



CITY OF CARMEL-BY-THE-SEA HARRISON MEMORIAL LIBRARY BOARD OF TRUSTEES

Trustees Marie-Clare Gorham, John Krisher, Susan
Murphy, Phil Pardue, and Mary Jo Williams

All meetings are held in the City Council Chambers
East Side of Monte Verde Street
Between Ocean and 7th Avenues

REGULAR MEETING Wednesday, July 24, 2024

9:00 AM

THIS MEETING WILL BE HELD IN PERSON AND VIA TELECONFERENCE. The public is welcome to attend the meeting in person or remotely via Zoom, however, the meeting will proceed as normal even if there are technical difficulties accessing zoom. The City will do its best to resolve any technical issues as quickly as possible. To view or listen to the meeting from home, you may watch the Youtube Live Stream at:

<https://www.youtube.com/@CityofCarmelbytheSea/streams>, or use the link below to view or listen to the meeting via Zoom teleconference:

<https://ci-carmel-ca-us.zoom.us/j/89713522709> Meeting ID: 897 1352 2709 Passcode: 264760 Dial in: 669-444-9171

HOW TO OFFER PUBLIC COMMENT: Public comment may be given in person at the meeting, or using the Zoom teleconference module, provided that there is access to Zoom during the meeting. Zoom comments will be taken after the in-person comments. The public can also email comments to lsfenton@ci.carmel.ca.us. Comments must be received 2 hours before the meeting in order to be provided to the legislative body. Comments received after that time and up to the beginning of the meeting will be made part of the record.

The COVID-19 Community Level for Monterey County as of the date of this agenda posting is [LOW/MEDIUM] (mask wearing not required). Seating will be limited and available on a first come first served basis.

Prior to calling the meeting to order, the Board/Commission will conduct an on-site tour of inspection of the properties listed on the agenda and the public is welcome to join. After the tour is complete, the Board/Commission will begin the meeting in the City Council Chambers no earlier than the time noted on the agenda.

CALL TO ORDER AND ROLL CALL

PLEDGE OF ALLEGIANCE

PUBLIC APPEARANCES

Members of the public are entitled to speak on matters of municipal concern not on the agenda during Public Appearances. Each person's comments shall be limited to 3 minutes, or as otherwise established by the Chair.

Matters not appearing on the agenda will not receive action at this meeting and may be referred to staff. Persons are not required to provide their names, and it is helpful for speakers to state their names so they may be identified in the minutes of the meeting.

ANNOUNCEMENTS

- A. Announcements from the Trustees
- B. Announcements from the Library Director

ORDERS OF BUSINESS

Orders of Business are agenda items that require Commission discussion, debate, direction to staff, and/or action.

1. Receive the Fiscal Year 2022-23 audit report and a presentation from auditor Sheldon Chavan, C.P.A., of Chavan & Associates, LLP.
2. Approval of the Minutes for the June 26, 2024 Regular Meeting
3. Receive the Librarian's Report for June 2024
4. Receive the Monthly report out from Master Plan ad hoc committee and receive and review the Request for Proposals (RFP) for Architect Services for the renovation of the Harrison Memorial Library and the Agreement between the City and Carmel Public Library Foundation for project funding
5. Receive a report from the Carmel Public Library Foundation on recent activities
6. Consideration of a resolution authorizing the investment of monies in the Local Agency Investment Fund.
7. Receive and discuss the communications plan for the sunseting of Hoopla September 30, 2024.

FUTURE AGENDA ITEMS

ADJOURNMENT

This agenda was posted at City Hall, Monte Verde Street between Ocean Avenue and 7th Avenue, Harrison Memorial Library, located on the NE corner of Ocean Avenue and Lincoln Street, the Carmel-by-the-Sea Post Office, 5th Avenue between Dolores Street and San Carlos Street, and the City's webpage <http://www.ci.carmel.ca.us> in accordance with applicable legal requirements.

SUPPLEMENTAL MATERIAL RECEIVED AFTER THE POSTING OF THE AGENDA

Any supplemental writings or documents distributed to a majority of the Board of Trustees regarding any item on this agenda, received after the posting of the agenda will be available in the Library and Community Activities Director's Office located at the Park Branch Library at the NE corner of Mission Street and Sixth Avenue during normal business hours.

SPECIAL NOTICES TO PUBLIC

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office at 831-620-2000 at least 48 hours prior to the meeting to ensure that reasonable arrangements can be made to provide accessibility to the meeting (28CFR 35.102-35.104 ADA Title II).

Harrison Memorial Library Fund
Annual Financial Report



City of Carmel-by-the-Sea
California

Fiscal Year Ended June 30, 2023

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**HARRISON MEMORIAL LIBRARY FUND
(CITY OF CARMEL-BY-THE-SEA)
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023**

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor, Members of the City Council of the
City of Carmel-By-The-Sea and the Harrison Memorial Library Board of Trustees
Carmel-by-the-Sea, California

Report on Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Harrison Memorial Library fund (the Library; a special revenue fund) of the City of Carmel-By-The-Sea (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Library'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 respective financial position the Harrison Memorial Library fund information of the City of Carmel-By-The-Sea, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements 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.

Responsibility of Management for the Financial Statements

City management is responsible for the preparation and fair presentation of the 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 City'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 Responsibility 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 opinions. 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 GAAS 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 there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 City'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 City'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.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Harrison Memorial Library fund and do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2023, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.



Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2024 on our consideration of the Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.

C & A LLP

March 29, 2024
Morgan Hill, California



BASIC FINANCIAL STATEMENTS

Harrison Memorial Library Fund
(City of Carmel-by-the-Sea)
Balance Sheet
June 30, 2023

Attachment 1

ASSETS

Cash and investments	\$ 1,474,144
Total assets	<u>\$ 1,474,144</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	\$ 23,512
Total liabilities	<u>23,512</u>

Fund Balances:

Restricted:	
The Reuel Bradney Book Fund	46,747
Evans Trust Book Fund	100,000
Committed:	
Operating reserve	219,263
Equipment replacement	100,000
Unassigned	984,622
Total fund balances	<u>1,450,632</u>
Total liabilities and fund balances	<u>\$ 1,474,144</u>

The accompanying notes are an integral part of these financial statements

Harrison Memorial Library Fund
(City of Carmel-by-the-Sea)
Statement of Revenues, Expenditures
And Changes in Fund Balance
June 30, 2023

REVENUES

Contributions:

Carmel Public Library Foundation	\$ 291,100
Friends of HML	25,000
Total contributions	316,100

Charges for services	8,485
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Interest	20,659
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Total Revenues	345,244
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EXPENDITURES

Current:

Library:

Administration	48,468
Equipment	114,999
Documents and records	105,133
Programs and cataloging	168,733
Information technology systems	6,381
Total Expenditures	443,714

Net Change in Fund Balance	(98,470)
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Fund Balance Beginning	1,549,102
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Fund Balance Ending	\$ 1,450,632
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The accompanying notes are an integral part of these financial statements

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Harrison Memorial Library Fund
(City of Carmel-by-the-Sea)
Notes to the Basic Financial Statements
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Harrison Memorial Library Fund (the Library) of the City of Carmel-by-the-Sea, California, (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) 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 of the accounting policies are described below.

A. Financial Reporting Entity

Harrison Memorial Library is a blended component unit of the City and is accounted for as a special revenue fund of the City. The Library was established by City Ordinance pursuant to statutory authority provided by the California Education Code. The current Main Library building was designed by the renowned California architect Bernard Maybeck and financed by a bequest from Ella Reid Harrison as a memorial to her husband, California Supreme Court Justice Ralph Chandler Harrison. The Harrison Memorial Library opened in 1928, and services were expanded with the addition of its Park Branch facility in 1989.

The Library is governed by a Board of Trustees whom are appointed by the City Council. The Library and the City operate under terms of a 2008 Memorandum of Agreement under which terms; the City pays for all library personnel costs, and the operating and capital improvement costs for two library buildings. Duties and responsibilities of the Board are to manage and protect the library buildings and library property, to purchase books, journals, publications and other personal property, to file necessary reports with State officials, and to raise money for special or library purposes through direct organization and operation of fundraising campaigns or programs, or through the establishment of foundations or employment of persons for fund-raising.

The City of Carmel-by-the-Sea, California was incorporated on October 31, 1916, under the laws and regulations of the State of California (State). The City operates under a City Council/Manager form of government and provides the following services: general government, community planning and building, public safety (fire, police and ambulance), public works, library, economic revitalization and other community activities.

These financial statements present just the fund financial statements of the Library since the City is considered to be financially accountable for the Library and the Library is reported on a blended basis in the City's Annual Comprehensive Financial Report (ACFR). Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The City's ACFR may be obtained by writing to the City of Carmel-by-the-Sea, Finance Department, Post Office Box CC, Carmel-by-the-Sea, CA 93921, or by visiting the City's website.

The Library applies all applicable GASB pronouncements for certain accounting and financial reporting guidance. In December of 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 incorporates pronouncements issued on or before November 30, 1989 into GASB authoritative literature. In June of 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. GASB 76 supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. GASB 76 also

Harrison Memorial Library Fund
(City of Carmel-by-the-Sea)
Notes to the Basic Financial Statements
June 30, 2023

amends GASB 62 and AICPA Pronouncements paragraphs 64, 74, and 82. The GAAP hierarchy sets forth what constitutes GAAP for all state and local governmental entities. It establishes the order of priority of pronouncements and other sources of accounting and financial reporting guidance that a governmental entity should apply. The sources of authoritative GAAP are categorized in descending order of authority as follows:

- a. Officially established accounting principles—Governmental Accounting Standards Board (GASB) Statements (Category A)
- b. GASB Technical Bulletins; GASB Implementation Guides; and literature of the AICPA cleared by the GASB (Category B).

If the accounting treatment for a transaction or other event is not specified by a pronouncement in Category A, a governmental entity should consider whether the accounting treatment is specified by a source in Category B.

B. Basis of Accounting and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The Library is a special revenue fund of the City and its operations are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, as appropriate.

Governmental Fund Financial Statements

Governmental fund financial statements include a *Balance Sheet* and a *Statement of Revenues, Expenditures and Changes in Fund Balance* for the Library's special revenue fund.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are included on the balance sheets. The *Statement of Revenues, Expenditures and Changes in Fund Balance* present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally up to 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual, are contributions and certain charges for services. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Unearned revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the unearned revenue is removed from the combined balance sheet and revenue is recognized.

Harrison Memorial Library Fund
(City of Carmel-by-the-Sea)
Notes to the Basic Financial Statements
June 30, 2023

C. Cash, Cash Equivalents and Investments

The Library's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as Cash and Investments.

Deposit and Investment Risk Disclosures - In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures* (Amendment of GASB Statement No. 3), certain disclosure requirements, if applicable, for Deposits and Investment Risks in the following areas: Interest Rate Risk, Overall Credit Risk, Custodial Credit Risk, Concentrations of Credit Risk, and Foreign Currency Risk. Other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

The Library participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in Structured Notes and Asset Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to change in interest rates.

If material, investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. 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. In determining this amount, three valuation techniques are available:

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.
- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.
- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.

D. Deferred Outflows/Deferred Inflows

Deferred outflows of resources are a consumption of net assets that is applicable to a future reporting period; for example, prepaid items and deferred charges.

Deferred inflows of resources are an acquisition of net assets that is applicable to a future reporting period; for example, unearned revenue and advance collections.

Harrison Memorial Library Fund
(City of Carmel-by-the-Sea)
Notes to the Basic Financial Statements
June 30, 2023

E. Fund Balances

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Library classifies fund balances as follows:

Nonspendable

Nonspendable fund balance includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted

Restricted fund balance includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. The Reuel Bradney Book Fund is a donor-restricted endowment fund. Under terms of the December 22, 1995 endowment in the amount of \$46,747, the investment earnings are to be used to acquire library books, however the principal cannot be spent. The Evans Trust Book Fund is a donor-restricted endowment fund. Under terms of the endowment in the amount of \$100,000, the investment earnings are to be used to acquire library books, however the principal cannot be spent.

Committed

Committed fund balance includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end. Committed fund balances are imposed by the City Council, the City's highest level of decision-making authority, for specific purposes pursuant to constraints imposed by formal action taken such as resolution. These committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use through the same type of formal action taken to establish the commitment. City Council action to commit fund balance needs to occur within the fiscal reporting periods; however the amount can be determined subsequently. The Library has set aside a six-month reserve for emergency situations, revenue shortage or budgetary imbalances, commonly referred to as revenue stabilization or reserve for economic uncertainty. Stabilization amounts may be expended with Board approval only when certain specific circumstances exist as determined by the Board at that time.

Assigned

Assigned fund balance includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balances may be assigned by the City Council, the Board of Trustees, the City Manager and the Library Director.

Unassigned

The Unassigned Fund Balance category represents fund balance, which may be held for specific types of uses or stabilization purposes, but is not yet directed to be used for a specific purpose. The detail of amounts reported for each of the above defined fund balance categories is reported in the governmental funds balance sheet and in the combining nonmajor fund balance sheets.

Flow Assumption/Spending Order Policy

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the Library considers restricted funds to be spent first. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the Library considers amounts to be spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has directed otherwise.

Harrison Memorial Library Fund
(City of Carmel-by-the-Sea)
Notes to the Basic Financial Statements
June 30, 2023

F. Budgetary Information

In accordance with applicable sections of the California Government Code and the Carmel-by-the-Sea Municipal Code, the City prepares and legally adopts an annual balanced budget on a basis consistent with accounting principles generally accepted in the United States of America. The Library prepares an annual budget of cash receipts (resources) and disbursements (appropriations) that is prepared to meet the requirements of management and for internal use by the Board of Trustees. The budget is used to provide financial guidance to the Library and to determine the amount of funds required from contributions, intergovernmental and charges for services.

Budgetary control is legally maintained at the fund level for all City funds. Department heads submit budget requests to the City Administrator. The preliminary budget may or may not be amended by the City Council and is adopted by resolution by the City Council on or before June 30 in accordance with the municipal code.

The City Council may amend the budget by motion during the fiscal year. Only the Council can authorize transfers between funds and approve inter-fund loans. The City Administrator is authorized to transfer budgeted amounts within a fund without formal council action or approval. The City Administrator is authorized to increase expenditures in relation to revenues in funds receiving assigned revenues without approval by the City Council.

Expenditures may not legally exceed appropriations at the fund level, which is the legal level of control. Supplemental appropriations, which increase appropriations, may be made during the fiscal year.

Appropriations, except open project appropriations, and unexpended grant appropriations, lapse at the end of each fiscal year.

G. Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

H. Retirement Plans and Other Benefits

Library employees are employees of the City, which provides a retirement plan for qualified employees. The City provides certain health care benefits to current qualified employees and to qualified retired employees until they become eligible for Medicare benefits. Employees of the City may become eligible for these benefits when they reach normal retirement age while working for the City or Library.

I. Compensated Absences

Library employees are employees of the City, which records an accrual for compensated absences in its government-wide financial statements and that information is available in the City's ACFR.

Harrison Memorial Library Fund
(City of Carmel-by-the-Sea)
Notes to the Basic Financial Statements
June 30, 2023

J. Upcoming Accounting Pronouncements

The Library is currently analyzing its accounting practices to determine the potential impact on the financial statements of the following recent GASB Statement:

GASB Statement No. 100, "Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62." 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. This Statement also prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections in previously issued financial statements. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

NOTE 2 - CASH AND INVESTMENTS

As of June 30, 2023, cash and investments consisted of the following:

Cash on hand	\$	460
Demand Deposits		274,408
Local Agency Investment Fund (LAIF)		1,052,529
Restricted cash and investments - LAIF		146,747
Total cash and investments	<u>\$</u>	<u>1,474,144</u>

A. Cash Deposits

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest and places the City ahead of general creditors of the institution.

The market value of pledged securities must equal at least 110 percent of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes that have a value of 150 percent of the City's total cash deposits. The City has waived the collateral requirements for cash deposits which are fully insured to \$250,000 by the Federal Deposit Insurance Corporation (FDIC).

The Library's bank balance before reconciling items totaled \$274,408 at June 30, 2023 and was different from the carrying amount due to deposits in transit and outstanding checks. The Library's bank amount is fully insured by FDIC coverage and is collateralized by securities held by pledging financial institutions.

B. Fair Value Measurements

GASB 72 established a hierarchy of inputs to the valuation techniques above. This hierarchy has three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable

Harrison Memorial Library Fund
(City of Carmel-by-the-Sea)
Notes to the Basic Financial Statements
June 30, 2023

- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

C. Investment Policies

City Investment Policy

The Library follows the City’s investment policy. The table below identifies the investment types that are authorized for the City by the California Government Code (or the City’s investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City’s investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of bond indentures of the City, rather than the general provisions of the California Government Code or the City’s investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
United States (U.S.) Treasury Issues	5 years	None	None
U.S. Government Agency Securities	5 years	50%	50%
California State and Local Bonds, Notes, & Warrants	None	None	None
Bankers Acceptance	180 days	40%	30%
Commercial Paper	270 days	15%	10%
Medium Term Corporate Notes	5 years	30%	30%
Negotiable Certificates of Deposit	5 years	30%	30%
Repurchase Agreements	92 days	None	None
Passbook Savings/Money Market	None	20%	10%
Local Agency Investment Fund (LAIF)	N/A	None	None
Federal Instrumentalities	None	None	None

D. External Investment Pool

The Library’s investments with LAIF at June 30, 2023, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

Structured Notes

These are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities

The bulk of asset-backed securities are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMO’s) or credit card receivables.

LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The approved investments policy is listed on the LAIF website, located at <http://www.treasurer.ca.gov/pmia-laif/>.

Harrison Memorial Library Fund
(City of Carmel-by-the-Sea)
Notes to the Basic Financial Statements
June 30, 2023

E. Risk Disclosures

The Library follows the City’s policies related to risk disclosures as noted below. However, the Library’s cash and investments were managed safely by invested in LAIF, which is a low risk and very liquid state investment pool.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the term of an investment’s maturity, the greater the sensitivity to changes in market interest rates. It is the City’s practice to manage its exposure to interest rate risk by purchasing a combination of shorter and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for City’s operations.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization, Standards and Poor. As of June 30, 2023, the City’s investments were in compliance with the ratings required by the City’s investment policy, indenture agreements and Government Code.

Concentrations of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2023, the City had no investments in any one issuer (other than external investment pools which are exempt) that represented 5% or more of the total City investments.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

As of June 30, 2023, the Library’s investments had the following maturities and ratings:

Investment Type	13 to 24 Months	Rating	Fair Value Input Levels
LAIF (state pool)	\$ 1,199,276	not rated	n/a

NOTE 3 - COMMITMENTS AND CONTINGENCIES

The Library may be involved in certain matters of litigation that have arisen in the normal course of conducting business. Management believes, based upon consultation with the City Attorney, that any cases, in the aggregate, are not expected to result in a material adverse financial impact on the Library or

Harrison Memorial Library Fund
(City of Carmel-by-the-Sea)
Notes to the Basic Financial Statements
June 30, 2023

the City. Additionally, management believes that the City's insurance programs are sufficient to cover any potential losses should an unfavorable outcome materialize.

NOTE 4 - RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injurie to employees, and natural disasters for which the City carries commercial insurance.

The City of Carmel-by-the-Sea (City) is a member of PRISM (Public Risk Innovation, Solutions, and Management) which is a shared risk pool. PRISM covers claims for the City for both Workers Compensation and General Liability. The City's Liability SIR is pre-funded through PRISM for 8 quarters of payments made on behalf of City. Currently, the SIR fund for the City with PRISM is maintained at \$8,183. If the pre-funded SIR balance drops below this amount, the City is billed by PRISM to replenish the fund to the \$8,183 level. The City does not make claim payments, they are all issued by the city's third-party administrator from a PRISM account.

The City has three layers of Liability coverage through PRISM and under the first layer, the Primary General Liability layer, there is an SIR (Self Insured Retention) of \$10,000 per claim. Thereafter, the next layer of coverage kicks in (General Liability 1 program) which carries an SIR of \$100,000 which is satisfied by exhausting the coverage limit of \$100,000 under the Primary Liability program. The maximum limit of coverage under the primary General Liability 1 program is \$25 million. The third layer is \$25 million limit in the PRISM Optional Excess Liability program. The City's total Liability insurance limit is \$50 million.

For Workers Compensation, the City is a member of both the PRISM Primary Workers Compensation program and then, the PRISM Excess Workers Compensation program. The Primary Workers compensation program provides dollar 1 coverage to the City for Workers Compensation claims. In other words, City has no deductible or SIR. This layer of Workers Compensation coverage carries a maximum limit of \$125,000 per occurrence. Thereafter, PRISM's excess coverage steps in and the SIR (Self Insured Retention) is \$125,000 which again, is satisfied by exhausting the limits of coverage under the Primary Workers Compensation program. The upper limit of coverage under the Excess Workers Compensation program is "statutory". What this means is that regardless of the total cost of the claim, it is covered under the PRISM Excess Workers Compensation program. There is absolutely no monetary exposure to the City under these two Workers Compensation programs except for the premium costs to purchase this coverage. The City has had no settlements which exceeded insurance coverage in the last three fiscal years and no significant changes or reductions in insurance coverage during the current year.

NOTE 5 - CONCENTRATIONS

The Library received 84% of its revenue from contributions made by the Carmel Public Library Foundation during the year.



REQUIRED SUPPLEMENTARY INFORMATION

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Harrison Memorial Library Fund
(City of Carmel-by-the-Sea)
Schedule of Revenues, Expenditures and
Changes in Fund Balance
Budget and Actual (GAAP)
June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Contributions	\$ 400,500	\$ 400,500	\$ 316,100	\$ (84,400)
Charges for services	24,900	24,900	8,485	(16,415)
Interest	2,000	2,000	20,659	18,659
Total Revenues	427,400	427,400	345,244	(82,156)
EXPENDITURES				
Current:				
Library:				
Administration	48,600	48,600	48,468	132
Equipment	114,541	114,541	114,999	(458)
Documents and records	105,150	105,150	105,133	17
Programs and cataloging	166,534	166,534	168,733	(2,199)
Information technology systems	3,700	3,700	6,381	(2,681)
Total Expenditures	438,525	438,525	443,714	(5,189)
Net Change in Fund Balance	(11,125)	(11,125)	(98,470)	(87,345)
Fund Balance Beginning	1,549,102	1,549,102	1,549,102	-
Fund Balance Ending	\$ 1,537,977	\$ 1,537,977	\$ 1,450,632	\$ (87,345)

Expenditures in excess of appropriations were covered by budgets in other objects/functions or beginning fund balance.



OTHER INDEPENDENT AUDITOR'S REPORT



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

To the Honorable Mayor, Members of the City Council of the
City of Carmel-By-The-Sea and the Harrison Memorial Library Board of Trustees
Carmel-by-the-Sea, California

We have audited, in accordance with standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Harrison Memorial Library Fund (the Library) of the City of Carmel-By-The-Sea (the “City”) as of and for the year ended June 30, 2023, and the related notes to the financial, which collectively comprise the Library’s basic financial statements, and have issued our report thereon dated February 23, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Library’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Library’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Library’s internal control.

A *deficiency in internal control* exists when the design or operations of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on financial statement amounts. However, providing an opinion on compliance with those provisions was not



Chavan and Associates, llp
Certified Public Accountants

an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

C & A LLP

March 29, 2024
Morgan Hill, California

REGULAR MEETING
Wednesday, June 26, 2024
9:00 AM

CALL TO ORDER AND ROLL CALL

PRESENT: Gorham, Krisher, Murphy, Williams
ABSENT: Pardue
STAFF PRESENT: Ashlee Wright, Library & Community Activities Director
Leslie Fenton, Executive Assistant

PLEDGE OF ALLEGIANCE

Members of the public joined the Board in the Pledge of Allegiance.

PUBLIC APPEARANCES

None

ANNOUNCEMENTS

Item A: Announcements from the Trustees
None

Item B: Announcements from the Library Director
None

ORDERS OF BUSINESS

Item 1: Approval of the Minutes for the May 22, 2024 Regular Meeting and June 19, 2024 Special Meeting

Trustee Williams moved to approve the minutes of the May 22, 2024 Regular Meeting and the June 19, 2024 Special Meeting, seconded by Trustee Murphy and carried by the following roll call vote:

AYES: Gorham, Murphy, Williams, Krisher
NOES: None
ABSENT: Pardue
ABSTAIN: None

Item 2: Receive the Librarian's Report for May 2024

Library & Community Activities Director Wright presented the report.

Public Appearances

None

Item 3: Receive the Treasurer's Report for May 2024 and approve the check register for May 2024

Treasurer Williams presented the report.

Public Appearances

None

Trustee Murphy moved to approve the check register for May 2024, seconded by Trustee Gorham and carried by the following roll call vote:

AYES: Gorham, Murphy, Williams, Krisher

NOES: None

ABSENT: Pardue

ABSTAIN: None

Item 4: Receive the Monthly report out from Master Plan ad hoc committee

Public Appearances

None

Library & Community Activities Director Wright presented the report.

Item 5: Consideration of the appointment of an ad hoc committee to begin studying alternate locations for library services during the potential library restoration/renovation project

President Krisher presented the report.

Public Appearances

None

Trustees Williams and Gorham were appointed to the ad hoc committee.

Item 6: Receive a report from the Carmel Public Library Foundation on recent activities

Executive Director Alexandra Fallon presented the report.

Public Appearances

None

Item 7: Annual Election of 2024-2025 Board Officers.

Library & Community Activities Director Wright presented the report.

President Krisher nominated Trustee Gorham as Treasurer and Trustee Williams as Vice-President.

Trustee Murphy moved to approve the slate of officers, seconded by Trustee Gorham and approved by the following roll call vote:

AYES: Gorham, Murphy, Williams, Krisher
NOES: None
ABSENT: Pardue
ABSTAIN: None

Item 8: Review and adopt the proposed Fiscal Year 2024-2025 budget

Library & Community Activities Director Wright presented the report.

Trustee Gorham moved to adopt the Fiscal Year 2024-2025 budget, seconded by Trustee Williams and carried by the following roll call vote:

AYES: Gorham, Murphy, Williams, Krisher
NOES: None
ABSENT: Pardue
ABSTAIN: None

FUTURE AGENDA ITEMS

- Fiscal Year 2022-2023 annual audit
- Plan to sunset Hoopla and how to promote other options

ADJOURNMENT

There being no further business before the Board the meeting was adjourned at 9:25 a.m. The next Regular Meeting is scheduled for July 24, 2024.

Respectfully submitted,
Leslie Fenton, Executive Assistant

John Krisher,
President, Library Board of Trustees

LIBRARIAN'S MONTHLY REPORT

June 30, 2024

CIRCULATION	YTD Percentage Change	This Month	Last Month	This YTD	Last YTD
Adult Circulation:					
Fiction	5.30	1,731	1,687	20,843	19,793
Non-Fiction	14.84	1,101	1,067	13,411	11,678
Magazines	-4.36	42	39	636	665
Audio/Video	16.35	1,141	1,009	12,687	10,904
ADULT CIRCULATION TOTAL:	10.54	4,015	3,802	47,577	43,040
Juvenile Circulation:					
Fiction	55.31	2,251	2,090	27,524	17,722
Non-Fiction	40.14	695	621	7,443	5,311
Magazines	241.84	41	23	335	98
Audio/Video	42.03	192	142	1,835	1,292
JUVENILE CIRCULATION TOTAL:	52.06	3,179	2,876	37,137	24,423
CIRCULATION TOTAL:	25.57	7,194	6,678	84,714	67,463
ELECTRONIC CHECKOUTS:	32.65	7,740	7,062	80,005	60,314
HOLD REQUESTS:	-3.13	908	914	11,415	11,784
INTERLIBRARY LOAN:					
ILL to Other Libraries	#DIV/0!	0	0	0	0
ILL from Other Libraries	#DIV/0!	0	0	0	0

LIBRARIAN'S MONTHLY REPORT

June 30, 2024

CIRCULATION BY BORROWERS	YTD Percentage Change	This Month	Last Month	This YTD	Last YTD
Residents: Carmel-by-the-Sea	10.03	1,349	1,320	16,547	15,039
Non-Residents:					
Monterey County	32.15	5,345	5,039	64,534	48,833
Other Zip Codes	66.23	500	319	5,931	3,568
NON-RESIDENT CIRCULATION TOTAL	34.47	5,845	5,358	70,465	52,401
PATRON REGISTRATION:	Patron Data Base Purge 04/23				
Carmel by-the-Sea Residents	7.41	23	14	174	162
Monterey County Residents	5.80	117	90	1168	1104
Other Borrowers	215.80	557	416	1819	576
REGISTRATION TOTAL:	71.61	697	520	3,161	1,842
TOTAL # OF CARDHOLDERS:	-7.98	10,288	9,583	10,288	11,180

Patron Visit Count					
HML Building	20.52	7,480	6,876	76,766	63,698
Park Branch Building					
Local History	31.85	30	23	356	270
Youth Services Dept.	0.29	5,339	3,826	56,945	56,782
PATRON VISIT TOTAL:	11.03	12,849	10,725	134,067	120,750

LIBRARIAN'S MONTHLY REPORT

June 30, 2024

REFERENCE QUESTIONS	YTD Percentage Change	This Month	Last Month	This YTD	Last YTD
Reference Desk	5.00	1011	840	10,800	10,286
Youth Services Desk	44.45	720	565	4,540	3,143
Local History Desk	-4.68	60	70	734	770
TOTAL REFERENCE QUESTIONS:	13.21	1,791	1,475	16,074	14,199
ELECTRONIC SEARCH ACTIVITY					
Public in-Library Computer Use:	#DIV/0!	0	0	0	0
Public WiFi Use:	2.85	655	728	10,950	10,647
VOLUNTEER HOURS					
	YTD Percentage Change	This Month	Last Month	This YTD	Last YTD
Local History	-45.38	3	5	65	119
Park Branch		0	0	0	0
Harrison - Main	-8.01	28	33	287	312
TOTALS:	-18.33	31	38	352	431
OUTREACH SERVICES					
Visits	#DIV/0!	0	0	0	0
Circulation	#DIV/0!	0	0	0	0

LIBRARIAN'S MONTHLY REPORT

June 30, 2024

	YTD Percentage Change	This Month	Last Month	This YTD	Last YTD
SUMMER READING PROGRAMS	25.00	3	0	5	4
TOTAL ATTENDANCE	86.13	115	0	577	310
PRESCHOOL PROGRAMS (0-5 YRS)	-22.03	4	4	46	59
TOTAL ATTENDANCE	-2.84	178	156	1,640	1,688
SCHOOL AGE PROGRAMS (6-11 YRS)	-20.41	1	5	39	49
TOTAL ATTENDANCE	77.10	14	124	2,320	1,310
TEEN PROGRAMS (12-18 YRS)	416.67	6	4	31	6
TOTAL ATTENDANCE:	2,350	35	16	147	6
ADULT PROGRAMS	93.33	4	4	29	15
TOTAL ATTENDANCE	6.20	158	85	1,832	1,725
OFFSITE PROGRAMS	-41.67	0	0	7	12
TOTAL ATTENDANCE	-90.65	0	0	236	2,524
LOCAL HISTORY PROGRAMS	#DIV/0!	1	3	7	0
TOTAL ATTENDANCE	#DIV/0!	14	75	110	0



CITY OF CARMEL-BY-THE-SEA HARRISON MEMORIAL LIBRARY BOARD Staff Report

July 24, 2024
ORDERS OF BUSINESS

TO:	Harrison Memorial Library Board of Trustees
SUBMITTED BY:	Ashlee Wright, Library and Community Activities Director
SUBJECT:	Receive the Monthly report out from Master Plan ad hoc committee and receive and review the Request for Proposals (RFP) for Architect Services for the renovation of the Harrison Memorial Library and the Agreement between the City and Carmel Public Library Foundation for project funding

RECOMMENDATION:

1. Receive a report out from the Master Plan Ad Hoc Committee
2. Review and provide input on the Request for Proposals (RFP) for Architect Services for the renovation of the Harrison Memorial Library
3. Review and provide input on the Agreement between the City and Carmel Public Library Foundation for project funding
4. Recommend that the RFP and Agreement be remanded to the City Council for final input and approval

BACKGROUND/SUMMARY:

The Ad Hoc Committee for the Library Master Plan is made up of President John Krisher and Trustee Phil Pardue. As representatives of the Board of Trustees, the Ad Hoc Committee remains committed to ensuring that library services are continuous and facilities are well-maintained during the renovation planning process and during potential renovation.

As such the Board of Trustees adopted the following guiding principles proposed by the Ad Hoc Committee to be taking into account when the Trustees are evaluating building options and/or making recommendations to Council:

1. Well maintained facilities that meet the patrons needs
2. Maximize service hours
3. No negative impact to the workforce (Library Staff)
4. No extra cost to the City residents
5. Minimal disruption to services.

2024 PROJECT TIMELINE TO-DATE

- February 28, 2024: Ad Hoc Committee requested a presentation from a Public Works representative on the current maintenance requirements for both library branches and their criticality.
- March 5, 2024: City Council received a presentation on the proposed FY 2024-2025 Capital Improvement Plan projects, which included the carryover of the Library Facilities Master Plan Phases

II-IV and requested an update and presentation on Phase I Library Facilities Master Plan.

- March 20, 2024: At a special Library Board meeting the Library Director and the Public Works Director presented on both the current maintenance requirements for the facilities and a high-level overview of the Master Plan Phase I report.
- April 2, 2024: At the regular City Council meeting the Library Director and the Public Works Director provided a presentation to the City Council and Council provided staff with direction to solicit community input to inform a Request for Proposals (RFP) for Architect Services for the renovation of the Harrison Memorial Library.
- May 16: The first of two workshops to solicit community input to inform the drafting of an RFP was canceled due to lack of public participation.
- May 23: The second of two workshops to solicit community input to inform the drafting of an RFP was attended by 7 members of the public in addition to representatives from the Board of Trustees and the Carmel Public Library Foundation Board.
- June 19: The Trustees received the RFP for review, provided staff with feedback, and made a recommendation for Council review and approval.

At the July 7 special City Council meeting the City Council provided staff with direction to add language to the RFP, specifically in the criteria section calling out the necessity of a library consultant for the project. In addition, the City Council directed staff to return with a draft agreement between the City and the CPLF regarding funding responsibility for the project. The Council requested that this RFP and agreement return to them for review at the August Council meeting.

The updated RFP and the draft agreement continue to be in progress will both be issued under separate cover. Staff recommends the Trustees provide any additional input on both documents and if there are no major changes, recommending that this item be remanded back to Council for final review.

FISCAL IMPACT:

N/A

ATTACHMENTS:



CITY OF CARMEL-BY-THE-SEA HARRISON MEMORIAL LIBRARY BOARD Staff Report

July 24, 2024
ORDERS OF BUSINESS

TO: Harrison Memorial Library Board of Trustees

SUBMITTED BY: Ashlee Wright, Library and Community Activities Director

SUBJECT: Consideration of a resolution authorizing the investment of monies in the Local Agency Investment Fund.

RECOMMENDATION:

Adopt the resolution authorizing the investment of monies in the Local Agency Investment Fund.

BACKGROUND/SUMMARY:

The Harrison Memorial Library Board of Trustees' reserve funds are invested in the Local Agency Investment Fund, or, LAIF (see Attachment 1).

LAIF is, a voluntary program created by statute Section 16429.1 et. seq. of the California Government Code, that began in 1977 as an investment alternative for California's local governments and special districts. The LAIF is part of the Pooled Money Investment Account (PMIA), which began in 1955 and is overseen by the Pooled Money Investment Board (PMIB), and an Investment Committee under the State Treasurer's Office. The Local Investment Advisory Board (LIAB) provides oversight of LAIF, and is comprised of five members as designated by statute, who are appointed by the State Treasurer and possess experience in investment or finance, who are treasurers, or are finance or fiscal officers or business managers employed by a local government agency.

LAIF funds are protected from transfer or seizure by the State during times of economic difficulty and in 2002 the State provided local government agencies with the right to withdraw funds regardless of whether the State has adopted a new budget by July 1 of each fiscal year.

The LAIF account first appears in the Library's financial statements in 1992. Prior to the transfer of the reserves to LAIF, the Board of Trustees conducted and managed the investment of its reserves.

LAIF requires a resolution to designate the persons who are authorized to order the deposit and withdrawal of monies; thus the Board updates its LAIF resolution every year when a new treasurer is elected.

Adoption of the resolution does not affect current operations regarding investment activities. The resolution is only to update the names of the persons authorized to transfer monies between the Wells Fargo checking account and the Local Agency Investment Fund.

FISCAL IMPACT:

N/A

ATTACHMENTS:

LAIF Resolution July 2024
LAIF Program Description

**CITY OF CARMEL-BY-THE-SEA
HARRISON MEMORIAL LIBRARY BOARD OF TRUSTEES**

Attachment 1

AGENCY
ADDRESS: P.O. BOX 800, CARMEL-BY-THE-SEA, CA 93921

AGENCY
PHONE NUMBER: (831) 624-1366

A RESOLUTION OF THE HARRISON MEMORIAL LIBRARY BOARD OF TRUSTEES AUTHORIZING THE INVESTMENT OF MONIES IN THE LOCAL AGENCY INVESTMENT FUND.

WHEREAS, the Local Agency Investment Fund is established in the State Treasury under Government Code section 16429.1 et. seq. for the deposit of money of a local agency for purposes of investment by the State Treasurer; and

WHEREAS, the Harrison Memorial Library Board of Trustees hereby finds that the deposit and withdrawal of money in the Local Agency Investment Fund in accordance with the Government Code section 16429.1 et. seq. for the purpose of investment as provided therein is in the best interests of the Harrison Memorial Library Board of Trustees;

NOW THEREFORE, BE IT RESOLVED THAT THE HARRISON MEMORIAL LIBRARY BOARD OF TRUSTEES DOES HEREBY:

Authorize the deposit and withdrawal of Harrison Memorial Library Board of Trustees monies in the Local Agency Investment Fund in the State Treasury in accordance with the Government Code section 16429.1 et. seq. for the purposes of investment as provided therein.

BE IT FURTHER RESOLVED, AS FOLLOWS:

Section 1. The following Harrison Memorial Library Board of Trustees holding the title(s) specified hereinbelow or their successors in office are each hereby authorized to order the deposit or withdrawal of monies in the Local Agency Investment Fund and may execute and deliver any and all documents necessary or advisable in order to effectuate the purposes of this resolution and the transactions contemplated hereby:

John Krisher
President

Marie-Clare Gorham
Treasurer

Ashlee Wright
Library Director

Katie O'Connell
Librarian II

Section 2. This resolution shall remain in full force and effect until rescinded by Harrison Memorial Library Board of Trustees by resolution and a copy of the resolution rescinding this resolution is filed with the State Treasurer's Office.

PASSED AND ADOPTED BY THE HARRISON MEMORIAL LIBRARY BOARD OF TRUSTEES OF THE CITY OF CARMEL-BY-THE-SEA, MONTEREY COUNTY ON this 24TH day of JULY 2024.

ATTEST:

Leslie Fenton
Executive Assistant



California State Treasurer
Fiona Ma, CPA



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LOCAL AGENCY INVESTMENT FUND

Program Description

The Local Agency Investment Fund (LAIF), a voluntary program created by statute, began in 1977 as an investment alternative for California's local governments and special districts and it continues today under Treasurer Fiona Ma's administration. The enabling legislation for the LAIF is Section 16429.1 et seq. of the California Government Code.

This program offers local agencies the opportunity to participate in a major portfolio, which invests hundreds of millions of dollars, using the investment expertise of the State Treasurer's Office professional investment staff at no additional cost to the taxpayer.

The LAIF is part of the Pooled Money Investment Account (PMIA). The PMIA began in 1955 and oversight is provided by the Pooled Money Investment Board (PMIB) and an in-house Investment Committee. The PMIB members are the State Treasurer, Director of Finance, and State Controller.

The Local Investment Advisory Board (LIAB) provides oversight for LAIF. The Board consists of five members as designated by statute. The State Treasurer, as Chair, or her designated representative, appoints two members qualified by training and experience in the field of investment or finance, and two members who are treasurers, finance or fiscal officers or business managers employed by any county, city or local district or municipal corporation of this state. The term of each appointment is two years or at the pleasure of the Treasurer.

All securities are purchased under the authority of Government Code Section 16430 and 16480.4. The State Treasurer's Office takes delivery of all securities purchased on a delivery versus payment basis using a third party custodian. All investments are purchased at market and a market valuation is conducted monthly.

Additionally, the PMIA has Policies, Goals and Objectives for the portfolio to make certain that our goals of Safety, Liquidity and Yield are not jeopardized and that prudent management prevails. These policies are formulated by Investment Division staff and reviewed by both the PMIB and the LIAB on an annual basis.

The State Treasurer's Office is audited by the Bureau of State Audits on an annual basis and the resulting opinion is posted to the State Treasurer's Office website following its publication. The Bureau of State Audits also has a continuing audit process throughout the year. All investments and LAIF claims are audited on a daily basis by the State Controller's Office as well as an internal audit process.

Under Federal Law, the State of California cannot declare bankruptcy, thereby allowing the Government Code Section 16429.3 to stand. This Section states that "moneys placed with the Treasurer for deposit in the LAIF by cities, counties, special districts, nonprofit corporations, or qualified quasi-governmental agencies shall not be subject to either of the following: (a) transfer or loan pursuant to Sections 16310, 16312, or 16313, or (b) impoundment or seizure by any state official or state agency."

During the 2002 legislative session, California Government Code Section 16429.4 was added to the LAIF's enabling legislation. This Section states that "the right of a city, county, city and county, special district, nonprofit corporation, or qualified quasi-governmental agency to withdraw its deposited moneys from the LAIF, upon demand, may not be altered, impaired, or denied in any way, by any state official or state agency based upon the state's failure to adopt a State Budget by July 1 of each new fiscal year."

The LAIF has grown from 293 participants and \$468 million in 1977 to 2,352 participants and \$20.8 billion at the end of November 2023.

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**CITY OF CARMEL-BY-THE-SEA
HARRISON MEMORIAL LIBRARY BOARD
Staff Report**

July 24, 2024
ORDERS OF BUSINESS

TO: Harrison Memorial Library Board of Trustees

SUBMITTED BY: Ashlee Wright, Library and Community Activities Director

SUBJECT: Receive and discuss the communications plan for the sunsetting of Hoopla September 30, 2024.

RECOMMENDATION:

Receive and discuss the communications plan for the sunsetting of Hoopla September 30, 2024.

BACKGROUND/SUMMARY:



At its last regular meeting in June, the Trustees requested that staff return with a plan of action for communicating with our library patrons about the sunsetting of the Hoopla service.

Attached is an FAQ that will be added to the Library's website, blasted out via the library newsletter and the City Administrator's Friday Letter, the library's Instagram and Facebook accounts, posters inside and outside of the library, and other advertising.

Staff are also prepared to work with patrons to download the Libby and Palace apps and train them to submit purchase suggestions.

FISCAL IMPACT:

As part of the FY 24-25 budget, Hoopla is funded through September 30.

ATTACHMENTS:



hoopla service ending September 30, 2024

After careful consideration, Carmel Public Library will be discontinuing the hoopla streaming service.

Why is Carmel Public Library (CPL) discontinuing hoopla?

Although it is free for customers to use, hoopla's cost-per-circulation pricing model means CPL gets charged a fee for every item that is checked out. Because Hoopla uses a cost-per-transaction business model, as opposed to a flat subscription fee, libraries pay more for increased use. This model is unsustainable and makes it difficult to properly budget for all of the resources and materials CPL aims to provide to customers.

CPL routinely evaluates our collections and services to make sure we are providing our customers with the best of both in the most cost-efficient manner possible. We have found that hoopla consumes over 1/2 of the library's eMaterial budget.

CPL believes that our resources are more effectively used towards purchasing more in-demand content through other platforms such as OverDrive/Libby (eBooks, eAudiobooks, comics, magazines) and Kanopy (streaming movies and television). These services allow CPL to more easily control spending while still providing customers with the digital materials they need and want.

I'm a hoopla user – what do I need to do?

Before September 30, 2024, if you need a list of the titles, you've checked out through hoopla, you will need to either write down the titles or take a screenshot of the items in your hoopla history. Because of California customer privacy laws, CPL does not have access to this information.

Find your checkout history by going to the hoopla app; select "My hoopla"; select "Complete History"; write down or take a screenshot of the information.

Where can I find eBooks and eAudiobooks?

[Northern California Digital Library](#) (NCDL) Borrow ebooks, audiobooks, comics, and magazines to read on your phone or tablet using the Libby app by OverDrive. You can even send and read your borrowed eBooks to your Kindle eReader (U.S. only)! It's free and easy to get started for new users and a streamlined experience for current OverDrive app users.

- [Open Libby in the Browser](#)
- [Download Libby](#) — You can now [download the app on the Kindle Fire!](#)
- [Getting Started With Libby](#)
- [Libby Help](#)
- [Libby Life blog – For your love of books & reading | OverDrive](#)

What if NCDL doesn't have what I want?

Use Notify Me to tell us about eBooks, eAudiobooks, and comics not in NCDL. If the item is purchased, the system will place you on hold.

But holds lists can be so long on Libby!

By discontinuing hoopla, CPL will be able to purchase additional titles on Libby to reduce wait time. Because we are part of the NCDL consortium, CPL customers may also borrow titles owned by other libraries/library systems in the consortium, further helping to meet demand.

Where can I stream movies and television?

[Kanopy](#) – Kanopy is a video-streaming platform dedicated to thoughtful and thought-provoking films. Additionally, we are providing unlimited access to children's titles through Kanopy Kids.

How can I watch Kanopy?

You can stream Kanopy on any of your favorite devices! Kanopy is accessible via mobile and tablet apps for [iPhone](#) and [Android](#). You can also access Kanopy on your [Desktop](#), and SmartTV apps like Roku, Apple TV, and Fire Stick.

How to create an account

- To get started, visit <https://www.kanopy.com/en/hmlcarmel> and select the “Add Library Card” button on the lower left
- Enter your library card credentials

- Create an account using your preferred email
- Begin streaming!

What other digital content does CPL offer?

The Palace Project – Access eBooks and audiobooks in one simple app. Enjoy thousands of free books from the Palace Bookshelf as well as exclusive titles only available to you in Palace. Download the Palace app for [Android](#) or [Apple](#) (iPhone and iPad) today!

Flipster – Flipster is a next-generation digital magazine distribution service which lets users access their favorite magazines from a variety of publishers through their local libraries. Accessible via a [web browser](#) or custom apps made specifically for [Apple](#) devices, [Android](#) devices, and the [Kindle Fire](#) tablet, Flipster users can download magazines to read offline, anytime, anywhere.

Local and National Newspapers – [Monterey County Herald](#) (2002 – Present), [San Francisco Chronicle](#) (2017 – Present), [San Francisco Examiner](#) (2017 – Present), and [The New York Times](#) (1851 – Present)