# BLANCHARD/SANTA PAULA LIBRARY DISTRICT

FINANCIAL STATEMENTS
JUNE 30, 2023

**BLANCHARD/SANTA PAULA LIBRARY DISTRICT**
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Moss, Levy & Hartzheim LLP
Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Blanchard/Santa Paula Library District

**Report on the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities and each major fund of the Blanchard/Santa Paula Library District, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Blanchard/Santa Paula Library District'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 of the governmental activities and each major fund of the Blanchard/Santa Paula Library District, as of June 30, 2023, and the respective changes in its' financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Blanchard/Santa Paula Library District 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.

***Responsibilities of Management for the Financial Statements***

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 Blanchard/Santa Paula Library District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if 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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.



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- 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 Blanchard/Santa Paula Library District'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 Blanchard/Santa Paula Library District's ability to continue as a going concern for a reasonable period of time.

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

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the budgetary information on pages 27 and 28, the schedule of proportionate share of net pension liability on page 29, the schedule of pension contributions on page 30, the schedule of changes in the net OPEB liability and related ratios on page 31, and the schedule of OPEB contributions on page 32 be presented to supplement the basic financial statements. Such information, is the responsibility of management, 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.

Management has omitted 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2024, on our consideration of the Blanchard/Santa Paula Library District'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 District's internal control over financial reporting and compliance.

Moss, Levy & Hartzheim LLP

Santa Maria, California
March 6, 2024

**BLANCHARD/SANTA PAULA LIBRARY DISTRICT**
STATEMENT OF NET POSITION
JUNE 30, 2023

| | | |
|---|---|---|
| **ASSETS** | | |
| Cash and investments | $ | 2,485,914 |
| Prepaid expenses | | 45,562 |
| Capital assets: | | |
| Depreciable, net | | 487,123 |
| Total assets | | 3,018,599 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | |
| Deferred pensions | | 237,280 |
| Deferred other post-employment benefits | | 96,589 |
| Total deferred outflows of resources | | 333,869 |
| **LIABILITIES** | | |
| Current Liabilities: | | |
| Accounts payable | | 11,481 |
| Accrued payroll taxes | | 3,750 |
| Unearned revenue | | 225 |
| Compensated absences | | 3,055 |
| Total current liabilities | | 18,511 |
| Long-term liabilities: | | |
| Compensated absences | | 27,498 |
| Other post-employment benefits | | 731,974 |
| Net pension liability | | 703,983 |
| Total long-term liabilities | | 1,463,455 |
| Total liabilities | | 1,481,966 |
| **DEFERRED INFLOWS OF RESOURCES** | | |
| Deferred other post-employment benefits | | 399,897 |
| Deferred pensions | | 129,441 |
| Total deferred inflows of resources | | 529,338 |
| **NET POSITION** | | |
| Net investment in capital assets | | 487,123 |
| Restricted for: | | |
| Literacy programs | | 17,854 |
| Unrestricted | | 836,187 |
| Total net position | $ | 1,341,164 |

The notes to basic financial statements are an integral part of this statement.

**BLANCHARD/SANTA PAULA LIBRARY DISTRICT**

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| | Expenses | Charges for Services | Operating Contributions and Grants | Capital Contributions and Grants | Net (Expense) Revenue and Changes in Net Position |
|---|---|---|---|---|---|
| Governmental activities: | | | | | |
| Library services | $ 839,210 | $ 6,805 | $ 436,156 | $ 6,816 | $ (389,433) |
| FLAIR program | 71,064 | | 80,091 | | 9,027 |
| Payments to Black Gold | 51,847 | | | | (51,847) |
| Total governmental activities | $ 962,121 | $ 6,805 | $ 516,247 | $ 6,816 | (432,253) |
| General Revenue | | | | | |
| Property taxes | | | | | 673,537 |
| Special assessment tax | | | | | 321,945 |
| Miscellaneous | | | | | 2,017 |
| Investment income | | | | | 17,103 |
| Total general revenue | | | | | 1,014,602 |
| Change in net position | | | | | 582,349 |
| Net position at beginning of fiscal year | | | | | 758,815 |
| Net position at end of fiscal year | | | | | $ 1,341,164 |

The notes to basic financial statements are an integral part of this statement.

**BLANCHARD/SANTA PAULA LIBRARY DISTRICT**
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2023

| | General Fund | Literacy Programs Fund | Total Governmental Funds |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and investments | $ 2,468,060 | $ 17,854 | $ 2,485,914 |
| Prepaid expenditures | 45,562 | | 45,562 |
| Total assets | $ 2,513,622 | $ 17,854 | $ 2,531,476 |
| **LIABILITIES AND FUND BALANCES** | | | |
| Liabilities: | | | |
| Accounts payable | $ 11,481 | $ - | $ 11,481 |
| Acrued payroll taxes | 3,750 | | 3,750 |
| Unearned revenue | 225 | | 225 |
| Total liabilities | 15,456 | | 15,456 |
| Fund balances: | | | |
| Restricted | | | |
| Literacy programs | | 17,854 | 17,854 |
| Unassigned | 2,498,166 | | 2,498,166 |
| Total fund balances | 2,498,166 | 17,854 | 2,516,020 |
| Total liabilities and fund balances | $ 2,513,622 | $ 17,854 | $ 2,531,476 |

The notes to basic financial statements are an integral part of this statement.

**BLANCHARD/SANTA PAULA LIBRARY DISTRICT**
RECONCILIATION OF THE GOVERNMENTAL
FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2023

| | | | | |
|---|---|---|---|---|
| Total Fund Balance - Governmental Funds | | | $ | 2,516,020 |
| Amounts reported for governmental activities in the statement of net position are different because: | | | | |
| In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation. | | | | 487,123 |
| Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of: | | | | |
| Compensated absences | $ | (30,553) | | |
| Other post-employment benefits | | (731,974) | | |
| Net pension liability | | (703,983) | | |
| Total | | | | (1,466,510) |
| Deferred outflows and inflows of resources relating to pensions and other post-employment benefits: In governmental funds, deferred outflows and inflows of resources relating to pensions and other post-employment benefits are not reported because they are applicable to future reporting periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions and other post employment benefits and other post-employment benefits are not reported. | | | | |
| Deferred inflows of resources relating to pensions | $ | (129,441) | | |
| Deferred outflows of resources relating to other post-employment benefits | | 96,589 | | |
| Deferred inflows of resources relating to other post-employment benefits | | (399,897) | | |
| Deferred outflows of resources relating to pensions | | 237,280 | | |
| Net | | | | (195,469) |
| Total Net Position - Governmental Net Activities | | | $ | 1,341,164 |

The notes to basic financial statements are an integral part of this statement.

**BLANCHARD/SANTA PAULA LIBRARY DISTRICT**

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

June 30, 2023

| | General Fund | Literacy Programs Fund | Total Governmental Funds |
|---|---|---|---|
| **Revenues:** | | | |
| Property taxes | $ 673,537 | $ - | $ 673,537 |
| Special assessment tax | 321,945 | | 321,945 |
| Library services | 6,805 | | 6,805 |
| Interest income | 17,103 | | 17,103 |
| Donations/memorials | 47,445 | | 47,445 |
| Impact fees | 6,816 | | 6,816 |
| State/Federal/Other grants | 388,711 | 80,091 | 468,802 |
| Miscellaneous | 2,017 | | 2,017 |
| Total revenues | 1,464,379 | 80,091 | 1,544,470 |
| **Expenditures:** | | | |
| Salaries and employee benefits | 637,793 | 60,872 | 698,665 |
| Services and supplies | 238,201 | 10,192 | 248,393 |
| Utilities | 44,383 | | 44,383 |
| Capital outlay | 48,865 | | 48,865 |
| Payments to Black Gold | 51,847 | | 51,847 |
| Total expenditures | 1,021,089 | 71,064 | 1,092,153 |
| Net change in fund balances | 443,290 | 9,027 | 452,317 |
| Fund balances - July 1 | 2,054,876 | 8,827 | 2,063,703 |
| Fund balances - June 30 | $ 2,498,166 | $ 17,854 | $ 2,516,020 |

The notes to basic financial statements are an integral part of this statement.

**BLANCHARD/SANTA PAULA PUBLIC LIBRARY DISTRICT**
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| | | |
|---|---|---|
| Net Change in Fund Balance - Governmental Fund | $ | 452,317 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which additions to capital assets of $48,865 is less than depreciation expense of $42,876: | | 5,989 |
| In the statement of activities, compensated absences are measured by the amounts earned during the fiscal year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts paid). This fiscal year, compensated absences used was more than the amounts earned. | | 8,816 |
| In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This fiscal year, the difference between accrual basis OPEB costs and actual employer contributions was: | | 23,426 |
| In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. The fiscal year, the difference between pension costs and actual employer contributions was: | | 91,801 |
| Change in Net Position - Governmental Activities | $ | 582,349 |

The notes to basic financial statements are an integral part of this statement.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Organization

The Ventura County Board of Supervisors formed and organized the District on October 31, 1967. Before this date, the City of Santa Paula had operated a municipal library as the Dean Hobbs Blanchard Memorial Library.

On July 1, 1968, the District became operational. On this date the assets, all real and personal properties of the municipal library, were transferred to the District with the provision that at such time as the District or its successors cease to operate and maintain a public library within the City of Santa Paula, an amount equal to the total value of these assets will be returned to the City of Santa Paula.

On July 15, 1969, the Board of Trustees of the Santa Paula Union High School Public Library District created a Library Commission of five members to govern the operations of the District.

As a result of a separation resolution adopted by the Santa Paula Union High School Public Library District on November 8, 1995, a new district was formed, Blanchard/Santa Paula Library District – Blanchard Community Library, to oversee the Library. This action was taken pursuant to the enactment of Senate Bill 614, Chapter 529, Statutes of 1995. Accordingly, the Board of Supervisors of the County of Ventura appointed an initial governing Board of Trustees for the new District consisting of the members of the Library Commission of the old District. The new Board assumed their responsibilities at their first meeting on January 16, 1996, at which time the Library Commission ceased to exist. Consequently, all assets, liabilities and fund balances of the old District were transferred to the new District.

### B. Component Unit

The reporting entity is the Blanchard/Santa Paula Library District – Blanchard Community Library. There are no component units included in this report which meets the criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statements No. 39, No. 61, No. 80, and No. 90.

### C. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. The *District expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Major individual governmental funds are reported as separate columns in the fund financial statements.

### D. Basis of Presentation

*Government-wide and fund financial statements:*

The government-wide statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

D. **Basis of Presentation (Continued)**

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

*Fund Financial Statements:*

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all non-major funds are aggregated into one column.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases, (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net position.

E. **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

*Revenues – exchange and non-exchange transactions:*

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 60 days after fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include grants. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

*Unearned revenue:*

Unearned revenues arise when assets are received before revenue recognition criteria have been satisfied. Grants received before eligibility requirements are met are recorded as unearned revenue.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### E. Basis of Accounting (Continued)

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

### F. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or retained earnings, revenues, and expenditures. The District's resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into two major funds, as follows:

Major Governmental Funds:

The *General Fund* is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

The *Literacy Programs Fund* accounts for special revenues restricted for the District's literacy program (FLAIR).

### G. Use of Estimates

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

### H. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the major funds. All annual appropriations lapse at fiscal year-end.

### I. Cash and Investments

The unexpended cash of the General Fund is deposited in the County of Ventura Treasury and the City of Santa Paula. The County and the City maintain cash and investment pools and allocates interest to the various funds based upon the average monthly cash balances. Other cash deposits are held in various local banks in the District's name and are insured by the FDIC. Investments are stated at fair value.

### J. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. For budgetary purposes, appropriations lapse at fiscal year-end except for that portion related to encumbered amounts. Encumbrances outstanding at year-end are carried forward to the new fiscal year. Such encumbrances constitute the equivalent of expenditures for budgetary purposes and accordingly, the accompanying financial statements present comparisons of actual results to the budgets of governmental funds on the budget basis of accounting.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### K. Capital Assets

Capital assets are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at their estimated fair value at the date of the contribution. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and estimated useful life in excess of two years.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the governmental column in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the statement of net position. The estimated useful lives are as follows:

| | |
|---|---|
| Equipment and vehicles | 5 to 7 years |
| Furniture and fixtures | 7 years |
| Buildings and improvements | 30 years |

### L. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

### M. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

### N. Compensated Absences

Twenty-five percent of sick leave pay, after ten years of service, and all vacation leave pay plus related payroll taxes are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

### O. Fund Balances

Fund balance of the governmental funds are classified as follows:

Nonspendable Fund Balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance – represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance – represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the District.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### O. Fund Balances (continued)

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

### P. Net Position

GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

Net position that is net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by the outstanding principal of related debt. Restricted net position is the portion of net position that has external constraints placed on it by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

### Q. Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*," and GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities,*" the District recognizes deferred outflows and inflows of resources.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. The District has two items which qualify for reporting in this category; refer to Notes 6 and 7 for a detailed listing of the deferred outflows of resources the District has reported.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the District that is applicable to a future reporting period. The District has two items which qualify for reporting in this category; refer to Notes 6 and 7 for a detailed listing of the deferred inflows of resources the District has reported.

### R. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Blanchard/Santa Paula Library District's California Public Employees' Retirement System (CalPERS) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### S. OPEB

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (OPEB plan) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### T. Future Accounting Pronouncements

GASB Statements listed below will be implemented in future financial statements:

| | | |
|---|---|---|
| Statement No. 99 | "Omnibus 2022" | The provisions of this statement are effective in April 2022 except for the provisions related to leases, PPPs, SBITAs, financial guarantees and derivative instruments. The provisions related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022. The provisions related to financial guarantees and derivative instruments are effective for fiscal years beginning after June 15, 2023. |
| Statement No. 100 | "Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62" | The provisions of this statement are effective for fiscal years beginning after June 15, 2023. |
| Statement No. 101 | "Compensated Absences" | The provisions of this statement are effective for fiscal years beginning after December 15, 2023. |

## NOTE 2 – CASH AND INVESTMENTS

On June 30, 2023, the District had the following cash and investments on hand:

| | |
|---|---|
| Cash on hand | $ 411 |
| Cash in bank | 615,742 |
| Cash and investments with the City of Santa Paula | 245,269 |
| Cash and investments with the Ventura County Treasurer | 1,225,031 |
| Negotiable Certificates of Deposit | 399,461 |
| Total cash and investments | $ 2,485,914 |

Cash and investments are presented on the accompanying basic financial statements, as follows:

| | |
|---|---|
| Cash and investments, statement of net position | $ 2,485,914 |

The District categorizes its fair value measurements within the fair value hierarchy established by U.S. Generally Accepted Accounting Principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Fair value of assets measured on a recurring basis at June 30, 2023, are as follows:

| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Uncategorized (Level 3) |
|---|---|---|---|---|
| Negotiable Certificates of Deposit | $ 399,461 | $ 399,461 | $ - | $ - |
| Investments with the Ventura County Treasurer | 1,225,031 | | 1,225,031 | |
| City of Santa Paula Investment Pool | 245,269 | | 245,269 | |
| | $ 1,869,761 | $ 399,461 | $ 1,470,300 | $ - |

**NOTE 2 – CASH AND INVESTMENTS (continued)**

Investments Authorized by the California Government Code

The following table identifies the investment types that are authorized for the District by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

| Authorized Investment Type | Maximum Maturity | Maximum Percentage Of Portfolio | Maximum Investment in One Issuer |
|---|---|---|---|
| Local Agency Bonds | 5 years | None | None |
| U.S. Treasury Obligations | 5 years | None | None |
| U.S. Agency Securities | 5 years | None | None |
| Banker's Acceptances | 180 days | 40% | 30% |
| Commercial Paper | 270 days | 25% | 10% |
| Negotiable Certificates of Deposit | 5 years | 30% | None |
| Repurchase Agreements | 1 year | None | None |
| Reverse Repurchase Agreements | 92 days | 20% of base value | None |
| Medium-Term Notes | 5 years | 30% | None |
| Mutual Funds | N/A | 20% | 10% |
| Money Market Mutual Funds | N/A | 20% | 10% |
| Mortgage Pass-Through Securities | 5 years | 20% | None |
| City Pooled Investment Fund | N/A | None | None |
| County Pooled Investment Fund | N/A | None | None |
| Local Agency Investment Fund (LAIF) | N/A | None | $75,000,000 |
| JPA Pools (other investment pools) | N/A | None | None |

Disclosures Relating to 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 maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term 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 operations.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

| | | Remaining Maturity (in Months) | | | |
|---|---|---|---|---|---|
| Investment Type | Carrying Amount | 12 Months Or Less | 13-24 Months | 25-60 Months | More than 60 Months |
| Ventura County Investment Pool | $ 1,225,031 | $ 1,225,031 | $ - | $ - | $ - |
| City of Santa Paula Investment Pool | 245,269 | 245,269 | | | |
| Negotiable Certificates of Deposit | 399,461 | 160,221 | 239,240 | | |
| Total | $ 1,869,761 | $ 1,630,521 | $ 239,240 | $ - | $ - |

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of rating by a nationally recognized statistical rating organization. Presented on the following page, is the minimum rating required by the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

## NOTE 2 – CASH AND INVESTMENTS (Continued)

Disclosures Relating to Credit Risk (continued)

| Investment Type | Carrying Amount | Minimum Legal Rating | Exempt From Disclosure | Rating as of Fiscal Year End AAA | Aa | Not Rated |
|---|---|---|---|---|---|---|
| Ventura County Investment Pool | $1,225,031 | N/A | $ - | $ - | $ - | $1,225,031 |
| City of Santa Paula Investment Pool | 245,269 | N/A | | | | 245,269 |
| Negotiable Certificates of Deposit | 399,461 | N/A | | | | 399,461 |
| Total | $1,869,761 | | $ - | $ - | $ - | $1,869,761 |

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The District currently holds negotiable certificates of deposit with Morgan Stanley of $160,322 that are over 5% of the District's total investments.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the

exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. 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 governmental investment pools (such as the Ventura County Investment Pool).

As of June 30, 2023, none of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District'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 governmental investment pools (such as Ventura County Investment Pool and the City of Santa Paula's pooled cash).

## NOTE 3 – PROPERTY TAXES

Property taxes in the State of California are administered for all local agencies at the county level, and consist of secured, unsecured, and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:

> **Property Valuations** - are established by the Assessor of the County of Ventura for the secured and unsecured property tax rolls; the utility property tax roll is valued by the State Board of Equalization. Under the provisions of Article XIIIA of the

## NOTE 3 – PROPERTY TAXES (continued)

State Constitution (Proposition 13 adopted by the voters on June 6, 1978), properties are assessed at 100% of full value. From the base assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations and is subject to annual reappraisal.

**Tax Levies** - are limited to 1% of full value which results in a tax rate of $1.00 per $100 assessed valuation, under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.

**Tax Levy Dates** - are attached annually on January 1, preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property as it exists at the time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

**Tax Collections** - are the responsibility of the County Tax Collector. Taxes and assessments on secured and utility rolls which constitute a lien against the property may be paid in two installments: the first is due on November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the county for late payments.

**Tax Levy Apportionments** - Due to the nature of the District-wide maximum levy, it is not possible to identify general purpose tax rates for specific entities. Under State legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by the county auditor-controller based primarily on the ratio that each agency represented of the total District-wide levy for the three years prior to fiscal year 1979.

**Property Tax Administration Fees** - The State of California FY 90-91 Budget Act authorized Counties to collect an administrative fee for collection and distribution of property taxes.

## NOTE 4 – CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2023 was as follows:

| Governmental activities | Balance July 1, 2022 | Additions | Deletions | Balance June 30, 2023 |
|---|---|---|---|---|
| Non-depreciable capital assets: | | | | |
| Land | $ 69,309 | $ - | $ - | $ 69,309 |
| Contruction in progress | 24,985 | 48,865 | | 73,850 |
| Total non-depreciable capital assets | $ 94,294 | $ 48,865 | $ - | $ 143,159 |
| Depreciable capital assets: | | | | |
| Buildings | $ 474,710 | $ - | $ - | $ 474,710 |
| Equipment | 318,048 | | | 318,048 |
| Improvements | 771,230 | | | 771,230 |
| Furniture and fixtures | 292,310 | | | 292,310 |
| Total depreciable capital assets | 1,856,298 | | | 1,856,298 |
| Less accumulated depreciation | 1,469,458 | 42,876 | | 1,512,334 |
| Net depreciable capital assets | $ 386,840 | $ (42,876) | $ - | $ 343,964 |
| Net capital assets | $ 481,134 | $ 5,989 | $ - | $ 487,123 |

## NOTE 5 – LONG-TERM LIABILITIES

The following is a summary of long-term liability activity for the fiscal year ended June 30, 2023:

| | Balance July 1, 2022 | Additions | Deletions | Balance June 30, 2023 | Due Within One Year |
|---|---|---|---|---|---|
| Governmental activities: | | | | | |
| Compensated absences | $ 39,369 | $ 25,062 | $ 33,878 | $ 30,553 | $ 3,055 |
| Other post-employment benefits | 813,556 | | 81,582 | 731,974 | |
| Net pension liability | 373,061 | 330,922 | | 703,983 | |
| Total long-term liabilities: | $ 1,225,986 | $ 355,984 | $ 115,460 | $ 1,466,510 | $ 3,055 |

## NOTE 6 – POST EMPLOYEMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

For eligible employees, the District provides for 100% of the cost of health insurance coverage for its retirees exclusive of family members subject to the following conditions:

- To be eligible for coverage, the retiree must have worked for the District for at least 10 years for 50% and 20 years for 100% coverage;
- Upon reaching age 65, retirees and their dependents are only eligible for the District to provide supplemental benefits to their Medicare Plan;
- Upon death of the retiree, no further health insurance benefits will be paid.

Funding Policy

The District's Board of Directors will not be funding the plan in the current year, except on a pay-as-you-go basis. The Board will review the funding requirements and policy annually. No assets are accumulated in a trust that meets criteria in paragraph 4 of GASB Statement 75.

Employees Covered

As of June 30, 2023, actuarial valuation, the following current and former employees were covered by the benefit terms under the District's plan:

| | |
|---|---|
| Active plan members | 5 |
| Inactive plan members or beneficiaries currently receiving benefits | 7 |
| | 12 |

OPEB Liability

The District's OPEB Liability was measured as of June 30, 2023 and the total OPEB liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of June 30, 2022. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

*Actuarial assumptions.* The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|---|---|
| Salary increases | 3.00% |
| Discount rate | 4.13% as of June 30, 2023, 4.09% as of June 30, 2022 |
| Healthcare cost trend rate | 6.8% in 2024, fluctuating down to 3.9% |
| Assumed wage inflation | 3.00% |
| General inflation rate | 2.50% |

Pre-retirement mortality rates were based on Macleod Watts Scale 2017 applied generally from 2008 on.

Actuarial assumptions used in the June 30, 2022 valuation were based on a review of plan experience during the period July 1, 2022 to June 30, 2023.

**NOTE 6 – POST EMPLOYEMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

OPEB Liability (continued)

*Discount rate.* GASB 75 requires a discount rate that reflects the following:

a) The long-term expected rate of return on OPEB plan investments-to the extent that the OPEB plan's fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
b) A yield or index for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher- to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan's fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the District's total OPEB liability is based on these requirements and the following information:

| Reporting Date | Measurement Date | Long-Term Expected Return of Plan Investments (if any) | Municipal Bond 20 Year High Grade Rate Index | Discount Rate |
|---|---|---|---|---|
| July 1, 2017 | July 1, 2017 | 4% | 3.13% | 3.13% |
| June 30, 2018 | June 30, 2018 | 4% | 2.92% | 2.92% |
| June 30, 2019 | June 30, 2019 | 4% | 2.79% | 2.79% |
| June 30, 2020 | June 30, 2020 | 4% | 2.66% | 2.66% |
| June 30, 2021 | June 30, 2021 | 4% | 2.18% | 2.18% |
| June 30, 2022 | June 30, 2022 | 4% | 4.09% | 4.09% |
| June 30, 2023 | June 30, 2023 | 4% | 4.13% | 4.13% |

*Change of Assumptions*: The change in assumptions reflect a discount change from 4.09% in 2022 to 4.13% in 2023.

Changes in the OPEB Liability

| | Total OPEB Liability |
|---|---|
| Balance at June 30, 2022 (Valuation Date July 1, 2022) | $ 813,556 |
| Changes recognized for the measurement period: | |
| Service Cost | 33,328 |
| Interest Cost | 34,075 |
| Changes of benefit terms | (121,492) |
| Benefit payments | (27,493) |
| Net Changes | (81,582) |
| Balance at June 30, 2023 (Measurement Date June 30, 2023) | $ 731,974 |

*Sensitivity of the OPEB liability to changes in the discount rate.* The following presents the OPEB liability, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13%) or 1-percentage-point higher (5.13%) than the current discount rate:

| | 1% Decrease | Current | 1% Increase |
|---|---|---|---|
| OPEB Liability | $ 873,602 | $ 731,974 | $ 622,507 |

## NOTE 6 – POST EMPLOYEMENT BENEFITS OTHER THAN PENSIONS (Continued)

*Sensitivity of the OPEB liability to changes in the healthcare cost trend rates.* The following presents the OPEB liability, as well as what the OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current healthcare cost trend rates:

| | 1% Decrease | Current | 1% Increase |
|---|---|---|---|
| OPEB Liability | $ 608,227 | $ 731,974 | $ 897,995 |

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2023, the District recognized OPEB expense of $4,067. As of the fiscal year ended June 30, 2023, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ - | $ 84,957 |
| Change in assumptions | 96,589 | 314,940 |
| | $ 96,589 | $ 399,897 |

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

| Fiscal year ending June 30, | Amount |
|---|---|
| 2024 | $ (68,974) |
| 2025 | (70,876) |
| 2026 | (71,345) |
| 2027 | (72,206) |
| 2028 | (19,907) |
| | $ (303,308) |

## NOTE 7 – PENSION PLAN

### A. General Information about the Pension Plans

*Plan Descriptions*

All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statue and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

*Benefits Provided*

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

The Plans' provisions and benefits in effect at June 30, 2023 are summarized as follows:

**NOTE 7 – PENSION PLAN (continued)**

**A. General Information about the Pension Plans (continued)**

*Benefits Provided (continued)*

| | Miscellaneous | |
|---|---|---|
| | Prior to | On or after |
| Hire Date | January 1, 2013 | January 1, 2013 |
| Benefit formula | 2.0% @ 60 | 2.0% @ 62 |
| Benefit vesting schedule | 5 years service | 5 years service |
| Benefit payments | monthly for life | monthly for life |
| Retirement age | 50 | 52-67 |
| Monthly benefits, as a % of eligible compensation | 2.0% to 2.418% | 1.0% to 2.5% |
| Required employee contribution rates | 7.0% | 6.25% |
| Required employer contribution rates | 8.63% | 7.47% |
| Employer payment of unfunded liability | $51,589 | $2,880 |

*Contributions*

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Contributions to the pension plan from the District were $21,361 for the fiscal year ended June 30, 2023.

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

At June 30, 2023, the District reported a liability of $703,983 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022 using standard roll-forward procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, actuarially determined. The District's proportionate share of the net pension liability for the miscellaneous plan as of June 30, 2021 and 2022 was as follows:

| | Miscellaneous |
|---|---|
| Proportion-June 30, 2021 | 0.01965% |
| Proportion-June 30, 2022 | 0.01504% |
| Change-Increase (Decrease) | -0.00461% |

For the fiscal year ended June 30, 2023, the District recognized pension credit of $70,440. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**NOTE 7 – PENSION PLAN (Continued)**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (continued)**

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Pension contributions subsequent to measurement date | $ 21,361 | $ - |
| Change of assumptions | 72,138 | |
| Differences between expected and actual experience | 14,137 | 9,469 |
| Net difference between projected and actual earnings on retirement plan investments | 128,951 | |
| Adjustment due to differences in proportions | | 45,421 |
| Difference in actual contributions and proportionate share of contributions | 693 | 74,551 |
| | $ 237,280 | $ 129,441 |

$21,361 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

| Fiscal Year Ending June 30, | Amount |
|---|---|
| 2024 | $ 2,161 |
| 2025 | 1,186 |
| 2026 | 4,261 |
| 2027 | 78,870 |
| | $ 86,478 |

*Actuarial Assumptions*

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions:

**NOTE 7 – PENSION PLAN (Continued)**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

*Actuarial Assumptions (Continued)*

| | Miscellaneous |
|---|---|
| Valuation Date | June 30, 2021 |
| Measurement Date | June 30, 2022 |
| Actuarial Cost Method | Entry-Age Normal Cost Method |
| Actuarial Assumptions: | |
| Discount Rate | 6.90% |
| Inflation | 2.30% |
| Salary Increases | Varies by Entry Age and Service |
| Investment Rate of Return | 7% Net Pension Plan Investment and Administrative Expenses; includes Inflation |
| Mortality | Derived using CalPERS' Membership Data for all Funds (1) |
| Post Retirement Benefit Increase | Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies |

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table please refer to the 2021 experience study report.

*Changes in Assumptions*

The discount rate changed from 7.15% to 6.90% and the inflation rate changed from 2.50% to 2.30%.

*Long-term Expected Rate of Return*

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows on the next page:

**NOTE 7 – PENSION PLAN (Continued)**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

*Long-term Expected Rate of Return (continued)*

| Asset Class | New Strategic Allocation | Real Return (a,b) |
|---|---|---|
| Global Equity - cap-weighted | 30.0% | 4.45% |
| Global Equity - non-cap-weighted | 12.0% | 3.84% |
| Private Equity | 13.0% | 7.28% |
| Treasury | 5.0% | 0.27% |
| Mortgage-backed Securities | 5.0% | 0.50% |
| Investment Grade Corporations | 10.0% | 1.56% |
| High Yield | 5.0% | 2.27% |
| Emerging Market Debt | 5.0% | 2.48% |
| Private Debt | 5.0% | 3.57% |
| Real Assets | 15.0% | 3.21% |
| Leverage | -5.0% | -0.59% |
| Total | 100.0% | |

(a) An expected inflation of 2.30% was used for this period.

(b) Figures are based on the 2021 Asset Liability Management Study.

*Discount Rate*

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Subsequent Events*

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

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS' Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions are reflected in the GASB Statement No. 68 accounting valuation reports for the June 30, 2022, measurement date.

*Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in Discount Rate*

The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.90 percent) or 1 percentage point higher (7.90 percent) than the current rate:

## NOTE 7 – PENSION PLAN (Continued)

### B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

*Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in Discount Rate (continued)*

| | 1% Decrease 5.90% | Discount Rate 6.90% | 1% Increase 7.90% |
|---|---|---|---|
| District's proportionate share of the net pension plan liability | $ 1,044,338 | $ 703,983 | $ 423,956 |

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

### C. Payable to Pension Plan

At June 30, 2023, the District had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2023.

## NOTE 8 – CONTINGENCIES

According to the District's Management, no contingent liabilities are outstanding and no lawsuits of any real financial consequence are pending. The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under the terms of the grants, it is believed that any required reimbursements would not be material.

## NOTE 9 – RISK MANAGEMENT

The District participates in the Special District Risk Management Authority, a joint powers agency formed pursuant to Section 6500 et. seq., California Government Code, comprised of California special districts and agencies including such districts, is referred to as SDRMA. SDRMA provides district insurance coverage, including workers' compensation. The District is exposed to various risks of losses related to the public, damage to assets and errors and omissions. SDRMA provides liability, property, inverse condemnation, and public official's liability coverage. Individual claims (and aggregate public liability and property claims) in excess of specified levels are covered by excess insurance policies purchased from commercial carriers. A Board comprised of members from participating districts governs SDRMA. The board controls the operations of SDRMA, including selection of management and approval of operating budgets, independent of any influence by the members beyond their representation on the board. Each member would share in any risk margin deficiencies proportionally to its participation in SDRMA. SDRMA provides basic liability coverage of $2,500,000 with $2,500,000 maximum per occurrence/aggregate where applicable. The District's deductibles are $1,000 on property, $1,000 on boiler and machinery, $1,000 on auto, and $500 on personal injury.

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# REQUIRED SUPPLEMENTARY INFORMATION

**BLANCHARD/SANTA PAULA LIBRARY DISTRICT**
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| | Budgeted Amounts | | | Variance with Final Budget |
|---|---|---|---|---|
| | Original | Final | Actual Amounts | Positive (Negative) |
| **Revenues:** | | | | |
| Property taxes | $ 602,230 | $ 602,230 | $ 673,537 | $ 71,307 |
| Special assessment tax | 327,000 | 327,000 | 321,945 | (5,055) |
| Library services | 1,200 | 1,200 | 6,805 | 5,605 |
| Interest income | | | 17,103 | 17,103 |
| Donations/memorials | 40,080 | 40,080 | 47,445 | 7,365 |
| Impact fees | | | 6,816 | 6,816 |
| State/Federal/Other grants | 5,700 | 5,700 | 388,711 | 383,011 |
| Miscellaneous | | | 2,017 | 2,017 |
| Total revenues | 976,210 | 976,210 | 1,464,379 | 488,169 |
| **Expenditures:** | | | | |
| Salaries and employee benefits | 657,180 | 657,180 | 637,793 | 19,387 |
| Services and supplies | 218,400 | 218,400 | 238,201 | (19,801) |
| Utilities | 40,200 | 40,200 | 44,383 | (4,183) |
| Payments to Black Gold | 64,000 | 64,000 | 51,847 | 12,153 |
| Capital outlay | 18,000 | 18,000 | 48,865 | (30,865) |
| Total expenditures | 997,780 | 997,780 | 1,021,089 | (23,309) |
| Net change in fund balances | (21,570) | (21,570) | 443,290 | 464,860 |
| Fund balance - July 1 | 2,054,876 | 2,054,876 | 2,054,876 | |
| Fund balance - June 30 | $ 2,033,306 | $ 2,033,306 | $ 2,498,166 | $ 464,860 |

**BLANCHARD/SANTA PAULA LIBRARY DISTRICT**
LITERACY PROGRAMS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| | Budgeted Amounts | | | Variance with |
|---|---|---|---|---|
| | Original | Final | Actual Amounts | Final Budget Positive (Negative) |
| **Revenues:** | | | | |
| State/Federal/Other grants | $ 74,091 | $ 74,091 | $ 80,091 | $ 6,000 |
| Miscellaneous | | | | |
| Total revenues | 74,091 | 74,091 | 80,091 | 6,000 |
| **Expenditures:** | | | | |
| Salaries and employee benefits | 73,120 | 73,120 | 60,872 | 12,248 |
| Services and supplies | 8,040 | 8,040 | 10,192 | (2,152) |
| Total expenditures | 81,160 | 81,160 | 71,064 | 10,096 |
| Net change in fund balances | (7,069) | (7,069) | 9,027 | 16,096 |
| Fund balance - July 1 | 8,827 | 8,827 | 8,827 | |
| Fund balance - June 30 | $ 1,758 | $ 1,758 | $ 17,854 | $ 16,096 |

**BLANCHARD/SANTA PAULA LIBRARY DISTRICT**
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 YEARS*
AS OF JUNE 30, 2023

The following table provides required supplementary information regarding the District's Pension Plan.

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| Proportion of the net pension liability | 0.00609% | 0.00690% | 0.00563% | 0.00577% | 0.00580% |
| Proportionate share of the net pension liability | $ 703,983 | $ 373,061 | $ 612,580 | $ 590,754 | $ 558,665 |
| Covered payroll | $ 343,010 | $ 283,715 | $ 402,480 | $ 341,511 | $ 321,644 |
| Proportionate share of the net pension liability as percentage of covered payroll | 205.24% | 131.49% | 152.20% | 172.98% | 173.69% |
| Plan's total pension liability | $ 49,525,975,138 | $ 46,174,942,264 | $ 43,702,930,887 | $ 41,426,453,489 | $ 38,944,855,364 |
| Plan's fiduciary net position | $ 37,975,170,163 | $ 40,766,653,876 | $ 32,822,501,335 | $ 31,179,414,067 | $ 29,308,589,559 |
| Plan fiduciary net position as a percentage of the total pension liability | 76.68% | 88.29% | 75.10% | 75.26% | 75.26% |

| | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|
| Proportion of the net pension liability | 0.00580% | 0.00621% | 0.00579% | 0.00747% |
| Proportionate share of the net pension liability | $ 575,561 | $ 537,602 | $ 397,121 | $ 464,790 |
| Covered payroll | $ 281,457 | $ 270,912 | $ 260,546 | $ 278,703 |
| Proportionate share of the net pension liability as percentage of covered payroll | 204.49% | 198.44% | 152.42% | 166.77% |
| Plan's total pension liability | $ 37,161,348,332 | $ 33,358,627,624 | $ 31,771,217,402 | $ 30,829,966,631 |
| Plan's fiduciary net position | $ 27,244,095,376 | $ 24,705,532,291 | $ 24,907,305,871 | $ 24,607,502,515 |
| Plan fiduciary net position as a percentage of the total pension liability | 73.31% | 74.06% | 78.40% | 79.82% |

**Notes to Schedule:**
Changes in assumptions - In 2018, inflation was changed from 2.75% to 2.50% and individual salary increases and overall payroll growth were reduced from 3.00% to 2.75%.

Changes in assumptions - In 2017, as part of the Asset Liability Management review cycle, the discount rate was changed from 7.65% to 7.15%.

Changes in assumptions - In 2016, the discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

Changes in assumptions - In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of general employees.

*- Fiscal year 2015 was the 1st year of implementation, therefore, only nine years are shown.

**BLANCHARD/SANTA PAULA LIBRARY DISTRICT**
SCHEDULE OF PENSION CONTRIBUTIONS
LAST 10 YEARS
AS OF JUNE 30, 2023

The following table provides required supplementary information regarding the District's Pension Plan.

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| Contractually required contribution (actuarially determined) | $ 21,361 | $ 23,913 | $ 23,558 | $ 75,878 | $ 64,303 |
| Contribution in relation to the actuarially determined contributions | (21,361) | (23,913) | (23,558) | (75,878) | (64,303) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - |
| Covered payroll | $ 343,010 | $ 343,010 | $ 283,715 | $ 402,480 | $ 341,511 |
| Contributions as a percentage of covered payroll | 6.23% | 6.97% | 8.30% | 18.85% | 18.83% |

| | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|
| Contractually required contribution (actuarially determined) | $ 55,966 | $ 48,945 | $ 46,610 | $ 41,972 |
| Contribution in relation to the actuarially determined contributions | (55,966) | (48,945) | (46,610) | (41,972) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - |
| Covered payroll | $ 321,644 | $ 281,457 | $ 270,912 | $ 260,546 |
| Contributions as a percentage of covered payroll | 17.40% | 17.39% | 17.20% | 16.11% |

**Notes to Schedule**

Valuation Date: 6/30/2016

The actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2015/2016 were derived from the June 30, 2013 funding valuation report.

There were no changes in methods or assumptions used to determine the legally required contributions, which are actuarially determined, from the June 30, 2012 to the June 30, 2013 funding valuation report.

*- Fiscal year 2015 was the 1st year of implementation, therefore only nine years are shown.

**BLANCHARD/SANTA PAULA LIBRARY DISTRICT**
SCHEDULE OF CHANGES IN THE OPEB LIABILITY AND RELATED RATIOS
Last 10 Years*
As of June 30, 2023

| Measurement Period | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| **Total OPEB liability** | | | | |
| Service cost | $ 33,328 | $ 54,784 | $ 41,341 | $ 38,764 |
| Interest on the total OPEB liability | 34,075 | 24,774 | 27,870 | 27,562 |
| Actual and expected experience difference | | | | |
| Changes in assumptions | (121,492) | (333,904) | 34,595 | 24,950 |
| Changes in benefit terms | | | | |
| Benefit payments | (27,493) | (27,469) | (29,674) | (38,285) |
| **Net change in total OPEB liability** | (81,582) | (281,815) | 74,132 | 52,991 |
| Total OPEB liability-beginning | 813,556 | 1,095,371 | 1,021,239 | 968,248 |
| Total OPEB liability-ending | $ 731,974 | $ 813,556 | $ 1,095,371 | $ 1,021,239 |
| Covered Payroll | $ 351,474 | $ 478,335 | $ 302,129 | $ 323,154 |
| Total OPEB Liability as a percentage of covered payroll | 208.26% | 170.08% | 362.55% | 316.02% |

| Measurement Period | 2019 | 2018 |
|---|---|---|
| **Total OPEB liability** | | |
| Service cost | $ 36,381 | $ 33,556 |
| Interest on the total OPEB liability | 27,292 | 27,208 |
| Actual and expected experience difference | | |
| Changes in assumptions | 23,354 | 34,209 |
| Changes in benefit terms | | |
| Benefit payments | (34,129) | (30,656) |
| **Net change in total OPEB liability** | 52,898 | 64,317 |
| Total OPEB liability-beginning | 915,350 | 851,033 |
| Total OPEB liability-ending | $ 968,248 | $ 915,350 |
| Covered Payroll | $ 293,337 | $ 342,563 |
| Total OPEB Liability as a percentage of covered payroll | 330.08% | 267.21% |

*-Fiscal year 2018 was the 1st year of implementation, therefore only six years are shown.

**BLANCHARD/SANTA PAULA LIBRARY DISTRICT**
SCHEDULE OF OPEB CONTRIBUTIONS
Last 10 Years*
As of June 30, 2023

The District's contribution for the fiscal year ended June 30, 2023, was $27,493. The District did not have an actuary calculate the Annually Determined Contribution for the fiscal year ended June 30, 2023, therefore the District does not need to comply with GASB 75's Required Supplementary Information requirements.

The District's contribution for the fiscal year ended June 30, 2022, was $27,469. The District did not have an actuary calculate the Annually Determined Contribution for the fiscal year ended June 30, 2022, therefore the District does not need to comply with GASB 75's Required Supplementary Information requirements.

The District's contribution for the fiscal year ended June 30, 2021, was $29,674. The District did not have an actuary calculate the Annually Determined Contribution for the fiscal year ended June 30, 2021, therefore the District does not need to comply with GASB 75's Required Supplementary Information requirements.

The District's contribution for the fiscal year ended June 30, 2020, was $38,285. The District did not have an actuary calculate the Annually Determined Contribution for the fiscal year ended June 30, 2020, therefore the District does not need to comply with GASB 75's Required Supplementary Information requirements.

The District's contribution for the fiscal year ended June 30, 2019, was $34,129. The District did not have an actuary calculate the Annually Determined Contribution for the fiscal year ended June 30, 2019, therefore the District does not need to comply with GASB 75's Required Supplementary Information requirements.

The District's contribution for the fiscal year ended June 30, 2018, was $30,656. The District did not have an actuary calculate the Annually Determined Contribution for the fiscal year ended June 30, 2018, therefore the District does not need to comply with GASB 75's Required Supplementary Information requirements.

*-Fiscal year 2018 was the 1st year of implementation, therefore only six years are shown.