 2023 PURSUANT TO BROWN ACT PROVISIONS made by Treasurer Slavitz, seconded by Vice Chair Johnson.

Roll Call Vote:

Ayes: Ken Weil, Maureen Johnson, Jeff Slavitz, Niran Amir, Lawrence Drew, Anthony Hooker, Roxanne Richards

Absent: None.

Noes: None.

Motion Passed.

2. Chair's Report

Chair Weil welcomed Chuck Hornbrook, who will present on solar power this evening. Also present and in support of Solar is George Landau. Vikki Rodriguez, audit partner at Maze Associates, will discuss the Library's audit for the fiscal year ended June 30, 2022.

3. Library Director's Report

Director Duran reported that the Art Committee is now presenting an exhibit on Art and Music Connections through March 9. Each painting is accompanied by a scan code, which will allow the viewer to listen to music that inspired each artist in his or her creative painting process. Trustee Hooker asked about Library proceeds on art sales. Director Duran said that the Library Foundation receives 30% of the sales price of each piece sold.

Patrons have been requesting Zip books, which are available at Bel-Tib, San Rafael, and Mill Valley libraries to 94920 residents. The patron requests a book not yet owned by the Library. Library Staff order the book through Amazon to be delivered directly to the Patron. When the patron is finished with the book, they return it to the Library and Staff add it to the collection.

The Library received a grant for a "Memory Lab" Project. Director Duran and Assistant Director Joey Della Santina will receive training for this project at the Los Angeles Library. After this training, staff will purchase equipment, develop policies and procedures for the project, and train additional staff and volunteers.

Library Staff are busy preparing for a Sustainability Fair in collaboration with The Town of Tiburon, Chamber of Commerce, and The Ranch, among other local agencies as part of the Sustainability Grant received from the State Library. Trustee Hooker asked about the purpose of holding the Fair. Director Duran said that the Grant offers a number of goals, including the Fair, to certify the Library as a Sustainable Library. The Fair is one way to be a model in the Library community, to collaborate with other organizations, and to educate the public.

The Library's meeting rooms have been popular with patrons, with 214 reservations since December 1, and an average of 6 reservations per day at 2 hours per reservation. Treasurer Slavitz asked whether the Meeting Room policy allows for use by Nonprofits and/or Profit-based organizations. Director Duran said that the policy spells out priorities of use: Library programs, Library Foundation, Local Government, Non-Profits, and General Public. In general, the policy does not allow use of the space for selling products for profit, unless approved by the Director. If the Library were sponsoring a program, it would be possible to sell books, for example. No fee schedule has been developed for special event reservations. Regular room reservations can be made on the Library's website.

4. Expansion Update

Project Manager Glenn Isaacson reported that the Project team is still working on three areas: a Final Occupancy Permit, the Building Punch List, and a Final Accounting for the Project.

Good progress has been made on the Occupancy Building Permit. The Fire Marshall inspection passed for access.

The recent storms have added a few items to the Building Punch List, including doors that required better seals for wind-driven rain.

For the Final Accounting, the team will be calling in and paying all invoices for the remaining work. The final contract payment was made to the contractor a few weeks ago. There will be a few additional items for the contractor, but the base contract is complete.

5. Belvedere Tiburon Library Foundation Report

Director Duran reported on behalf of President Scully that the Annual Fund Campaign has raised \$65,000.

The Foundation will be hosting an event on February 9 featuring author Isabelle Allende in conversation with Elaine Petrocelli. This event will include an auction, including Caprice and Left Bank lunches with the author.

The Foundation is recruiting for two new members.

6. Financials and Treasurer's Report six months ended December 31, 2022

Clerk Johnson reported that, with 50% of the year passed, about 49% of budgeted income has been received, counting December taxes received in January, which are included in the financial statements presented this evening. Expenses are at 47% of budget. Areas of higher expenditure are Circulation Materials at 67% of budget and Technology Services at 97% of budget, and Building Expenses at 61% of budget. These areas are front loaded in the fiscal year with purchases of Digital Subscriptions (including MARINet) and payment of Building Insurance. Specifically in the Technology area, most of the cost relates to equipment purchases, which actually belong in the Additions and Improvements area of the financial statements for proper comparison to budget. These expenses will be reclassified for the next financial statement presentation.

Comparison of Expenses to Fiscal Year 2022 and Fiscal Year 2019 indicate similar patterns of Revenue and Expenditure compared to the budget for this time of year, with the exceptions mentioned above. Areas to watch include Building Insurance and Utilities.

DRAFT FOR AGENCY REVIEW

Trustee Richards asked about the ERAF funds being lower than budget. Clerk Johnson explained that, at this time, ERAF from the City of Belvedere has been received in January, but ERAF from the Town of Tiburon is not yet in. It is expected that the full budgeted ERAF will be received, as the budgeted number is the amount recommended by the County as of their August 2022 estimates.

Trustee Hooker asked whether the Library income is fixed, or if there are ways to increase income. Director Duran explained that most of the Library's income comes from the Basic tax, which has increased at approximately 5% per year. ERAF is not certain, and part of the Parcel Tax will expire in 2026 when the original 1997 Library Bonds are paid off. Grants received are generally for specific programs. The Foundation raises additional operational grant money for the Library each year. Libraries have eliminated fines, and this has reduced the Library's income in that category by about \$20,000 per year.

Treasurer Slavitz asked Clerk Johnson to provide an additional Expansion Line of Credit report in future Financials.

Trustee Hooker pointed out that there were errors in the remaining budget amounts for Basic, ERAF, and Parcel Tax lines in the revenue section. Clerk Johnson will correct these errors.

7. Committee Reports

There were no committee reports.

CONSENT CALENDAR

8/9. Motion to approve the Minutes of November 21, 2022, and the Warrants dated months of November and December 2022, made by Treasurer Slavitz, seconded by Vice Chair Johnson.

Roll Call Vote:

Ayes: Ken Weil, Maureen Johnson, Jeff Slavitz, Niran Amir, Lawrence Drew, Anthony Hooker, Roxanne Richards.

Absent: None.

Noes: None.

Motion Passed.

TRUSTEE CONSIDERATIONS:

10. Consideration of Agency Draft Audit for the fiscal year ended June 30, 2022

Vikki Rodriguez of Maze and Associates gave a brief review of the audit, saying that Maze & Associates had expressed a clean opinion, and that no major faults were found in the Library's Internal control, and no difficulties in obtaining information or major corrections to the financials were encountered during the audit. She discussed the Pension and OPEB liabilities, cautioning that the factors used to calculate the amounts for the current year are

based on June 30, 2021 valuations, and are likely to increase substantially when the valuations are updated as of June 30, 2023. The Library should establish a funding plan for both of these liabilities.

MOTION TO APPROVE the Agency Draft Audit for the fiscal year ended June 30, 2022, made by Treasurer Slavitz, seconded by Trustee Amir.

Roll Call Vote:

Ayes: Ken Weil, Maureen Johnson, Jeff Slavitz, Niran Amir, Lawrence Drew, Anthony Hooker, Roxanne Richards.

Absent: None.

Noes: None.

Motion Passed.

11. Solar Power Purchase Agreement Presentation

Director Duran introduced Chuck Hornbrook, and mentioned that he had also made a solar presentation to the Agency in 2020. Mr. Hornbrook asked whether the Agency would act on the solar decision this evening. Director Duran said that this item is a consideration for discussion and possible action.

Mr. Hornbrook said that the Library is the largest public space in Belvedere-Tiburon area, and this should be a basis for thinking in terms of energy savings and public service. He added that he has a 9kW system in his home and that many Public Agencies in Marin County have installed solar, including San Rafael, Fairfax, and Pickleweed Libraries, The Tiburon Town Hall, the Ranch, Larkspur Police Station, and planned for the new Larkspur Library.

Installing solar would showcase the Belvedere-Tiburon Library as a business model for cost reduction and as general example to the community. It would also complement the Library's Green Team goals, and enhance the Library as a hub of the local community.

Mr. Hornbrook continued with his presentation stating solar installations in Marin have been accomplished with a PPA, or Power Purchasing Agreement. Advantages of solar include reduction of greenhouse gases, energy production savings, and community resiliency (with battery storage). For example, with respect to community resiliency, during the past fire-related power outages, citizens were able to charge cell phones at the Tiburon Police Station. This would be a service that the Library could offer. Additionally, solar would be a big step in community leadership and enhance the Belvedere-Tiburon climate action plan.

With the Inflation Reduction Act, nonprofits can pursue an investment tax credit, which would add a 30% bonus to Library solar project if done with a PPA. An investment tax credit on \$100,000 would be \$30,000. Although this would not be available to the Library per se, a PPA would allow an investor/owner of the solar to charge the Library less if that investor/owner received the investment tax credit.

Compensation for exporting excess stored solar to the grid is also currently available. However, utilities desire to discontinue this benefit going forward. There is a waitlist for self-generation incentives at this time. If the Library were considered a resiliency center, \$1 per

hour would be available. The investment tax credit rules will be updated in April, so it would be advantageous to do a solar installation soon.

Trustee Hooker asked if the Library could team with another entity for the solar cost. Mr. Hornbrook said that only utilities and businesses like wineries could “wheel” for cost sharing and economies of scale.

Trustee Drew asked about solar over the parking area. Mr. Hornbrook said that that was possible, but would be more expensive than roof installation. Because the Library’s roof has a large southwest face, this would be the most advantageous installation. For cost savings on the installation, a smaller system could be installed with no exporting, but it would still serve as a model for the community, save some money, and reduce greenhouse gases.

Trustee Richards asked what the upfront cost and storage capacity would be. Mr. Hornbrook said that it would be expensive, at \$30,000 for 17.5 kW. Payback/cost reduction could come from attaining a community resiliency center status, from exporting, or using stored power during high-cost times of day.

Trustees agreed that budget was still an issue as it was in 2020. Treasurer Slavitz asked for a new analysis of possible energy cost savings from the installation. Mr. Hornbrook said that the Library’s energy bills would be needed for an assessment of the load increase since the prior analysis. In addition, he reminded the Agency that the economics will be changing in April, and advised moving quickly.

After some discussion, Trustees agreed that further investigation should be referred to the finance committee, the issues being (1) financial analysis, (2) community benefit analysis, and (3) government agency ethical responsibility.

Trustee Hooker asked what the setup with a PPA would be. Mr. Hornbrook said that the financier would manage its own meter at the Library, look at the Library’s usage, and set up a term agreement for selling the power to the Library. It was noted that there are fewer vendors available for lower kW setup, but there is a visibility attraction for contracting with this community. Trustees agreed to follow up with vendors used by other local government agencies. Treasurer Slavitz added that an analysis of purchase versus PPA would be necessary before going forward.

Chair Weil opened the floor to public comment. George Landau expressed favor for the project. Mr. Hornbrook added that he would be available for additional consultations.

Trustee Amir left the meeting at this time.

12. Consideration of Future Meeting Format

Director Duran said that the California Declaration of Emergency ends on February 28, 2023. AB 2449 extends or amends the teleconferencing rules already in the Brown Act.

AB2449 requirements include timely posting of the meeting Agenda, that the meeting be held near the Library, and that it be in an accessible public space. Trustees can attend remotely for a limited number (2) of meetings during a year, as long as a quorum is physically present at the in-person meeting. AB2449 does not require Trustees to open

their home to the public when attending remotely, but requires infrastructure in place for people to be able to see remote trustees.

The rules for hybrid meetings are complex. The option would be to revert to the Brown Act for in-person only meetings. There is no requirement to commit to either model. However, if a Board Member wishes to meet virtually, the requirements of AB2449 must be met. This is a matter of discussion for the Board regarding whether to commit to hosting hybrid meetings going forward.

The Library does have a challenge to meet in updating its audiovisual technology for hybrid meetings. Equipment would cost about \$2,000, and additional staffing support would be needed. Record keeping would be required for trustee remote attendance.

The Town of Tiburon discussed this issue last week. They will be allowing hybrid mode in March. In June, they will open their space for use by boards and commissions using infrastructure. They are also using outside technical support at \$200 per hour for each meeting. It would be possible for the Library to meet at the Town Hall, and that would require using the \$200 per hour help.

Director Duran asked for direction from the Agency regarding whether staff should research the costs of hybrid meetings, or default to in-person Brown Act covered meetings.

Trustee Richards said that the current technology setup is extremely distracting in terms of meeting, and expressed preference for in-person meetings. She added that cost savings are important at this time.

Deirdre McCrohan, Ark reporter for the Library Agency Meetings expressed the desire for the availability of hybrid meetings because of a personal disability.

Trustee Hooker expressed preference for in-person meetings. Trustee Drew agreed and added that he feels it is preferable going forward even in the face of winter viruses and COVID variants.

Chair Weil said that, because of the cost research and the technology updates that would be required to continue with hybrid meetings, a decision could not yet be made, and that the Agency would have to default to in-person meetings until that research is complete.

The February 13, 2023 meeting will be a traditional in-person meeting.

13. Consideration of Long-Range Planning Committee Members

Director Duran said that, while the Agency had approved the Committee in November, no members had yet been approved.

Trustees Drew, Johnson, and Richards agreed to serve.

Motion to Approve the Long-Range Planning Committee made by Treasurer Slavitz, seconded by Trustee Drew.

Roll Call Vote:

Ayes: Ken Weil, Maureen Johnson, Jeff Slavitz, Lawrence Drew, Anthony Hooker, Roxanne Richards.

Absent: Niran Amir.

Noes: None.

Motion Passed.

14. Meeting Dates

The next Regular BTLA meeting is scheduled for Monday, February 13, 2023 at 6:15pm.

Chair Weil adjourned the meeting at 8:15 pm.

Respectfully Submitted,

Kristin M. Johnson, Clerk of the Belvedere-Tiburon Library Agency Board

BELVEDERE TIBURON LIBRARY AGENCY
 OPERATING WARRANTS
 MONTH OF JANUARY, 2023

Check Date	Check Number	Payee	Fund Code	GL Code	GL Title	Expenses	Check Total
OPERATING HAND CHECKS							
1/5/2023	000486	Diana Marie Estey	100	8240	Library Services & Programs	300.00	300.00
1/9/2023	000487	Aramark	100	8492	Maintenance Contracts	555.72	555.72
1/9/2023	000488	A&P Moving Co.	100	8430	Building Maintenance	100.00	100.00
1/9/2023	000489	Delta Dental of California	100	7110	PERS Insurance Benefits	1,050.96	1,050.96
1/9/2023	000490	Hagel Supply Co	100	8460	Custodial Supplies	146.22	146.22
1/9/2023	000491	Mill Valley Refuse	100	8480	Trash	301.27	301.27
1/9/2023	000492	NBS	310	8920	Fiscal Agent Fees	2,564.12	2,564.12
1/9/2023	000493	Pacific Gas & Electric	100	8490	Gas & Electric	3,640.13	3,640.13
1/9/2023	000494	Project 6 Design	100	8071	Website	1,115.40	1,115.40
1/9/2023	000495	Rebecca Jung	100	8251	Young Adult Programs	121.50	121.50
1/9/2023	000496	TPX Communications	100	8260	Telephone	1,105.15	1,105.15
1/30/2023	000497	US Bank, Fiscal Agent	100	1020	Cash with Fiscal Agent	151,206.00	151,206.00
1/19/2023	000498	Wayne Huey (Red Panda)	100	8250	Children's Programs	750.00	750.00
Total						\$ 162,956.47	\$ 162,956.47
OPERATING PRINTED CHECKS							
1/26/2023	101663	Blackstone Publishing	100	7601	Books & Other Materials	80.00	80.00
1/26/2023	101664	Brenda Bottum	360	9850	Art Committee Expenses	1,211.06	1,211.06
1/26/2023	101665	Caorl Weiss	100	8240	Library Programs & Materials	203.61	203.61
1/26/2023	101666	CCH, Inc	100	7601	Books & Other Materials	223.19	223.19
1/26/2023	101667	Delta Dental	100	7110	PERS Insurance Benefits	1,248.12	1,248.12
1/26/2023	101668	Demco	100	7603	Supplies for Processing	375.66	375.66
1/26/2023	101669	Diane Green	360	9850	Art Committee Expenses	105.88	105.88
1/26/2023	101670	Glaver Cifuentes	100	8450	Janitorial Services	6,225.00	6,225.00
1/26/2023	101671	Ingram Library Services	100	7601	Books & Other Materials	6,472.01	
		Ingram Library Services	100	7602	Vendor Processing Costs	446.46	6,918.47
1/26/2023	101672	Jessica Brandi	100	8240	Library Programs & Materials	21.56	21.56
1/26/2023	101673	Kristin Johnson (Petty Cash)	100	8210	Copier Expense	34.00	
		Kristin Johnson (Petty Cash)	100	8220	Postage	48.93	
		Kristin Johnson (Petty Cash)	100	8850	Office Expense	5.55	
		Kristin Johnson (Petty Cash)	100	8870	Grand Opening	11.52	100.00
1/26/2023	101674	Kurt G Mau	100	8430	Building Maintenance	1,247.35	1,247.35
1/26/2023	101675	Library Ideas	100	7606	Digital Resources & Content	48.00	48.00
1/26/2023	101676	Lucy Churton	360	9850	Art Committee Expenses	25.36	25.36
1/26/2023	101677	Marin IT, Inc.	100	8040	Technical Support	5,027.00	
		Marin IT, Inc.	100	8070	IT Infrastructure	1,467.50	6,494.50
1/26/2023	101678	Maze Associates	100	8835	Audit	2,535.00	2,535.00
1/26/2023	101679	Mechanics Bank	100	2080	Suspense - Credit Card Refund	(663.04)	
		Mechanics Bank	100	7200	Professional Development	425.34	
		Mechanics Bank	100	7601	Books & Other Materials	3.15	
		Mechanics Bank	100	8020	Online Services	89.99	
		Mechanics Bank	100	8035	Computers & Peripherals	89.25	
		Mechanics Bank	100	8071	Website Maintenance	380.65	
		Mechanics Bank	100	8230	Office Supplies	556.66	
		Mechanics Bank	100	8240	Library Programs & Materials	143.62	
		Mechanics Bank	100	8250	Children's Program Supplies	588.61	
		Mechanics Bank	100	8251	Young Adult Programs	315.49	
		Mechanics Bank	100	8460	Custodial Supplies	88.71	
		Mechanics Bank	100	8501	Small Furniture & Fixtures	216.48	
		Mechanics Bank	100	8850	Office Expense	823.09	3,058.00
1/26/2023	101680	Mill Valley Refuse	100	8480	Trash	295.27	295.27
1/26/2023	101681	Mission Square	100	2040	Deferred Comp Deductions	4,050.00	4,050.00
1/26/2023	101682	Option Click Consulting	100	8290	Technology Training Program	180.00	180.00
1/26/2023	101683	Overdrive	100	7606	Digital Resources & Content	1,544.58	1,544.58
1/26/2023	101684	Rekha Dutt	360	9850	Art Committee Expenses	91.96	91.96
1/26/2023	101685	Sarah Zbinden	350	9800	Misc. Gift & Donation Expenditure	2,200.00	2,200.00
1/26/2023	101686	Susan Norton	360	9850	Art Committee Expenses	144.60	144.60
1/26/2023	101687	US Bank Equipment Leasing	100	8210	Copier Expense	1,209.19	1,209.19
						\$ 39,836.36	\$ 39,836.36
TOTAL January Warrants						\$ 202,792.83	\$ 202,792.83

BELVEDERE TIBURON LIBRARY AGENCY
 EXPANSION WARRANTS
 MONTH OF JANUARY, 2023

Check Date	Check Number	Payee	Fund Code	GL Code	GL Title	Expenses	Check Total
EXPANSION - HAND CHECKS							
1/5/2023	000383	Bananas at Large	200	9047	Furniture	12,000.00	12,000.00
1/10/2023	000384	Alten Construction, Inc.	200	9045	Site Work	207,650.24	207,650.24
1/10/2023	000385	Alten Escrow	200	9051	Escrow	10,928.96	10,928.96
1/10/2023	000386	Cori Van Allen	200	9048	Project Management	552.50	552.50
1/10/2023	000387	Forms & Surfances	200	9047	Furniture	7,186.71	7,186.71
1/10/2023	000388	VOID				0.00	0.00
1/10/2023	000389	RAM Print Communications	200	9045	Site Work	14.04	14.04
1/10/2023	000390	Johann Zosseder	200	9047	Furniture	6,950.00	6,950.00
1/13/2023	000391	MB Contract Furniture	200	9047	Furniture	11,150.44	11,150.44
1/13/2023	000392	MB Contract Furniture	200	9047	Furniture	25,758.40	25,758.40
					TOTAL	\$ 282,191.29	\$ 282,191.29



SUSTAINABILITY POLICY

Adopted DATE

The Belvedere Tiburon Library Agency and staff are committed to reducing our organization's environmental footprint and maximizing future generations' ability to live, work, and play in our shared natural environment, with equal access to clean air, clean water, and natural resources.

The Library pledges its commitment to support sustainable principles that follow the triple bottom line definition of sustainability: using environmentally sound, economically feasible, and socially equitable practices. We strive for economic efficiency, to conserve energy and water, support renewable energy resources, minimize pollution and waste, protect habitats, buy environmentally friendly products, and encourage environmentally preferable transportation. These efforts extend to contractor and supplier relationships.

The Agency and staff recognize libraries' vital role in community conversations about resiliency and a sustainable future. Staff at all levels will support our environmental goals and proactively apply sustainable thinking in facilities, operations, policy, collections, technology, programming, and partnerships.

**BELVEDERE-TIBURON LIBRARY AGENCY
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

Final Draft

This Page Left Intentionally Blank

Final Draft

**BELVEDERE-TIBURON LIBRARY AGENCY
 BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2022**

Table of Contents

	<u>Page</u>
Independent Auditor’s Report	1
Management’s Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	10
Statement of Activities.....	11
Fund Financial Statements:	
Balance Sheet – Governmental Fund.....	12
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.....	13
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Fund – General Fund.....	14
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.....	15
Notes to the Basic Financial Statements.....	17
Required Supplementary Information:	
Budgetary Comparison Schedule – General Fund.....	40
Pension Plan:	
Schedule of Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date.....	41
Schedule of Contributions.....	42
Other Post-Employment Benefit Plan:	
Schedule of Changes in the Total OPEB Liability and Related Ratios.....	43

This Page Left Intentionally Blank

Final Draft



INDEPENDENT AUDITOR'S REPORT

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

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and General Fund of the Agency as of June 30, 2022, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management's 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Pleasant Hill, California
[REDACTED], 2023

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, 2022
FINANCIAL HIGHLIGHTS**

From the Statement of Net Position on page 10

The Government-Wide Statement of Net Position shows the Agency's assets of \$24,014,010; Deferred Outflows of \$407,117; Liabilities of \$2,963,393; Deferred Inflows of \$694,810; and a Net Position of \$20,762,924 as of June 30, 2022.

The Agency's Cash, Cash Equivalents, and Investments totaled \$4,518,696 and Net Capital Assets totaled \$19,314,543 at June 30, 2022, representing 19% and 80% of the Agency's Total Assets, respectively.

The Agency's liabilities totaled \$2,963,393 as of June 30, 2022 and consist primarily of net pension liability, accrued bonds and capital lease, compensated absences, accounts payable, and post-employment benefit (OPEB) liability. Subsequent to the June 30, 2022 year-end, liabilities increased by \$2,000,000 due to Expansion Line of Credit borrowing to fund the remaining Expansion costs through January 2023.

From the Statement of Activities on page 11

Total Revenues were \$5,659,499 (\$3,134,499 Operating Revenue and \$2,525,000 Capital Grants). Total Operating Expenses were \$2,732,500, including Depreciation on Capitalized Assets of \$221,693. Since the Expansion Project has not been completed, Capitalized Expansion Costs (shown in the Statement of Net Position) have not yet been depreciated.

Operating Revenues totaled \$3,134,499 (General Revenues \$3,124,422, Program Revenues \$1,294, and Operating Designated Grants of \$8,783). Operating Expenses were \$2,732,500. Net Operating Activity was \$401,999.

Capital grant revenue totaled \$2,525,000, and, combined with the Net Operating Activity of \$401,999, provided an Increase in Net Position of \$2,926,999.

Expansion Activity Note:

Reserve contributions to the Expansion were \$1,000,000 and Line of Credit Borrowing was \$1,000,000, added to the Grant Revenue of \$2,525,000 totaled Capital Project inflow of \$4,525,000. Capitalized expansion expenditures (Construction in Progress, Note 5) totaled \$4,425,837. **Although Grant Activity IS included in the Statement of Activities, Reserve Activity, Borrowing, and Capitalized Expenditures are NOT included on the Statement of Activities, but DO affect the Balances in the Statement of Net Position.**

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE
FISCAL YEAR ENDED JUNE 30, 2022
OVERVIEW OF FINANCIAL STATEMENTS

From the Governmental Funds Statements on pages 12 and 14 and Budget Analysis on page 40

General fund balances decreased by \$823,036, a variance of \$841,035 under budget, mostly due to Expansion variances.

Operations: Library Operating activity resulted in a Net Income of \$92,594, which was \$74,595 over budget.

Expansion: Expansion Grants were under budget by \$1,529,161. Borrowing inflow was under budget by \$1,992,837 due to a delay in borrowing until after year-end. Expansion Cost Capitalizations were \$2,621,161 under budget due to delayed completion of the project until after year-end. Net Capital Activities were under budget by \$915,630.

Grants from the Belvedere Tiburon Library Foundation totaled \$2,225,000 in Expansion Grants only. Additional Expansion Contributions received were \$150,000 from the Town of Tiburon and \$150,000 from the City of Belvedere. Inception to date grant details are found in Note 10 to the financial statements on page 37.

Personnel costs include Staffing, Retirement and Health Benefits, Payroll Tax Expense, Insurance, and Professional Development Costs. The total Personnel costs were \$1,919,557 in 2021 and \$2,144,991 in 2022, a 12% increase over the prior year mostly due to vacation payout for Library Director Retirement.

Services and Supplies include circulation materials and data, except for book acquisitions which are capitalized, i.e., included in capital assets on the statement of net position rather than in expenditures. The capitalized collection is depreciated over 7 years.

Total Resource Expenditures before this capitalization of books were \$361,098 in 2021 and \$380,695 in 2022, a 5% increase due to an increase in purchases for the Expansion Grand Opening.

Capitalized Resource Costs (books) totaled \$98,097 in 2021 and \$113,817 in 2022, a 16% increase, due to an increase in purchases for the Expansion Grand Opening.

Expensed Resource Collection Costs including print subscriptions, digital content, and database costs were \$263,001 in 2021 and \$266,878 in 2022, a 1% increase.

The Services and Supplies category also includes Programs, Facilities, and non-capitalized Technology and Equipment and Maintenance costs.

Total Services and Supplies was \$587,947 in 2021 and \$766,746 in 2022, a 30% increase from the prior year due to hiring of monthly Technical Support Contractor, Building Insurance doubling, and Temporary Restroom and Collection Storage costs.

Debt Service Cost for the year on the limited obligation bonds was \$117,550 for principal and interest, plus \$11,869 in fiscal agent fees in accordance with the CFD1995-1 Bond Issue Agreement. Expansion Debt Service has not yet commenced at fiscal 2022 year-end.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
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. These statements take into account Capital Asset and Long-Term Debt activities.

The Statement of Net Position presents information on all of the Agency's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between them 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. The governmental funds statements do not include capital assets and long-term liabilities and give an indication of the Agency's Operating Position.

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, retirement costs, and other post-employment benefits are recorded.

Notes to the basic financial statements are found on pages 17-38.

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

Required supplementary information is found on pages 40-43.

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, 2022
GOVERNMENT-WIDE FINANCIAL

ANALYSIS

Analysis of Net Position
From the Statement of
Net Position on
Page 10

	Governmental Activities		Total Percent
	2022	2021	Change
Cash, cash equivalents and investments	\$ 4,518,696	\$ 4,992,700	-9%
Capital assets, net	19,314,543	14,981,789	29%
Other assets	180,771	816,277	-78%
Total assets	24,014,010	20,790,766	16%
Deferred outflows (Pension & OPEB)	407,117	397,199	2%
Total deferred outflows	407,117	397,199	2%
Series 1996 bonds & capital lease, net	500,000	588,839	-15%
Expansion Line of Credit	1,000,000	0	
Net Pension liability	578,652	1,312,187	-56%
Net Postemployment benefit (OPEB)	400,078	328,480	22%
Other liabilities	484,663	973,724	-50%
Total liabilities	2,963,393	3,203,230	-7%
Deferred inflows (Pension & OPEB)	694,810	148,810	367%
Total deferred outflows	694,810	148,810	367%
Net investment in capital assets	17,814,543	14,392,950	24%
Restricted and Unrestricted	2,948,381	3,442,975	-14%
Net position	\$ 20,762,924	\$ 17,835,925	16%

Net position serves over time as a useful indicator of the Agency's financial position: Assets exceeded liabilities by \$20,762,924 as of June 30, 2022. This number is comprised of three components:

Net investment in capital assets	17,814,543
Restricted Assets	90,250
Unrestricted assets	<u>2,858,131</u>
Total net position	<u>\$20,762,924</u>

Net investment in capital assets consists of capital 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, 2022
GOVERNMENT-WIDE FINANCIAL
ANALYSIS

Analysis of Changes in Net Position
From the Statement of Activities on Page 11

	Governmental Activities		\$ Change	% Change
	2022	2021		
PROGRAM EXPENSES:				
Library Services				
Personnel Cost	\$2,144,990	\$1,919,557	\$225,433	12%
Pension and OPEB Adjustments	(328,441)	307,307	(635,748)	-207%
Total Personnel Services	1,816,549	2,226,864	(410,315)	-18%
Materials and Programs	652,929	493,823	159,106	32%
Depreciation and Amortization	221,693	247,646	(25,953)	-10%
Bond Interest & Fiscal Agent Fees	41,329	46,743	(5,414)	-12%
Total Program Expenses	2,732,500	3,015,076	(282,576)	-9%
PROGRAM REVENUES:				
Charges for Services	1,294	573	721	126%
Grants and Contributions	2,533,783	7,314,196	(4,780,413)	-65%
Total Program Revenues	2,535,077	7,314,769	(4,779,692)	-65%
GENERAL REVENUES:				
Property Taxes	3,111,722	2,941,213	170,509	6%
Investment Earnings	12,700	22,230	(9,530)	-43%
Total General Revenues	3,124,422	2,963,443	160,979	5%
Increase in Net Position	2,926,999	7,263,136	(4,336,137)	-60%
Net Position - Beginning of Year	17,835,925	10,572,789	7,263,136	69%
Net Position - End of Year	\$20,762,924	\$17,835,925	\$2,926,999	16%

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE
FISCAL YEAR ENDED JUNE 30, 2022
GOVERNMENTAL FUNDS CHANGES ANALYSIS
From the Statement of Revenues, Expenditures, and
Changes in Fund Balances on Page 14

The following schedule presents a comparison of general fund revenues and expenditures for the fiscal year ended June 30, 2022 to the prior fiscal year.

	Governmental Funds Analysis		\$ Change	% Change
	2022	2021		
Basic Library Tax	\$2,213,304	\$2,081,998	\$131,306	6%
Parcel Tax	277,599	277,316	283	0%
ERAF	620,819	581,899	38,920	7%
Total intergovernmental	3,111,722	2,941,213	170,509	6%
Private Grants & Contributions:				
BTLF and Local government	2,525,000	7,299,475	(4,774,475)	-65%
Miscellaneous Grants & Contributions	8,783	14,721	(5,938)	-40%
Charges for Services	1,294	573	721	126%
Investment Earnings	12,700	22,230	(9,530)	-43%
Total Revenues	5,659,499	10,278,212	(4,618,713)	-45%
Salaries and Benefits	2,144,991	1,919,557	225,434	12%
Services and Supplies	766,746	587,947	178,799	30%
Principal	88,839	80,000	8,839	11%
Interest and Fiscal Agent Fees	41,329	46,743	(5,414)	-12%
Capital Outlay	4,440,630	7,372,994	(2,932,364)	-40%
Total Expenditures	7,482,535	10,007,241	(2,524,706)	-25%
Excess of Revenues over Expenditures	(1,823,036)	270,971	(2,094,007)	-773%
Proceeds from Line of Credit	1,000,000		1,000,000	
Net Change in Fund Balance	(823,036)	270,971	(1,094,007)	-404%
Fund Balances, Beginning of Year	5,181,412	4,910,441	270,971	6%
Fund Balances, End of Year	\$4,358,376	\$5,181,412	(\$823,036)	-16%

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE
FISCAL YEAR ENDED JUNE 30, 2022
GOVERNMENTAL FUNDS SUMMARY
From the Balance Sheet on Page 12

	<u>June 30, 2021</u>	<u>Increase / (Decrease)</u>	<u>June 30, 2022</u>
Nonspendable deposits	\$ 39,633	\$ (8,933)	\$ 30,700
Restricted for building expansion	1,000,000	(1,000,000)	-
Restricted for debt service	102,550	(12,300)	90,250
Restricted for library programs	66,155	(66,155)	-
Committed for operations	3,381,740	288,892	3,670,632
Committed for Insurance	274,540	(24,540)	250,000
Committed for building maintenance	316,794	-	316,794
	<u>\$ 5,181,412</u>	<u>\$ (823,036)</u>	<u>\$ 4,358,376</u>

HISTORY AND ECONOMIC FACTORS

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

Building reserves are normally being funded on a yearly basis to pay for building upgrades and maintenance, including roofing, carpeting, or other important facility items. In Fiscal Year 2022, no amount was added to the Building Reserve, as financial focus was on the building expansion. In Fiscal Year 2018, \$500,000 of the Building Reserve and \$500,000 of previously Unassigned Reserves were transferred to a newly established Library Expansion Reserve of \$1,000,000, and any remaining funds each year will be Reserved for Operations per Agency Resolution No. 235-2017. Insurance Reserves were increased in 2021 to meet the SDRMA Policy flood deductible at that time. The \$1,000,000 Expansion Reserve was used in full in Fiscal Year 2022 toward the funding of the Project.

The Agency is presently completing the final minor touches on the expansion of the library in December 2022 and January 2023. 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. Substantial completion of the expansion was achieved in September of 2022. For additional information regarding the progress of the expansion project, please refer to the Agency's website under "Library Expansion."

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, 2022**

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash, cash equivalents and investments (Note 3)	\$4,518,696
Accounts and interest receivable (Note 4)	150,071
Prepays	20,189
Security deposit	10,511
Total current assets	<u>4,699,467</u>
Noncurrent assets:	
Nondepreciable capital assets (Note 5)	18,490,470
Depreciable capital assets, net (Note 5)	824,073
Total capital assets, net of accumulated depreciation	<u>19,314,543</u>
Total Assets	<u>24,014,010</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to pension (Note 8)	291,158
Related to OPEB (Note 9)	115,959
Total Deferred Outflows of Resources	<u>407,117</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	341,091
Long-term debt - due within one year (Note 6)	159,487
Total current liabilities	<u>500,578</u>
Non-current liabilities:	
Compensated absences - due in more than one year (Note 2F)	143,572
Long-term debt - due in more than one year (Note 6)	1,340,513
Net Pension Liability (Note 8)	578,652
Net OPEB Liability (Note 9)	400,078
Total Liabilities	<u>2,963,393</u>
DEFERRED INFLOWS OF RESOURCES	
Related to pension (Note 8)	625,748
Related to OPEB (Note 9)	69,062
Total Deferred Inflows of Resources	<u>694,810</u>
NET POSITION (Note 7A)	
Net investments in capital assets	17,814,543
Restricted	90,250
Unrestricted	2,858,131
Total Net Position	<u>\$20,762,924</u>

See accompanying notes to financial statements

BELVEDERE-TIBURON LIBRARY AGENCY
(A California Joint Exercise of Powers Agency of the
Town of Tiburon and the City of Belvedere and
A California Community Facilities District)
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Governmental Activities</u>
PROGRAM EXPENSES:	
Library services:	
Personnel services	\$1,816,549
Materials and services	652,929
Depreciation and amortization	221,693
Interest	41,329
Total Program Expenses	<u>2,732,500</u>
PROGRAM REVENUES:	
Charges for services	1,294
Operating grants and contributions	8,783
Capital grants and contributions	2,525,000
Total Program Revenues	<u>2,535,077</u>
Net Program Income (Loss)	<u>(197,423)</u>
GENERAL REVENUES:	
Property taxes	3,111,722
Investment earnings	12,700
Total General Revenues	<u>3,124,422</u>
Increase in Net Position	2,926,999
Net position - beginning of year	<u>17,835,925</u>
Net position - end of the year	<u><u>\$20,762,924</u></u>

See accompanying notes to basic financial statements.

BELVEDERE-TIBURON LIBRARY AGENCY

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

**BALANCE SHEET
GOVERNMENTAL FUND - GENERAL FUND
JUNE 30, 2022**

ASSETS

Cash, cash equivalents and investments (Note 3)	\$4,518,696
Accounts and interest receivable (Note 4)	150,071
Prepays	20,189
Deposits	10,511
	<hr/>
Total Assets	\$4,699,467
	<hr/> <hr/>

LIABILITIES AND FUND BALANCES**Liabilities:**

Accounts payable and accrued liabilities	\$341,091
	<hr/>
Total Liabilities	341,091
	<hr/> <hr/>

Fund Balances (Note 7B):

Nonspendable for prepaids and deposits	30,700
Restricted for:	
Debt service	90,250
Committed for:	
Operations	3,670,632
Insurance	250,000
Building maintenance	316,794
	<hr/>
Total Fund Balances	4,358,376
	<hr/> <hr/>
Total Liabilities and Fund Balances	\$4,699,467
	<hr/> <hr/>

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, 2022**

Total Fund Balances - Governmental Funds \$4,358,376

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	\$24,470,544	
Less: Accumulated depreciation	<u>(5,156,001)</u>	19,314,543

Deferred outflows of resources related to pension		291,158
Deferred outflows of resources related to OPEB		115,959

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	(1,500,000)	
Compensated absences	(143,572)	
Net Pension Liability	(578,652)	
Net OPEB Liability	(400,078)	
Deferred inflows of resources related to pension	(625,748)	
Deferred inflows of resources related to OPEB	<u>(69,062)</u>	<u>(3,317,112)</u>

Net Position - Governmental Activities \$20,762,924

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, 2022**

REVENUES

Intergovernmental:	
Basic library tax	\$2,213,304
Parcel tax	277,599
ERAF	620,819
Total Intergovernmental	<u>3,111,722</u>
Grants and contributions (Note 10):	
Belvedere-Tiburon Library Foundation	2,225,000
City of Belvedere - expansion	150,000
Town of Tiburon - expansion	150,000
Miscellaneous gifts and donations	8,783
Charges for service	1,294
Investment earnings	<u>12,700</u>
Total Revenues	<u><u>5,659,499</u></u>

EXPENDITURES

Current - Library Services:	
Personnel costs	2,144,991
Services and supplies	766,746
Debt service:	
Principal	88,839
Interest	41,329
Capital outlay	<u>4,440,630</u>
Total Expenditures	<u><u>7,482,535</u></u>

Excess (Deficiency) of Revenues over Expenditures before Other Financing Sources (Uses)	(1,823,036)
--	-------------

OTHER FINANCING SOURCES (USES)

Proceeds from Line of Credit	<u>1,000,000</u>
------------------------------	------------------

Total Other Financing Sources (Uses) 1,000,000

Net Change in Fund Balance (823,036)

Fund Balances, Beginning of Year 5,181,412

Fund Balances, End of Year \$4,358,376

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, 2022**

Net Changes in Fund Balances - Governmental Funds (\$823,036)

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	\$4,440,630	
Services and supplies (Books)	113,817	
Depreciation and amortization expense	<u>(221,693)</u>	4,332,754

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	202,587
Change in pension liabilities	169,173
Change in OPEB liabilities	(43,318)

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.

Proceeds from line of credit are deducted from fund balance	(1,000,000)
Principal repayments on Series 1996 Bonds	<u>88,839</u>

Changes in Net Position - Governmental Activities \$2,926,999

See accompanying notes to basic financial statements.

**BELVEDERE-TIBURON LIBRARY AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

NOTE 1 – ORGANIZATION

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Government-Wide Financial Statements

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

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

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

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

**BELVEDERE-TIBURON LIBRARY AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

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, 2022, operating expenditures exceeded of the Agency's budget in the amount of \$12,428, however, revenues were sufficient to cover the expenditures.

E. Cash and Cash Equivalents

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

BELVEDERE-TIBURON LIBRARY AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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. During fiscal year ended June 30, 2022, as a result of the COVID-19 pandemic, the Agency allowed employees to accrue more than their maximum hours. This allowance is expected to be temporary.

At the close of each fiscal year, a liability is recorded based on the accumulated time for employees at their current salary. The General Fund has been used to liquidate compensated absences. The balance of accrued compensated absences as of June 30, 2022 was \$143,572.

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. Leases

A lease is defined as a contract that conveys control for the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles and equipment. The Agency will record significant leases.

I. 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.

**BELVEDERE-TIBURON LIBRARY AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

J. 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.

K. 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.

**BELVEDERE-TIBURON LIBRARY AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS Continued)

Cash, cash equivalents and investments consist of the following at June 30, 2022:

<i>Held by Agency:</i>	
Petty cash and change fund	\$200
Deposits with financial institutions	920,653
Local Agency Investments Fund	3,380,487
<i>Held by Fiscal Agent:</i>	
Money Market Mutual Fund	217,356
Total Cash, Cash Equivalents and Investments	\$4,518,696

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, 2022, these investments matured in an average of 311 days.

**BELVEDERE-TIBURON LIBRARY AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS Continued)

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.

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, 2022:

Parcel Tax	\$4,333
Basic Tax	46,560
ERAF	56,572
LAIF Interest	5,362
Library Expansion	34,385
Other Receivables	2,859
	\$150,071
	\$150,071

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.

BELVEDERE-TIBURON LIBRARY AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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.

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, 2022, was as follows:

	Balance June 30, 2021	Additions/ Transfers	Balance June 30, 2022
Non-depreciable assets:			
Land	\$1,606,560		\$1,606,560
Construction-in-progress	12,458,073	\$4,425,837	16,883,910
Total non-depreciable asse	<u>14,064,633</u>	<u>4,425,837</u>	<u>18,490,470</u>
Depreciable assets:			
Books	2,868,171	113,817	2,981,988
Buildings and improvements	2,351,952		2,351,952
Computers and equipment	173,656		173,656
Furniture and fixtures	314,396	1,974	316,370
Website	143,289	12,819	156,108
Sub-total	<u>5,851,464</u>	<u>128,610</u>	<u>5,980,074</u>
Accumulated depreciation:			
Books	(2,518,072)	(106,171)	(2,624,243)
Buildings and improvements	(1,881,553)	(78,398)	(1,959,951)
Computers and equipment	(155,174)	(8,257)	(163,431)
Furniture and fixtures	(292,546)	(6,566)	(299,112)
Website	(86,963)	(22,301)	(109,264)
Sub-total	<u>(4,934,308)</u>	<u>(221,693)</u>	<u>(5,156,001)</u>
Total depreciable assets, n	<u>917,156</u>	<u>(93,083)</u>	<u>824,073</u>
Capital assets, net	<u>\$14,981,789</u>	<u>\$4,332,754</u>	<u>\$19,314,543</u>

BELVEDERE-TIBURON LIBRARY AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 5 – CAPITAL ASSETS (Continued)

Construction in progress costs include planning and pre-development costs (architectural, environmental reporting, planning, etc.) related to the expansion of the existing library facility. The Agency entered into an agreement with the Town of Tiburon in 2007 to transfer the rights to use adjacent property to facilitate the expansion project which expired on July 5, 2013. The Agency amended the agreement on December 5, 2012 which extended the expiration date to August 1, 2017. The Agency subsequently amended the agreement on May 15, 2017 which extended the expiration date to August 1, 2022. The Town shall transfer the title of the property to the Agency within sixty (60) days of written notice of obtaining satisfactory evidence of sufficient funds to complete the expansion project. As of January 2023, the final details of the library expansion project are near completion.

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, 2022:

	<u>Balance</u> <u>June 30, 2021</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Due within</u> <u>one year</u>
<i>Governmental Activities:</i>					
Series 1996 Special Tax Bonds	\$585,000		\$85,000	\$500,000	\$90,000
2016 Copier Capital Leases	3,839		3,839		
Expansion Line of Credit		\$1,000,000		1,000,000	69,487
	<u>\$588,839</u>	<u>\$1,000,000</u>	<u>\$88,839</u>	<u>\$1,500,000</u>	<u>\$159,487</u>

1996 Special Tax Bonds

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

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$90,000	\$27,300	\$117,300
2024	95,000	21,750	116,750
2025	100,000	15,900	115,900
2026	105,000	9,750	114,750
2027	110,000	3,300	113,300
Total	<u>\$500,000</u>	<u>\$78,000</u>	<u>\$578,000</u>

**BELVEDERE-TIBURON LIBRARY AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

NOTE 6 – LONG-TERM DEBT (Continued)

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. The lease was fully paid off as of June 30, 2022.

Mechanics Bank Line of Credit – Direct Borrowing

In February 2018, the Agency was approved for a line of credit (LOC) in an amount not to exceed \$4,000,000, for the purpose of bridging fundraising efforts of the capital campaign for the library expansion. The LOC bears interest of 4.5-5.0%. As of June 30, 2022, the Agency drew down \$1,000,000 on the LOC, and paid \$2,600 in interest during the fiscal year.

In August 2022, subsequent to year-end, the Agency borrowed an additional \$2,000,000, and will commence making monthly payments of principal and interest of \$16,000 in September 2022, with a balloon payment for the remaining balance due on February 7, 2026.

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:

BELVEDERE-TIBURON LIBRARY AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 7 – NET POSITION AND FUND BALANCE (Continued)

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, 2022 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.

BELVEDERE-TIBURON LIBRARY AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 8 – PENSION PLAN (Continued)

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

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

The Plan is discussed in detail below.

B. CalPERS Plan (Miscellaneous)

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

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

The Plan's provisions and benefits in effect at June 30, 2022 are summarized as follows:

	Miscellaneous	
	Classic	PEPRA
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-67 or older	52-67 or older
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7.0%	6.75%
Required employer contribution rates	10.34%	7.59%

BELVEDERE-TIBURON LIBRARY AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 8 – PENSION PLAN (Continued)

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, 2022, the contributions recognized as part of pension expense for the Plan was as follows:

	<u>Miscellaneous</u>
Contributions - employer	<u>\$129,489</u>

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - As of June 30, 2022, the Agency reported net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous - Classic & PEPRA	<u>\$578,652</u>

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, 2021, 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, 2020 rolled forward to June 30, 2021 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, 2020 and 2021 was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2020	0.031111%
Proportion - June 30, 2021	<u>0.01372%</u>
Change - Increase (Decrease)	<u>-0.01739%</u>

BELVEDERE-TIBURON LIBRARY AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 8 – PENSION PLAN (Continued)

For the year ended June 30, 2022, the Agency recognized pension expense of (\$169,173). At June 30, 2022, the Agency reported deferred outflows of resources and deferred inflows of resources related to the Miscellaneous Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$129,489	
Differences between actual and expected experience	64,890	
Changes in assumptions		
Net differences between projected and actual earnings on plan investments		(\$505,133)
Net difference in actual contribution and proportion contributions		(120,615)
Adjustment due to differences in proportions	<u>96,779</u>	
Total	<u>\$291,158</u>	<u>(\$625,748)</u>

\$129,489 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, 2023. The Agency does not incur any amount for pension contributions subsequent to measurement date related to deferred outflows of resources. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Fiscal Year Ended June 30</u>	<u>Annual Amortization</u>
2023	(\$101,325)
2024	(103,502)
2025	(119,659)
2026	<u>(139,593)</u>
Total	<u>(\$464,079)</u>

BELVEDERE-TIBURON LIBRARY AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 8 – PENSION PLAN (Continued)

Actuarial Assumptions – For the measurement period ended June 30, 2021, the total pension liability was determined by rolling forward the June 30, 2020 total pension liability. The June 30, 2021 total pension liability was based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
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%
Payroll Growth	3.00%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.5% (1)
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds (2)
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

- (1) Net of pension plan investment and administrative 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 CalPERS website.

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.

BELVEDERE-TIBURON LIBRARY AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 8 – PENSION PLAN (Continued)

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.

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)
Public Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation assets	0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0%	-0.92%
Total	<u>100%</u>		

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

**BELVEDERE-TIBURON LIBRARY AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

NOTE 8 – PENSION PLAN (Continued)

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	\$1,477,245
Current Discount Rate	7.15%
Net Pension Liability	\$578,652
1% Increase	8.15%
Net Pension Liability	(\$164,202)

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

Reduction of CalPERS Discount Rate - On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy approved by the CalPERS Board in 2015, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the CalPERS Board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense, but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the CalPERS Board. These new assumptions will be reflected in the CalPERS GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

**BELVEDERE-TIBURON LIBRARY AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

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, 2022:

Eligibility	<ul style="list-style-type: none"> • Retire directly from Library under CalPERS - Service - Age 50 & 5 years CalPERS service, or - Disability 										
Retiree Medical Benefit	<p>Library contributes PEMHCA minimum retirees participating in PEMHCA medical plan:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; border-bottom: 1px solid black;">Year</th> <th style="text-align: center; border-bottom: 1px solid black;">PEMHCA Minimum</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2019</td> <td style="text-align: right;">\$ 136</td> </tr> <tr> <td style="text-align: center;">2020</td> <td style="text-align: right;">139</td> </tr> <tr> <td style="text-align: center;">2021</td> <td style="text-align: right;">143</td> </tr> <tr> <td style="text-align: center;">2022+</td> <td style="text-align: right;">Increase at CPI-U Medical</td> </tr> </tbody> </table>	Year	PEMHCA Minimum	2019	\$ 136	2020	139	2021	143	2022+	Increase at CPI-U Medical
Year	PEMHCA Minimum										
2019	\$ 136										
2020	139										
2021	143										
2022+	Increase at CPI-U Medical										
Surviving Spouse Benefit	<ul style="list-style-type: none"> • Surviving spouse coverage based on retirement plan election • Same benefit continues to surviving spouse 										
Other OPEB	<ul style="list-style-type: none"> • No dental, vision, life insurance or Medicare reimbursement 										
Implied Subsidy	<ul style="list-style-type: none"> • Participating retirees pay active rates vs actual cost • Implied subsidy included in valuation 										

For the year ended June 30, 2022, the Agency's contributions to the Plan were \$7,926.

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the measurement date of June 30, 2021:

Active employees	15
Inactive employees or beneficiaries currently receiving benefit payments	4
Inactive employees entitled to but not yet receiving benefit payments	3
Total	22

BELVEDERE-TIBURON LIBRARY AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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, 2021 and was determined by an actuarial valuation dated June 30, 2021 to determine the June 30, 2022 total OPEB liability as of June 30, 2021, based on the following actuarial methods and assumptions:

	Actuarial Assumptions
Actuarial Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Actuarial Assumptions:	
Discount Rate	- 2.16% at June 30, 2021 (Bond Buyer 20-bond Index) - 2.21% at June 30, 2020 (Bond Buyer 20-bond Index)
General Inflation	2.50% per annum
Salary Increases	- Aggregate - 2.75% annually - Merit - CalPERS 2000-2019 Experience Study
Mortality, Retirement, Disability, Termination	CalPERS 2000-2019 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2021 - Non-Medicare - 6.5% for 2023, decreasing to an ultimate rate of 3.75% in 2076
Medical Trend	- Medicare - 5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076
PEMHCA Minimum Increase	4.00% per year
Medical Participation at Retirement	- Currently covered - 60% - Currently waived - 30%
Medical Plan at Retirement	- Currently covered - same as current election - Currently waived - Kaiser

BELVEDERE-TIBURON LIBRARY AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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, 2021 Reporting Date	\$328,480
Changes Recognized for the Measurement Period:	
Service cost	40,773
Interest on the total OPEB liability	8,073
Actual vs. expected experience	61,418
Changes of assumptions	(30,782)
Benefit payments	(7,884)
Net changes	71,598
Balance at June 30, 2022 Reporting Date	\$400,078

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 (1.16%) or 1-percentage-point higher (3.16%) than the current discount rate:

Total OPEB Liability/(Asset)		
Discount Rate -1%	Current Discount Rate	Discount Rate +1%
(1.16%)	(2.16%)	(3.16%)
\$469,870	\$400,078	\$343,960

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

Total OPEB Liability/(Asset)		
Current Healthcare Cost		
1% Decrease	Trend Rates	1% Increase
\$330,570	\$400,078	\$491,180

BELVEDERE-TIBURON LIBRARY AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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, 2022, the Agency recognized OPEB expense of \$43,318. At June 30, 2022, the Agency reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Employer contributions made subsequent to the measur	\$7,926	
Differences between actual and expected experience	54,594	(\$27,239)
Changes of assumptions	<u>53,439</u>	<u>(41,823)</u>
Total	<u>\$115,959</u>	<u>(\$69,062)</u>

\$7,926 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, 2023. 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:

<u>Fiscal Year Ended June 30</u>	<u>Annual Amortization</u>
2023	\$2,360
2024	2,360
2025	2,360
2026	5,088
2027	6,501
Thereafter	<u>20,302</u>
Total	<u>\$38,971</u>

BELVEDERE-TIBURON LIBRARY AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 10 –GRANTS AND CONTRIBUTIONS

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, 2022) consist of the following:

	Grant Revenue		
	Inception-to-Date June 30, 2021	Total Grants Fiscal Year 2022	Inception-to-Date June 30, 2022
<u>Construction:</u> Original Building 1997	\$1,959,581		\$1,959,581
<u>Construction:</u> Library Expansion 2019	11,443,675	\$2,225,000	13,668,675
<u>Collection</u> - Original Book Collection 1997-2001	882,534		882,534
<u>Collection</u> -BTLF (Foundation) Annual Appeal	1,318,138		1,318,138
<u>Collection</u> - BTLF's Corner Books	224,000		224,000
<u>Programs & Operations</u> - BTLF Endowments	1,228,951		1,228,951
<u>Programs</u> - BTLF's Bookmarks	324,412		324,412
Total Belvedere Tiburon Library Foundation Grants	\$17,381,291	\$2,225,000	\$19,606,291

Expansion grant revenues from other sources consist of the following:

	Inception-to-Date June 30, 2021	Total Grants Fiscal Year 2022	Inception-to-Date June 30, 2022
Town of Tiburon Expansion Contributions	\$300,000	\$150,000	\$450,000
City of Belvedere Expansion Contributions		150,000	150,000
	\$300,000	\$300,000	\$600,000

BELVEDERE-TIBURON LIBRARY AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 11 – RISK MANAGEMENT

The Agency is a member of the Special District Risk Management Authority (SDRMA), which provides General and Auto Liability, Public Officials' and Employees' Errors and Omissions and Employment Practices Liability. The total risk financing limits are \$5.0 million, with a combined single limit at \$5.0 million per occurrence, subject to the following deductibles:

- \$500 per occurrence for third party general liability property damage;
- \$1,000 per occurrence for third party auto liability property damage;
- 50% co-insurance of cost expended by SDRMA, in excess of \$10,000 up to \$50,000, per occurrence, for employment related claims.

The policy also includes Employee Dishonesty Coverage of \$1,000,000 per loss; Property Loss insurance of one billion per occurrence, subject to a deductible of \$1,000; Boiler and Machinery up to \$100 million per occurrence, subject to a \$1,000 deductible; Catastrophic Loss subject to a \$500,000 deductible; and Public Officials Personal Liability of \$500,000 per occurrence, with an annual aggregate of \$500,000 per each elected/appointed official, subject to a deductible of \$500 per claim.

Workers' Compensation Coverage and Employer's Liability is also included with statutory limits per occurrence for Workers' Compensation and \$5.0 million for Employer's Liability coverage.

The Agency does not have any liability for uninsured claims, including estimated claims incurred but not reported for fiscal year ended June 30, 2022. Settlements have not exceeded insurance coverage in the past three years.

The Agency paid \$77,664 in premiums during fiscal year ended June 30, 2022. Audited financial statements may be obtained from SDRMA Services, 1112 I St #300, Sacramento, CA 95814

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Library Expansion Project

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

During fiscal year ended June 30, 2022, the City of Belvedere contributed \$150,000 towards the library expansion project.

In September 2019, the Agency awarded a bid for the Library Expansion project construction services to Alten Construction, Inc, with change orders through January 2023 for a total contract of \$14,377,472. The construction began during fiscal year ended June 30, 2020. Funds will come from the Belvedere-Tiburon Library Foundation and the Mechanics Bank line of credit. Fundraising by the Foundation continues in order to reduce the need to use the line of credit.

REQUIRED SUPPLEMENTARY INFORMATION

Final Draft

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, 2022

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
Operating Revenues:			
Intergovernmental:			
Basic library tax	\$2,159,580	\$2,213,304	\$53,724
Parcel tax	275,000	277,599	2,599
ERAF	523,000	620,819	97,819
Total intergovernmental	<u>2,957,580</u>	<u>3,111,722</u>	<u>154,142</u>
Operating grants & contributions:			
Belvedere-Tiburon Library Foundation - Operating	60,000		(60,000)
Miscellaneous gifts & donations	30	8,783	8,753
Charges for services	9,900	1,294	(8,606)
Investment earnings	19,966	12,700	(7,266)
Total Operating Revenues	<u>3,047,476</u>	<u>3,134,499</u>	<u>87,023</u>
Operating Expenditures:			
Current - Library Services:			
Personnel costs	2,065,293	2,144,991	(79,698)
Services and supplies	834,134	766,746	67,388
Debt service:			
Principal	85,000	88,839	(3,839)
Interest and fiscal charges	45,050	41,329	3,721
Total Operating Expenditures	<u>3,029,477</u>	<u>3,041,905</u>	<u>(12,428)</u>
Excess of revenues over expenditures, before capital activities	<u>17,999</u>	<u>92,594</u>	<u>74,595</u>
Capital Activities:			
Expansion grants & contributions:			
Belvedere-Tiburon Library Foundation	3,754,161	2,225,000	(1,529,161)
City of Belvedere	150,000	150,000	
Town of Tiburon	150,000	150,000	
Other financing source: LOC	2,992,837	1,000,000	(1,992,837)
Capital outlay:			
Expansion	(7,046,998)	(4,425,837)	2,621,161
Other		(14,793)	(14,793)
Total Capital Activities, Net	<u>-</u>	<u>(915,630)</u>	<u>(915,630)</u>
Change in fund balance	<u>\$17,999</u>	<u>(823,036)</u>	<u>(\$841,035)</u>
Fund balances, beginning of year		<u>5,181,412</u>	
Fund balances, end of year		<u>\$4,358,376</u>	

BELVEDERE-TIBURON LIBRARY AGENCY

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

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

Measurement Date	Miscellaneous Plan				
	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
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

Measurement Date	Miscellaneous Plan		
	6/30/2019	6/30/2020	6/30/2021
Plan's proportion of the Net Pension Liability (Asset)	0.02928%	0.03111%	0.01372%
Plan's proportion share of the Net Pension Liability (Asset)	\$1,172,442	\$1,312,187	\$578,652
Plan's Covered Payroll	\$1,223,832	\$1,297,054	\$1,325,201
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	95.80%	101.17%	43.67%
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	77.73%	77.71%	90.49%

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

BELVEDERE-TIBURON LIBRARY AGENCY

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

SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ended June 30	Miscellaneous Plan							
	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution (actuarially determined)	\$116,149	\$115,449	\$138,093	\$110,838	\$103,885	\$183,918	\$130,093	\$129,489
Contributions in relation to the actuarially determined contributions	(116,149)	(115,449)	(138,093)	(110,838)	(103,885)	(183,918)	(130,093)	(129,489)
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Covered payroll	\$1,081,598	\$1,129,322	\$1,139,794	\$1,186,789	\$1,223,832	\$1,297,054	\$1,325,201	\$1,363,641
Contributions as a percentage of covered payroll	10.74%	10.22%	12.12%	9.34%	8.49%	14.18%	9.82%	9.50%

Notes to Schedule Contributions

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry-Age Normal Cost in accordance with the requirements of GASB Statement No.68
Actual Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3.00%
Investment Rate of Return	7.15% (1)
Mortality	Derived using CalPERS Membership Data for all Funds (2)

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

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

BELVEDERE-TIBURON LIBRARY AGENCY

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

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

Measurement period	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>
Total OPEB Liability					
Service Cost	\$29,649	\$26,163	\$25,387	\$30,084	\$40,773
Interest	6,625	8,510	9,968	9,189	8,073
Benefit changes					
Differences between expected and actual experience			(40,637)		61,418
Assumption changes	(24,569)	(9,989)	10,440	59,522	(30,782)
Benefit payments	<u>(2,286)</u>	<u>(3,734)</u>	<u>(4,286)</u>	<u>(5,532)</u>	<u>(7,884)</u>
Net change in total OPEB liability	9,419	20,950	872	93,263	71,598
Total OPEB liability - beginning	<u>203,976</u>	<u>213,395</u>	<u>234,345</u>	<u>235,217</u>	<u>328,480</u>
Total OPEB liability - ending	<u>\$213,395</u>	<u>\$234,345</u>	<u>\$235,217</u>	<u>\$328,480</u>	<u>\$400,078</u>
Covered payroll	<u>\$1,129,395</u>	<u>\$1,192,875</u>	<u>\$1,375,610</u>	<u>\$1,292,785</u>	<u>\$1,366,168</u>
Total OPEB liability as a percentage of covered	<u>18.9%</u>	<u>19.6%</u>	<u>17.1%</u>	<u>25.4%</u>	<u>29.3%</u>

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



**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED UPON PROCEDURES FOR
COMPLIANCE WITH THE PROPOSITION 111
2021-2022 APPROPRIATIONS LIMIT INCREMENT**

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

We have performed the procedures below which were agreed to by the Belvedere-Tiburon Library Agency, California (Agency), on the Agency's Appropriations Limit Worksheet (Worksheet) for the year ended June 30, 2022. The Agency's management is responsible for the Worksheet. These procedures, which were suggested by the League of California Cities and presented in their Article XIII B Appropriations Limitation Uniform Guidelines, were performed solely to assist you in meeting the requirements of Section 1.5 of Article XIII B of the California Constitution. The sufficiency of these procedures is solely the responsibility of the Agency. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures you requested us to perform and our findings were as follows:

- A. We obtained the Appropriations Limitation Worksheet and determined that the 2021-2022 Appropriations Limit of \$1,739,720 and annual adjustment factors were adopted by Resolution of the Board of Trustees. We also determined that the population and inflation options were selected by a recorded vote of the Board of Trustees.
- B. We recomputed the 2021-2022 Appropriations Limit by multiplying the 2020-2021 Prior Year Appropriations Limit by the Total Growth Factor. We recomputed the Total Growth Factor by multiplying the population option by the inflation option.
- C. For the Worksheet, we agreed the Per Capita Income Factor and County Population Factor to California State Department of Finance Worksheets.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Worksheet. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management and the Board of Trustees and is not intended to be and should not be used by anyone other than those specified parties; however, this restriction is not intended to limit the distribution of this report, which is a matter of public record.

Pleasant Hill, California
, 2023



**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED UPON PROCEDURES FOR
COMPLIANCE WITH THE PROPOSITION 111
2021-2022 APPROPRIATIONS LIMIT INCREMENT**

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

We have performed the procedures below which were agreed to by the Belvedere-Tiburon Library Agency, California (Agency), on the CFD 1995-1's Appropriations Limit Worksheet (Worksheet) for the year ended June 30, 2022. The Agency's management is responsible for the Worksheet. These procedures, which were suggested by the League of California Cities and presented in their Article XIII B Appropriations Limitation Uniform Guidelines, were performed solely to assist you in meeting the requirements of Section 1.5 of Article XIII B of the California Constitution. The sufficiency of these procedures is solely the responsibility of the Agency. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures you requested us to perform and our findings were as follows:

- A. We obtained the Appropriations Limitation Worksheet for the CFD 1995-1 and determined that the 2021-2022 Appropriations Limit of \$1,007,720 and annual adjustment factors were adopted by Resolution of the Board of Trustees. We also determined that the population and inflation options were selected by a recorded vote of the Board of Trustees.
- B. We recomputed the 2021-2022 Appropriations Limit by multiplying the 2020-2021 Prior Year Appropriations Limit by the Total Growth Factor. We recomputed the Total Growth Factor by multiplying the population option by the inflation option.
- C. For the Worksheet, we agreed the Per Capita Income Factor and County Population Factor to California State Department of Finance Worksheets.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Worksheet. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management and the Board of Trustees and is not intended to be and should not be used by anyone other than those specified parties; however, this restriction is not intended to limit the distribution of this report, which is a matter of public record.

Pleasant Hill, California
, 2023

**BELVEDERE-TIBURON LIBRARY AGENCY
MEMORANDUM ON INTERNAL CONTROL
FOR THE YEAR ENDED JUNE 30, 2022**

Review Draft

This Page Left Intentionally Blank

Review Draft

**BELVEDERE-TIBURON LIBRARY AGENCY
MEMORANDUM ON INTERNAL CONTROL**

For the Year Ended June 30, 2022

Table of Contents

	<u>Page</u>
<i>Memorandum on Internal Control</i>	1
Schedule of Other Matters	3

Review Draft

This Page Left Intentionally Blank

Review Draft



MEMORANDUM ON INTERNAL CONTROL

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

In planning and performing our audit of the basic financial statements of the Belvedere-Tiburon Library Agency (Agency) as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing our audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. 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.

Included in the Schedule of Other Matters are recommendations not meeting the above definitions that we believe are opportunities for strengthening internal controls and operating efficiency.

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

Pleasant Hill, California

DATE

This Page Left Intentionally Blank

Review Draft

**BELVEDERE-TIBURON LIBRARY AGENCY
MEMORANDUM ON INTERNAL CONTROL
SCHEDULE OF OTHER MATTERS**

NEW GASB PRONOUNCEMENTS OR PRONOUNCEMENTS NOT YET EFFECTIVE

The following comment represents new pronouncements taking affect in the next few years. We cite them here to keep you informed of developments:

EFFECTIVE FISCAL YEARS 2022, 2023 and 2024:

GASB 99 – Omnibus 2022

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short term SBITA, and recognition and measurement of a subscription liability
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP)
- Disclosures related to nonmonetary transactions
- Pledges of future revenues when resources are not received by the pledging government
- Clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*

**BELVEDERE-TIBURON LIBRARY AGENCY
MEMORANDUM ON INTERNAL CONTROL
SCHEDULE OF OTHER MATTERS**

GASB 99 – Omnibus 2022 (Continued)

- Terminology used in Statement 53 to refer to resource flows statements.

The Requirements of this Statement are Effective as Follows:

The requirements in paragraphs 26–32 related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.

The requirements in paragraphs 11–25 related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

The requirements in paragraphs 4–10 related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

Earlier application is encouraged and is permitted by individual topic.

How the Changes in This Statement Will Improve Financial Reporting

The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

**BELVEDERE-TIBURON LIBRARY AGENCY
MEMORANDUM ON INTERNAL CONTROL
SCHEDULE OF OTHER MATTERS**

EFFECTIVE FISCAL YEAR 2022/23:

GASB 91 – Conduit Debt Obligations

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having *all* of the following characteristics:

- There are at least three parties involved:
 - (1) an issuer
 - (2) a third-party obligor, and
 - (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

**BELVEDERE-TIBURON LIBRARY AGENCY
MEMORANDUM ON INTERNAL CONTROL
SCHEDULE OF OTHER MATTERS**

GASB 91 – Conduit Debt Obligations (Continued)

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

How the Changes in this Statement will Improve Financial Reporting

The requirements of this Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations.

**BELVEDERE-TIBURON LIBRARY AGENCY
MEMORANDUM ON INTERNAL CONTROL
SCHEDULE OF OTHER MATTERS**

GASB 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

PPPs – This Statement requires that PPPs that meet the definition of a lease apply the guidance in Statement No. 87, Leases, as amended, if existing assets of the transferor that are not required to be improved by the operator as part of the PPP arrangement are the only underlying PPP assets and the PPP does not meet the definition of an SCA. This Statement provides accounting and financial reporting requirements for all other PPPs: those that either (1) meet the definition of an SCA or (2) are not within the scope of Statement 87, as amended (as clarified by this Statement). The PPP term is defined as the period during which an operator has a noncancelable right to use an underlying PPP asset, plus, if applicable, certain periods if it is reasonably certain, based on all relevant factors, that the transferor or the operator either will exercise an option to extend the PPP or will not exercise an option to terminate the PPP.

A transferor generally should recognize an underlying PPP asset as an asset in financial statements prepared using the economic resources measurement focus. However, in the case of an underlying PPP asset that is not owned by the transferor or is not the underlying asset of an SCA, a transferor should recognize a receivable measured based on the operator's estimated carrying value of the underlying PPP asset as of the expected date of the transfer in ownership. In addition, a transferor should recognize a receivable for installment payments, if any, to be received from the operator in relation to the PPP. Measurement of a receivable for installment payments should be at the present value of the payments expected to be received during the PPP term. A transferor also should recognize a deferred inflow of resources for the consideration received or to be received by the transferor as part of the PPP. Revenue should be recognized by a transferor in a systematic and rational manner over the PPP term.

This Statement requires a transferor to recognize a receivable for installment payments and a deferred inflow of resources to account for a PPP in financial statements prepared using the current financial resources measurement focus. Governmental fund revenue would be recognized in a systematic and rational manner over the PPP term.

**BELVEDERE-TIBURON LIBRARY AGENCY
MEMORANDUM ON INTERNAL CONTROL
SCHEDULE OF OTHER MATTERS**

GASB 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements
(Continued)

This Statement also provides specific guidance in financial statements prepared using the economic resources measurement focus for a government that is an operator in a PPP that either (1) meets the definition of an SCA or (2) is not within the scope of Statement 87, as amended (as clarified in this Statement). An operator should report an intangible right-to-use asset related to an underlying PPP asset that either is owned by the transferor or is the underlying asset of an SCA. Measurement of the right-to-use asset should be the amount of consideration to be provided to the transferor, plus any payments made to the transferor at or before the commencement of the PPP term, and certain direct costs. For an underlying PPP asset that is not owned by the transferor and is not the underlying asset of an SCA, an operator should recognize a liability measured based on the estimated carrying value of the underlying PPP asset as of the expected date of the transfer in ownership. In addition, an operator should recognize a liability for installment payments, if any, to be made to the transferor in relation to the PPP. Measurement of a liability for installment payments should be at the present value of the payments expected to be made during the PPP term. An operator also should recognize a deferred outflow of resources for the consideration provided or to be provided to the transferor as part of the PPP. Expense should be recognized by an operator in a systematic and rational manner over the PPP term.

This Statement also requires a government to account for PPP and non-PPP components of a PPP as separate contracts. If a PPP involves multiple underlying assets, a transferor and an operator in certain cases should account for each underlying PPP asset as a separate PPP. To allocate the contract price to different components, a transferor and an operator should use contract prices for individual components as long as they do not appear to be unreasonable based on professional judgment or use professional judgment to determine their best estimate if there are no stated prices or if stated prices appear to be unreasonable. If determining the best estimate is not practicable, multiple components in a PPP should be accounted for as a single PPP.

This Statement also requires an amendment to a PPP to be considered a PPP modification, unless the operator's right to use the underlying PPP asset decreases, in which case it should be considered a partial or full PPP termination. A PPP termination should be accounted for by a transferor by reducing, as applicable, any receivable for installment payments or any receivable related to the transfer of ownership of the underlying PPP asset and by reducing the related deferred inflow of resources. An operator should account for a termination by reducing the carrying value of the right-to-use asset and, as applicable, any liability for installment payments or liability to transfer ownership of the underlying PPP asset. A PPP modification that does not qualify as a separate PPP should be accounted for by remeasuring PPP assets and liabilities.

APAs – An APA that is related to designing, constructing, and financing a nonfinancial asset in which ownership of the asset transfers by the end of the contract should be accounted for by a government as a financed purchase of the underlying nonfinancial asset. This Statement requires a government that engaged in an APA that contains multiple components to recognize each component as a separate arrangement. An APA that is related to operating or maintaining a nonfinancial asset should be reported by a government as an outflow of resources in the period to which payments relate.

**BELVEDERE-TIBURON LIBRARY AGENCY
MEMORANDUM ON INTERNAL CONTROL
SCHEDULE OF OTHER MATTERS**

GASB 96 – Subscription-Based Information Technology Arrangements

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period during which a government has a noncancelable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will not exercise that option).

Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, —which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

The subscription asset should be initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. A government should recognize amortization of the subscription asset as an outflow of resources over the subscription term.

Activities associated with a SBITA, other than making subscription payments, should be grouped into the following three stages, and their costs should be accounted for accordingly:

- Preliminary Project Stage, including activities such as evaluating alternatives, determining needed technology, and selecting a SBITA vendor. Outlays in this stage should be expensed as incurred.
- Initial Implementation Stage, including all ancillary charges necessary to place the subscription asset into service. Outlays in this stage generally should be capitalized as an addition to the subscription asset.
- Operation and Additional Implementation Stage, including activities such as subsequent implementation activities, maintenance, and other activities for a government's ongoing operations related to a SBITA. Outlays in this stage should be expensed as incurred unless they meet specific capitalization criteria.

**BELVEDERE-TIBURON LIBRARY AGENCY
MEMORANDUM ON INTERNAL CONTROL
SCHEDULE OF OTHER MATTERS**

GASB 96 – Subscription-Based Information Technology Arrangements (Continued)

In classifying certain outlays into the appropriate stage, the nature of the activity should be the determining factor. Training costs should be expensed as incurred, regardless of the stage in which they are incurred.

If a SBITA contract contains multiple components, a government should account for each component as a separate SBITA or nonsubscription component and allocate the contract price to the different components. If it is not practicable to determine a best estimate for price allocation for some or all components in the contract, a government should account for those components as a single SBITA.

This Statement provides an exception for short-term SBITAs. Short-term SBITAs have a maximum possible term under the SBITA contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Subscription payments for short-term SBITAs should be recognized as outflows of resources.

This Statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information.

How the Changes in this Statement will Improve Financial Reporting

The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

**BELVEDERE-TIBURON LIBRARY AGENCY
MEMORANDUM ON INTERNAL CONTROL
SCHEDULE OF OTHER MATTERS**

EFFECTIVE FISCAL YEAR 2023/24:

GASB 100 – Accounting for Changes and Error Corrections

The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability

This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

**BELVEDERE-TIBURON LIBRARY AGENCY
MEMORANDUM ON INTERNAL CONTROL
SCHEDULE OF OTHER MATTERS**

EFFECTIVE FISCAL YEAR 2024/25:

GASB 101 – Compensated Absences

The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Recognition And Measurement

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

Notes To Financial Statements

This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

**BELVEDERE-TIBURON LIBRARY AGENCY
MEMORANDUM ON INTERNAL CONTROL
SCHEDULE OF OTHER MATTERS**

GASB 101 – Compensated Absences (Continued)

How the Changes in this Statement Will Improve Financial Reporting

The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave.

The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences.

Review Draft

**BELVEDERE-TIBURON LIBRARY AGENCY
REQUIRED COMMUNICATIONS
FOR THE YEAR ENDED JUNE 30, 2022**

Final Draft

This Page Left Intentionally Blank

Final Draft

**BELVEDERE-TIBURON LIBRARY AGENCY
REQUIRED COMMUNICATIONS**

For The Year Ended June 30, 2022

Table of Contents

	<u>Page</u>
<i>Required Communications</i>	1
Significant Audit Matters.....	1
Qualitative Aspects of Accounting Practices.....	1
Difficulties Encountered in Performing the Audit	3
Corrected and Uncorrected Misstatements	3
Disagreements with Management	3
Management Representations	4
Management Consultations with Other Independent Accountants.....	4
Other Audit Findings or Issues	4
Other Matters.....	4

Final Draft

This Page Left Intentionally Blank

Final Draft



REQUIRED COMMUNICATIONS

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

We have audited the basic financial statements of the Belvedere-Tiburon Library Agency, California, for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter addressed to the Library Director and Agency Chair dated May 2, 2022. Professional standards also require that we communicate to you the following information related to our audit:

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Accounting Policies - Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year, except as follows:

GASB 87 – Leases

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

The pronouncement became effective during the fiscal year, and Agency management established a threshold for reporting leases of \$100,000 and determined that none of its leases were required to be recorded.

GASB 99 – *Omnibus 2022*

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The Statement contains provisions that are to be implemented in phases over three fiscal years. The practice issues addressed by this Statement that are effective in fiscal year 2022 are as follows:

- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP)
- Disclosures related to nonmonetary transactions
- Pledges of future revenues when resources are not received by the pledging government
- Clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*
- Terminology used in Statement 53 to refer to resource flows statements.

The requirements in paragraphs 26-32 of the pronouncement became effective, but did not have a material effect on the financial statements.

The following pronouncements became effective, but did not have a material effect on the financial statements:

GASB 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period*

GASB 90 – *Majority Equity Interests (an amendment of GASB Statements No. 14 and No. 61)*

GASB 92 – *Omnibus 2020*

GASB 93 – *Replacement of Interbank Offered Rates*

GASB 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*

Unusual Transactions, Controversial or Emerging Areas – We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates – Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Agency’s financial statements were:

Estimated Net Pension Liabilities (Assets) and Pension-Related Deferred Outflows and Inflows of Resources: Management's estimate of the net pension liabilities (assets) and deferred outflows/inflows of resources are disclosed in Note 8 to the financial statements and are based on accounting valuations determined by the California Public Employees Retirement System, which are based on the experience of the Agency. We evaluated the key factors and assumptions used to develop the estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole.

Estimated Net OPEB Liabilities and OPEB-Related Deferred Outflows and Inflows of Resources: Management's estimate of the net OPEB liabilities and deferred outflows/inflows of resources are disclosed in Note 9 to the financial statements and are based on actuarial studies determined by a consultant, which are based on the experience of the Agency. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Estimate of Depreciation: Management's estimate of the depreciation is based on useful lives determined by management. These lives have been determined by management based on the expected useful life of assets as disclosed in Note 5 to the financial statements. We evaluated the key factors and assumptions used to develop the depreciation estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Estimate of Compensated Absences: Accrued compensated absences which are comprised of accrued vacation, holiday, and certain other compensating time is estimated using accumulated unpaid leave hours and hourly pay rates in effect at the end of the fiscal year as disclosed in Note 2F to the financial statements. We evaluated the key factors and assumptions used to develop the accrued compensated absences and determined that it is reasonable in relation to the basic financial statements taken as a whole.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Professional standards require us to accumulate all known and likely uncorrected misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to the Board of Trustees.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in a management representation letter dated **DATE**.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to the required supplementary information that accompanies and supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the required supplementary information and do not express an opinion or provide any assurance on the required supplementary information.

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

Pleasant Hill, California

DATE

This Page Left Intentionally Blank

Final Draft



DATE: February 13, 2023

TO: Library Board of Trustees

FROM: Crystal Duran, Library Director

SUBJECT: AB 2449 Meeting Format Requirments

At the January Agency meeting, the Board was presented with information regarding the new AB 2449 legislation that includes requirements to host a hybrid meeting once California's state of emergency ends. A hybrid Agency meeting entails board members and members of the public having the option to attend the meeting in person or remotely. Following the discussion, the Board directed staff to gather information regarding the costs of implementing hybrid meetings, given the new requirements.

The requirements to provide hybrid meetings fall into two categories: broadcasting and production needs. Staff researched equipment options, software and considered staff capacity. For broadcasting, we estimate a one-time cost of approximately \$2,500 in equipment and an ongoing annual fee of roughly \$300 for streaming services. For production, we will need a dedicated person to set up and take down the AV equipment, launch the meetings and record, monitor audience engagement, such as raised hands, public comment, and chat, and support presenters with projecting documents or slides. We estimate three hours of staff support for each meeting at approximately \$115 per meeting. The Agency meets a minimum of ten times annually but can meet additional times for special meetings.

In summary, to host hybrid meetings, we estimate a one-time cost of \$2,500 and an annual cost of \$1,450. BTLA would also have new record-keeping requirements to ensure trustees stay within the threshold for virtual attendance.

Belvedere Tiburon Library Agency

Lease Capitalization Policy

Per the Governmental Accounting Standards Board (GASB) Statement No. 87, Leases, operating, and capital leases are required to be reflected as liabilities and assets on financial statements.

Agencies may establish a lease liability threshold for leases that are clearly insignificant individually and in the aggregate. This threshold defines the dollar amount at which a lease with a maximum possible term of more than one year will be classified as a lease liability.

The Agency has determined a lease liability threshold of \$100,000. This capitalization threshold applies to all leases with a maximum possible term of more than one year. Equipment leases of similar type will be aggregated together when evaluating if they meet the Agency threshold.

Belvedere-Tiburon Library Agency Future Meeting Dates

March 20, 2023

April 17, 2023

May 15, 2023

June 19, 2023

July 17, 2023

No meeting in August unless necessary (**August 21, 2023**)

September 18, 2023

October 15, 2023

November 20, 2023

No Meeting in December unless necessary (**December 18, 2023**)

**All meetings are held on Mondays at 6:15 pm IN PERSON in the Library
Founder's Room, with Zoom access also available.**