



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

Trustees Marie-Clare Gorham,
Donna Jett, 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, October 22, 2025
9:00 AM

HYBRID MEETING ATTENDANCE OPTIONS

This meeting will be held in person and via teleconference ("hybrid"). 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 also watch the live stream on the City's YouTube page at: <https://www.youtube.com/@CityofCarmelbytheSea/streams>. To participate in the meeting via Zoom, copy and paste the link below into your browser.

<https://ci-carmel-ca-us.zoom.us/j/87526987892>
Webinar ID: 875 2698 7892
Passcode: 982395
Dial in: (669) 444-9171

HOW TO OFFER PUBLIC COMMENT

The public may give public comment at this meeting in person, or use 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 at least 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.

CALL TO ORDER AND ROLL CALL

PLEDGE OF ALLEGIANCE

ANNOUNCEMENTS

- 1) Announcements from the Trustees
- 2) Announcements from the Library Director

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. Persons are not required to provide their names, however, it is helpful for speakers to state their names so they may be identified in the minutes of the meeting. Under the Brown Act, public comment for matters on the agenda must relate to that agenda item and public comments for matters not on the agenda must relate to the subject matter jurisdiction of this legislative body. If a member of the public attending the meeting remotely violates the Brown Act by failing to comply with these requirements of the Brown Act, then that speaker will be muted.

ORDERS OF BUSINESS

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

- 3) Receive the Fiscal Year 2023-24 audit report and a presentation from auditor Sheldon Chavan, C.P.A., of Chavan & Associates, LLP.
- 4) Approval of the Minutes for the September 24, 2025, Regular Meeting
- 5) Receive the Librarian's Report for September 2025
- 6) Receive a progress report on the Harrison Memorial Library Restoration Project
- 7) Receive a report from the Carmel Public Library Foundation on recent activities
- 8) Recommend Approval of the Agreement Between the City of Carmel-by-the-Sea, City of Monterey, and City of Pacific Grove for Public Library Resource Sharing

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).



CITY OF CARMEL-BY-THE-SEA
Harrison Memorial Library Board of Trustees
Staff Report

October 22, 2025
ORDERS OF BUSINESS

TO: Harrison Memorial Library Board of Trustees

SUBMITTED BY: Melinda Cervantes, Library and Community Activities Director

SUBJECT: Receive the Fiscal Year 2023-24 audit report and a presentation from auditor Sheldon Chavan, C.P.A., of Chavan & Associates, LLP.

RECOMMENDATION:

BACKGROUND / SUMMARY:

FISCAL IMPACT:

ATTACHMENTS:

1. 2023-24 HML Audit Report_C&ALLP_Final

Harrison Memorial Library Fund
Annual Financial Report



City of Carmel-by-the-Sea
California

Fiscal Year Ended June 30, 2024

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**HARRISON MEMORIAL LIBRARY FUND
(CITY OF CARMEL-BY-THE-SEA)
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2024**

TABLE OF CONTENTS

FINANCIAL SECTION

Independent Auditor’s Report..... 1

Basic Financial Statements:

 Balance Sheet 4

 Statement of Revenues, Expenditures and Changes in Fund Balance 5

Notes to the Basic Financial Statements..... 6

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures and Changes in Fund Balance –
 Budget and Actual (GAAP Basis).....16

OTHER INDEPENDENT AUDITOR’S REPORTS

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*17

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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, 2024, 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, 2024, 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 opinion.

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, 2024, 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

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.

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 February 14, 2025 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

February 14, 2025
Morgan Hill, California



BASIC FINANCIAL STATEMENTS

Harrison Memorial Library Fund
(City of Carmel-by-the-Sea)
Balance Sheet
June 30, 2024

ASSETS

Cash and investments	\$ 1,486,541
Total assets	<u>\$ 1,486,541</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	\$ 32,890
Total liabilities	<u>32,890</u>

Fund Balances:

Restricted:	
The Reuel Bradney Book Fund	46,747
Evans Trust Book Fund	100,000
Committed:	
Operating reserve	201,450
Equipment replacement	100,000
Unassigned	<u>1,005,454</u>
Total fund balances	<u>1,453,651</u>
Total liabilities and fund balances	<u>\$ 1,486,541</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, 2024

REVENUES

Contributions:

Carmel Public Library Foundation	\$ 341,036
Donations	300
Friends of HML	25,000
Total contributions	366,336

Charges for services	6,655
Interest	45,796
Total Revenues	418,787

EXPENDITURES

Current:

Library:

Administration	53,184
Equipment	50,408
Documents and records	111,560
Programs and cataloging	196,171
Information technology systems	4,445
Total Expenditures	415,768

Net Change in Fund Balance	3,019
Fund Balance Beginning	1,450,632
Fund Balance Ending	\$ 1,453,651

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, 2024

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, 2024

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, 2024

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, 2024

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, 2024

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, 2024

J. Implemented Accounting Pronouncements

The Library has implemented the following recent GASB Statements:

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. This statement did not have a material impact on the financial statements.

NOTE 2 - CASH AND INVESTMENTS

As of June 30, 2024, cash and investments consisted of the following:

Cash on hand	\$	460
Demand Deposits		246,097
Local Agency Investment Fund (LAIF)		1,093,237
Restricted cash and investments - LAIF		146,747
Total cash and investments	\$	1,486,541

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 \$258,586 at June 30, 2024 and was different from the carrying amount due to deposits in transit and outstanding checks. The Library's bank amount uninsured by FDIC coverage is \$8,586.

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

Harrison Memorial Library Fund
(City of Carmel-by-the-Sea)
Notes to the Basic Financial Statements
June 30, 2024

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

Harrison Memorial Library Fund
(City of Carmel-by-the-Sea)
Notes to the Basic Financial Statements
June 30, 2024

D. External Investment Pool

The Library's investments with LAIF at June 30, 2024, 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/>.

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, 2024, 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, 2024, 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

Harrison Memorial Library Fund
(City of Carmel-by-the-Sea)
Notes to the Basic Financial Statements
June 30, 2024

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, 2024, the Library's investments had the following maturities and ratings:

Investment Type	12 Months or Less	Rating	Fair Value Input Levels
LAIF (state pool)	\$ 1,239,984	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 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

Harrison Memorial Library Fund
(City of Carmel-by-the-Sea)
Notes to the Basic Financial Statements
June 30, 2024

(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 83% 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, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Contributions	\$ 341,000	\$ 341,000	\$ 366,336	\$ 25,336
Charges for services	34,000	34,000	6,655	(27,345)
Interest	22,900	22,900	45,796	22,896
Total Revenues	397,900	397,900	418,787	20,887
EXPENDITURES				
Current:				
Library:				
Administration	51,615	51,615	53,184	(1,569)
Equipment	34,500	34,500	50,408	(15,908)
Documents and records	104,350	104,350	111,560	(7,210)
Programs and cataloging	207,935	207,935	196,171	11,764
Information technology systems	4,500	4,500	4,445	55
Total Expenditures	402,900	402,900	415,768	(12,868)
Net Change in Fund Balance	(5,000)	(5,000)	3,019	8,019
Fund Balance Beginning	1,450,632	1,450,632	1,450,632	-
Fund Balance Ending	\$ 1,445,632	\$ 1,445,632	\$ 1,453,651	\$ 8,019

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, 2024, and the related notes to the financial, which collectively comprise the Library’s basic financial statements, and have issued our report thereon dated February 14, 2025.

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



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

February 14, 2025
Morgan Hill, California



CITY OF CARMEL-BY-THE-SEA
Harrison Memorial Library Board of Trustees
Staff Report

October 22, 2025
ORDERS OF BUSINESS

TO: Harrison Memorial Library Board of Trustees

SUBMITTED BY: Leslie Fenton, Executive Assistant

SUBJECT: Approval of the Minutes for the September 24, 2025, Regular Meeting

RECOMMENDATION:

BACKGROUND / SUMMARY:

FISCAL IMPACT:

ATTACHMENTS:

1. HML Regular Meeting Minutes - September 24, 2025

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

REGULAR MEETING MINUTES

Wednesday, September 24, 2025

CALL TO ORDER AND ROLL CALL

PRESENT: Gorham, Jett, Williams
ABSENT: None
STAFF PRESENT: Katie O'Connell, Acting Library Director
Leslie Fenton, Executive Assistant

Trustee Gorham requested to attend remotely under AB2449.

PLEDGE OF ALLEGIANCE

ANNOUNCEMENTS

1) Announcements from the Trustees

Trustee Williams announced that the Treasurer's Report will be continued to the October Regular Meeting, welcomed Katie as the Acting Library Director, and asked that the remaining meeting dates be emailed to the Trustees.

2) Announcements from the Library Director

Acting Library Director O'Connell announced that the Interim Library Director, Melinda Cervantes, would be starting on October 1, 2025.

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. Persons are not required to provide their names, however, it is helpful for speakers to state their names so they may be identified in the minutes of the meeting. Under the Brown Act, public comment for matters on the agenda must relate to that agenda item and public comments for matters not on the agenda must relate to the subject matter jurisdiction of this legislative body. If a member of the public attending the meeting remotely violates the Brown Act by failing to comply with these requirements of the Brown Act, then that speaker will be muted.

None

ORDERS OF BUSINESS

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

3) Receive the Fiscal Year 2023-24 audit report and a presentation from auditor Sheldon Chavan, C.P.A., of Chavan & Associates, LLP.

Item continued to a future meeting.

4) Approval of the Minutes for the August 27, 2025, Regular Meeting

Trustee Jett moved to approve the Minutes for the August 27, 2025, Regular Meeting, seconded by Trustee Gorham and carried by the following roll call vote:

AYES: Gorham, Jett, Williams
NOES: None
ABSENT: None
ABSTAIN: None

5) Receive the Librarian's Report for August 2025

Acting Library Director O'Connell presented the report.

6) Receive a progress report on the Harrison Memorial Library Restoration Project

Trustee Williams presented the report.

7) Receive a report from the Carmel Public Library Foundation on recent activities

Carmel Public Library Foundation Executive Director Alexander Fallon presented the report.

8) Update Official Custodians on Library Checking Account

Acting Library Director O'Connell presented the report.

Trustee Williams moved to authorize the removal of former Library and Community Activities Director Ashlee Wright and the addition of Local History Librarian Kathleen O'Connell as key executives of the Library's Wells Fargo checking account, seconded by Trustee Jett and carried by the following roll call vote:

AYES: Gorham, Jett, Williams
NOES: None
ABSENT: None
ABSTAIN: None

FUTURE AGENDA ITEMS

- August Treasurer's Report
- FY 2023-2024 Audit
- Strategic Plan

ADJOURNMENT

There being no further business before the Board, the meeting was adjourned at 9:14 a.m. The next Regular Meeting is scheduled for October 22, 2025.

APPROVED:

ATTEST:

Maryjo Williams
President, Library Board of Trustees

Leslie Fenton, Board Clerk



CITY OF CARMEL-BY-THE-SEA
Harrison Memorial Library Board of Trustees
Staff Report

October 22, 2025
ORDERS OF BUSINESS

TO: Harrison Memorial Library Board of Trustees

SUBMITTED BY: Katie O'Connell

SUBJECT: Receive the Librarian's Report for September 2025

RECOMMENDATION:

Receive the Librarian's Report for September 2025

BACKGROUND / SUMMARY:

FISCAL IMPACT:

ATTACHMENTS:

1. Librarians' Report - September 2025

LIBRARIAN'S MONTHLY REPORT

September 30, 2025

CIRCULATION	YTD Percentage Change	This Month	Last Month	This YTD	Last YTD
Adult Circulation:					
Fiction	-2.82	1,595	1,897	5,369	5,525
Non-Fiction	-5.32	857	1,035	3,025	3,195
Magazines	-27.05	38	68	151	207
Audio/Video	-19.35	747	884	2,563	3,178
ADULT CIRCULATION TOTAL:	-8.24	3,237	3,884	11,108	12,105
Juvenile Circulation:					
Fiction	0.77	2,361	2,702	8,349	8,285
Non-Fiction	-6.68	619	685	2,109	2,260
Magazines	38.98	46	42	164	118
Audio/Video	-15.09	105	156	439	517
JUVENILE CIRCULATION TOTAL:	-1.06	3,131	3,585	11,061	11,180
CIRCULATION TOTAL:	-4.79	6,368	7,469	22,169	23,285
ELECTRONIC CHECKOUTS:	13.21	11,006	11,218	33,638	29,712
HOLD REQUESTS:	-8.46	829	825	2,531	2,765
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

September 30, 2025

CIRCULATION BY BORROWERS	YTD Percentage Change	This Month	Last Month	This YTD	Last YTD
Residents: Carmel-by-the-Sea	0.00	1,378	1,526	4,382	4382
Non-Residents:					
Monterey County	-7.01	4,487	5,223	15,540	16,712
Other Zip Codes	2.56	503	720	2,247	2,191
NON-RESIDENT CIRCULATION TOTAL	-5.90	4,990	5,943	17,787	18,903
PATRON REGISTRATION:	Patron Data Base Purge 05/25				
Carmel by-the-Sea Residents	-44.05	15	21	47	84
Monterey County Residents	-25.69	106	46	243	327
Other Borrowers	-93.17	54	49	205	3000
REGISTRATION TOTAL:	-85.49	175	116	495	3,411
TOTAL # OF CARDHOLDERS:	17.91	16,094	15,917	16,094	13,649

Patron Visit Count					
HML Building	-3.11	6,195	9,559	23,581	24,337
Park Branch Building	#DIV/0!				
Local History	-20.18	17	35	87	109
Youth Services Dept.	10.85	4,393	7,415	16,290	14,696
PATRON VISIT TOTAL:	2.08	10,605	17,009	39,958	39,142

LIBRARIAN'S MONTHLY REPORT

September 30, 2025

REFERENCE QUESTIONS	YTD Percentage Change	This Month	Last Month	This YTD	Last YTD
Reference Desk	-7.30	989	1,360	3,469	3,742
Youth Services Desk	25.60	790	515	2,296	1,828
Local History Desk	-18.00	100	45	205	250
TOTAL REFERENCE QUESTIONS:	2.58	1879	1920	5970	5820
ELECTRONIC SEARCH ACTIVITY					
Public in-Library Computer Use:	#DIV/0!				0
Public WiFi Use:	40.18	1,458	1,203	3,838	2,738
VOLUNTEER HOURS					
	YTD Percentage Change	This Month	Last Month	This YTD	Last YTD
Local History	-10.00	4	2	9	10
Park Branch	-45.16	0	0	17	31
Harrison - Main	-20.99	20	26	64	81
TOTALS:	-26.23	24	28	90	122

OUTREACH SERVICES					
Visits	#DIV/0!	2	0	0	0
Circulation	#DIV/0!	0	0	0	0

LIBRARIAN'S MONTHLY REPORT

September 30, 2025

	YTD Percentage Change	This Month	Last Month	This YTD	Last YTD
SUMMER READING PROGRAMS	0.00	0	0	5	5
TOTAL ATTENDANCE	98.26	0	0	456	230
PRESCHOOL PROGRAMS (0-5 YRS)	140.00	6	0	12	5
TOTAL ATTENDANCE	75.17	177	0	522	298
SCHOOL AGE PROGRAMS (6-11 YRS)	#DIV/0!	2	0	5	0
TOTAL ATTENDANCE	#DIV/0!	77	0	166	0
TEEN PROGRAMS (12-18 YRS)	0.00	4	0	8	8
TOTAL ATTENDANCE:	36.59	26	0	56	41
ADULT PROGRAMS	77.78	8	1	16	9
TOTAL ATTENDANCE	5.69	206	100	650	615
OFFSITE PROGRAMS	100.00	2	0	2	1
TOTAL ATTENDANCE	-65.33	95	0	95	274
LOCAL HISTORY PROGRAMS	-50.00	1	0	1	2
TOTAL ATTENDANCE	-91.10	25	0	25	281



CITY OF CARMEL-BY-THE-SEA
Harrison Memorial Library Board of Trustees
Staff Report

October 22, 2025
ORDERS OF BUSINESS

TO: Harrison Memorial Library Board of Trustees

SUBMITTED BY: Melinda Cervantes, Library and Community Activities Director

SUBJECT: Receive a progress report on the Harrison Memorial Library Restoration Project

RECOMMENDATION:

BACKGROUND / SUMMARY:

FISCAL IMPACT:

ATTACHMENTS:

None



CITY OF CARMEL-BY-THE-SEA
Harrison Memorial Library Board of Trustees
Staff Report

October 22, 2025
ORDERS OF BUSINESS

TO: Harrison Memorial Library Board of Trustees

SUBMITTED BY: Melinda Cervantes, Library and Community Activities Director

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

RECOMMENDATION:

BACKGROUND / SUMMARY:

FISCAL IMPACT:

ATTACHMENTS:

None



CITY OF CARMEL-BY-THE-SEA
Harrison Memorial Library Board of Trustees
Staff Report

October 22, 2025
ORDERS OF BUSINESS

TO: Harrison Memorial Library Board of Trustees

SUBMITTED BY: Melinda Cervantes, Library and Community Activities Director

SUBJECT: Recommend Approval of the Agreement Between the City of Carmel-by-the-Sea, City of Monterey, and City of Pacific Grove for Public Library Resource Sharing

RECOMMENDATION:

Recommend Approval of the Agreement Between the City of Carmel-by-the-Sea, City of Monterey, and City of Pacific Grove for Public Library Resource Sharing

BACKGROUND / SUMMARY:

The cities of Pacific Grove and Monterey have had an Agreement in place to share library resources since 1994. This Agreement was renewed in 2007 and in 2013. This new Agreement would add the City of Carmel-by-the-Sea and replace the current Agreement in place between Pacific Grove and Monterey.

The purpose of the proposed Agreement is to increase access to library collections for the residents of the three cities, add delivery services for the convenience of pickup and drop off of materials, and simultaneous searching of a larger selection of library books and materials.

The DRAFT Agreement will be provided under separate cover.

FISCAL IMPACT:

ATTACHMENTS:

1. Final - Library Resources Sharing Agreement

**AGREEMENT BETWEEN THE CITY OF CARMEL-BY-THE-SEA,
THE CITY OF MONTEREY AND THE CITY OF PACIFIC GROVE
FOR PUBLIC LIBRARY RESOURCE SHARING**

THIS AGREEMENT (“Agreement”), made and entered into this ____ day of _____, 2025, by and between the City of Carmel-by-the-Sea Public Library, a department of the City of Carmel-by-the-Sea (“CPL”), the Monterey Public Library, a department of the City of Monterey (“MPL”), and the City of Pacific Grove (“PGPL”), referred to herein collectively as “Parties” and individually as “Party” regarding resource sharing.

WHEREAS, the mission of public libraries is to provide equitable access to books, information, and ideas using the most effective methods to ensure that services and resources that are essential to the quality and enjoyment of life in our communities are free and easily accessible to all; and

WHEREAS, in 1994 MPL and PGPL determined it was in their best interests to share certain resources and continue to do so through the present date; and

WHEREAS, CPL desires to join with MPL and PGPL to share resources and on a long-term and continuing basis, which will enable all three Parties to provide patrons with enhanced access to a greater variety of library resources in a cost-effective way.

NOW, THEREFORE, in consideration of the mutual covenants contained herein the Parties agree as follows:

1. RESPONSIBILITIES OF PARTIES

Each Party shall:

- a. Permit any California resident to borrow physical books and media (“Resources”), whether circulated by that Party or any other Party, according to the circulation Party’s established rules and regulations without discrimination based on the borrower’s place of residence, and without payment of a nonresident fee for the use.
- b. Share catalog records for physical library materials in a shared Integrated Library System (ILS) environment and make such catalog records available to staff of each Party and to the public, unless prohibited by law.
- c. Lend Resources to other Parties according to the lending Party’s rules and regulations.
- d. Receive returns of Resources from other Parties according to the Receiving Party’s rules and regulations.
- e. Participate in the programs required by the California Library Services Act (Act).
- f. Meet and confer in good faith regarding the payment or reimbursement of additional costs incurred by any Party in the performance of this Agreement, or any amendment thereto.

- g. Maintain those records and statistics that may be required by the Parties to document the performance of the ILS.
- h. Comply with all applicable state, federal, and local laws and regulations in the performance of this Agreement, including those governing operating procedures and security of data.
- i. Immediately notify all other Parties of any potential data breach, subpoenas, or any records requests made under state or federal law that conflict with or violate California Government Code Sections 7927.100 and 7927.105, as may be amended, governing the confidentiality of library records.

2. MANAGEMENT AND CONTROL OF INDIVIDUAL LIBRARIES

- a. Directors
 - 1) The representative of each Party under this Agreement shall be the Library Director or Executive of each Library, referred to herein collectively as “Directors” or individually as “Director”.
 - 2) The Directors shall direct the administration of this Agreement, establish appropriate committees, formulate policy and goals, and establish and review programs as applicable. The Directors may adopt policies upon a majority vote.
- b. Nothing contained herein shall be deemed to limit the right of any Party to administer, manage, direct and control their own Library and resources independently, select its own physical books and other library materials, hire its own personnel, and operate according to the policies and rules established by its own administration, governing body, Board of Trustees, or City Council shall prevail and control.

3. INTEGRATED LIBRARY SYSTEM (ILS) AND COST ALLOCATION PLAN

- a. Each Party shall bear responsibility for their own costs to participate in this Agreement, including acquisition of remote hardware, structural modifications, communications equipment necessary to communicate with the central ILS site, and local conversion expense, including California State Sales Taxes on purchases, where applicable.
- b. Each Party shall be individually responsible for all their own costs associated with the ILS and courier delivery for physical materials.

4. CONFIDENTIALITY OF DATA

- a. The Parties shall make best efforts to maintain the confidentiality of information relating to records of each other Party’s patrons, including but not limited to library circulation records, in compliance with the relevant provisions of the California Public Records Act, set forth at Government Code section 7920 et seq., (“PRA”) as may be amended.
- b. Employees of each Party shall have access to such records to provide for the orderly operation of each Library; however, such records shall not be made available to any person or entity other than the Party except pursuant to such lawful process, order, or subpoena as may be authorized by law.

- c. Each Party is responsible for responding to PRA requests received regarding this Agreement. Upon receipt of a PRA request, each Party agrees to promptly provide a copy of the PRA request to the other Parties, and cooperate to respond timely.
- d. Any issues, concerns or conditions relating to the privacy of such patron and circulation records shall be referred to the Director of the applicable Library for resolution and all parties notified of the issues, concerns, or conditions raised.

5. DISPUTE RESOLUTION

- a. Whenever a Party believes that another Party has committed a breach of any material obligation set forth in this Agreement, it may give the Party notice of the breach with reasonable specificity. The notified Party shall use its best efforts to promptly remedy the breach and shall inform the Parties of the nature of the remedial action planned and taken, or will respond to any such notice, with an explanation that sets forth reasonable cause for the breach.
- b. If a breach is not remedied within thirty (30) days after notification, the other Parties shall be entitled to seek appropriate relief under this Agreement or otherwise under the law.

6. APPLICABLE LAW

This Agreement shall be governed by, subject to, and construed according to the laws of the State of California. Venue shall be in Monterey County, California.

7. TERM: TERMINATION

- a. This Agreement shall begin on _____, and shall continue for an initial two (2) year term ("Initial Term"), unless otherwise extended or terminated as provided herein.
- b. This Agreement shall renew automatically after the Initial Term for a successive one (1) year term, and further extensions upon mutual agreement of the Parties, under the same terms and conditions, unless otherwise terminated as provided herein.
- c. Any Party wishing to withdraw from this Agreement must provide at least one (1) year written notice to the other Parties. In the event one Party terminates the Agreement, this Agreement shall remain in full force for the remaining Parties unless otherwise terminated.
- d. If a Party withdraws from the Agreement according to the terms and conditions set forth herein, said Party shall receive a copy of its bibliographic file, borrower file, and item file if such information has been converted and filed in the automated system.

8. MUTUAL HOLD HARMLESS AND INDEMNIFICATION

To the extent allowable by law, each Party shall indemnify, defend, and hold harmless the other Parties, to the extent allowed by law and in proportion to fault, against any and all third party liability for claims, demands, costs or judgments (direct, indirect, incidental, or consequential) or other costs and expenses (including attorneys' fees, costs and expenses) arising or resulting from the acts or omissions of its own officers, agents, employees, or representatives carried out pursuant to the obligations of this Agreement.

9. AMENDMENTS

This Agreement constitutes the entire Agreement between the Parties and supersedes any and all prior agreements, whether oral or written, relating to the subject matter thereof. No part of this Agreement shall be altered or may be amended by written approval of all Parties.

10. ASSIGNMENT

All of the terms, conditions and provisions of this Agreement shall apply to and bind the respective heirs, executors, administrators, successors, and assigns of the Parties. Nothing in this paragraph is intended to affect the limitation on assignment.

11. WAIVER

A waiver of a default of any term of this Agreement shall not be construed as a waiver of any succeeding default or as a waiver of the provision itself. A Party's performance after the other Party's default shall not be construed as a waiver of that default.

12. SEVERABILITY

Should any portion of this Agreement be determined to be void or unenforceable, such shall be severed from the whole and the Agreement will continue as modified.

13. AUTHORIZED SIGNATORY

Each Party has all requisite power and authority to conduct its business and to execute, deliver and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right and authority to make this Agreement and bind each respective Party.

14. COUNTERPARTS

This Agreement may be signed in counterparts, each of which shall constitute an original.

The City of Monterey has executed this Agreement pursuant to duly authorized action of the Board of Library Trustees on _____ 2025.

The City of Pacific Grove has executed this Agreement pursuant to duly authorized approval of the City Manager, on _____ 2025.

The City of Carmel-by-the-Sea has executed this Agreement pursuant to duly authorized approval of the City Administrator, on _____ 2025.

MONTEREY PUBLIC LIBRARY

CITY OF PACIFIC GROVE

Chair, Board of Trustees

City Manager

CITY OF CARMEL-BY-THE-SEA

City Administrator