

MEETING NOTICE: There will be a Regular Meeting of the
Blanchard /Santa Paula Library District Board of Trustees
Tuesday, November 28, 2017, at 5:30 p.m.
Blanchard Community Library, Hardison Room
119 N. 8th St., Santa Paula, CA 93060.

AGENDA

A. CALL TO ORDER

B. APPROVAL OF THE ORDER OF THE AGENDA

C. PUBLIC COMMENT

Public comments are welcomed and encouraged. The President of the Board will acknowledge visitors wishing to speak on a topic not on the regular Board agenda. The Board is prohibited from taking action on any item not part of the printed agenda. When addressing the Library Board, please stand to be recognized by the Board President, state your full name and address, and direct your comments to the entire Library Board.

For members in the audience wishing to speak on an Agenda item, the President will announce the item and request the staff or a Board member to give a brief summary. The Board will have an opportunity to ask questions, following which the President will ask whether anyone else wishes to comment. Then the Board will discuss the item and take the appropriate action.

The Library Board of Trustees requests that speakers conduct themselves with civility and keep in mind the rights and well being of all members of the Santa Paula community.

D. STAFF RECOGNITION

- a. The Board wishes to recognize staff members who are celebrating milestone anniversaries at the library as well as staff members hired during the year.

E. CONSENT CALENDAR

- a. Approval of Minutes:
 - i. Regular Meeting of October 24, 2017

F. REPORTS

- a. Financial Reports
- b. Friends of the Library

G. BOARD/ADMINISTRATION COMMENTS, CONCERNS, HANDOUT

H. OLD BUSINESS

- a. Revision of Board Bylaws (information, discussion, possible action)

I. NEW BUSINESS

- a. Acceptance of 2016-17 Audit (information, discussion, possible action)
- b. Fundraising for Facilities Master Plan (information, discussion, possible action)
- c. Job Description for Family Literacy Coordinator (information, discussion, possible action)

J. REPORTS (CONTINUED)

- a. Literacy Services
- b. Public Services
- c. District Director's Report
- d. Board Committees
 - i. Finance
 - ii. Human Resources
 - iii. Strategic Plan Teams
 - 1. Visioning/Strategic Plan
 - 2. Fundraising/Grants
 - 3. Volunteerism
 - 4. Community Connections
 - 5. Publicity/Public Relations
 - 6. Adult Programs
 - 7. Facilities
 - 8. Technology

K. FUTURE AGENDA ITEMS

L. UPCOMING MEETING DATES

December 19, 2017

M. ADJOURNMENT

In compliance with the Ralph M. Brown Act and the Americans with Disabilities Act, if you need a disability-related modification, accommodation, or other special assistance to participate in this meeting, please contact Ned Branch, District Director of the Blanchard/Santa Paula Community Library, at 805-525-3615 x102. Notification 48 hours before the meeting will enable reasonable arrangements to be made.

REGULAR MEETING OF NOVEMBER 28, 2017
E. CONSENT CALENDAR

1. Approval of the Minutes of the Regular Meeting of October 24, 2017

	MOVED	SECONDED	YES	NO	ABSTAIN	ABSENT
Coughlin						
Hicks						
Nasalroad						
Phillips						
Spink						

MINUTES of the Regular Meeting of the Blanchard/Santa Paula Library District Board of Trustees, Tuesday, October 24, 2017

CALL TO ORDER---The Meeting was called to order at 5:33 p.m. by Board President Laura Phillips. Board members Maureen Coughlin, Tim Hicks, and Nancy Nasalroad were in attendance. Board member Linda Spink was absent. President Phillips announced that a quorum was present. District Director Ned Branch and Steve McFadden, C.P.A. were present.

APPROVAL OF THE ORDER OF AGENDA---The Order of the Agenda was unanimously approved (Hicks/Nasalroad).

PUBLIC COMMENT ON NON-AGENDA ITEMS---None.

CONSENT CALENDAR---The *Minutes* of the Regular Meeting of September 26, 2017, were unanimously approved as corrected (Nasalroad/Hicks).

REPORTS---Steve McFadden presented the *Financial Statements and Budget*. The Balance for the Book Trust Fund should read \$36,431. The inclusion and correct placement of reimbursements from the Development Impact Fees was discussed. The Financial statements were unanimously received and filed (Hicks/Nasalroad). Mr. McFadden departed after the report. The *Friends of the Library* will hold their Annual Meeting for the election of officers and volunteer appreciation on November 15; all books will be available at half price at the First Saturday book sale.

BOARD/ADMINISTRATION COMMENTS, CONCERNS, HANDOUTS---Director Branch and Trustee Hicks attended the October Chamber Mixer and Director Branch volunteered at the Pumpkin Patch.

UNFINISHED BUSINESS--- The Board unanimously approved the *revised Space Plan agreement* with Anderson, Kulwiek, Appleby Architects (Hicks/Coughlin). Trustee Coughlin requested to have Oversight of Operations and Financial reports included under Article IV of the *Board Bylaws*; approval was unanimously tabled until September (Hicks/Nasalroad).

MINUTES of the Regular Meeting of the Blanchard/Santa Paula Library District Board of Trustees, Tuesday, October 24, 2017

NEW BUSINESS---The Board unanimously approved the **2018 Holiday Calendar** as corrected (Hicks/Nasalroad). The Wine and Cheese Reception for the Ventura County Museum on November 15, was discussed. The placement of a **reporting kiosk for Ventura County Probation Agency** was provisionally approved 3 - 1 with Trustee Coughlin casting the nay vote (Nasalroad/Hicks). The Board unanimously approved the request from the **Santa Paula Society of the Arts** to use the Library as the venue for the 2018 annual art show (Hicks/Nasalroad). **BEST literacy program** trained four new tutors, submitted the CLLS grant application, and processed their new bilingual children's books. **Public Services** has started needlecraft classes in Spanish, and high school students are available for homework help Mondays, Tuesdays and Thursdays from 3:30 to 5:00 p.m. The Dia de los Muertos celebration, co-sponsored by the Optimist Club, will be held on November 1. The **District Director** reported that Circulation is up while reference is down, applicants for Volunteer Coordinator will be interviewed next month with Wendy Batstone and Ilene Gavenman participating, advertisement for an Adult Librarian will be placed next week, Olivia Escoto will be commended for her excellent work on social media, an older cable from the photocopier to the front switch needs replacing, public computers are now completely separated from staff ones, and the RFID will also need its own network. He will be attending the Library Association Conference next week, where he will be honored as Public Library Director of the Year.

REPORTS CONT. ---

Board Committee Reports: Human Resources will begin working on Staff recognition.

Strategic Plan Team Reports: "Imagine" was selected as the Building Fund motto to be used in a December mailing for **Visioning/Strategic Plan**. For **Fundraising/Grants** it was suggested that a separate account be used for the Building Fund. Under **Adult Programs**, President Phillips never heard back from CalVet or VFW about using the Library as a resource location.

FUTURE AGENDA ITEMS---The Board agreed to include the following in future Agendas: Fundraising, Bylaws

MINUTES of the Regular Meeting of the Blanchard/Santa Paula Library District Board of Trustees, Tuesday, October 24, 2017

UPCOMING MEETING DATE---The next Meeting will be on Tuesday, November 28, 2017, at 5:30 p.m.

ADJOURNMENT---There being no further business, the Regular Meeting was adjourned unanimously at 7:46p.m.

Library Board Clerk

ATTEST:

District Director

REGULAR MEETING OF NOVEMBER 28, 2017
F(a).REPORTS: FINANCIAL REPORTS

1. Receive and file October 2017 financial reports

	MOVED	SECONDED	YES	NO	ABSTAIN	ABSENT
Coughlin						
Hicks						
Nasalroad						
Phillips						
Spink						

BLANCHARD COMMUNITY LIBRARY
FINANCIAL STATEMENTS
and Supplementary Schedules

October 31, 2017

BLANCHARD COMMUNITY LIBRARY

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STEPHEN F MCFADDEN
CERTIFIED PUBLIC ACCOUNTANT
915 EAST MAIN STREET
SUITE E-1
SANTA PAULA CA 93060
TELEPHONE 805-525-4494
FACSIMILE 888-881-3210

ACCOUNTANTS COMPILATION REPORT

Board of Directors
Blanchard Community Library
Santa Paula CA

I have compiled the accompanying statement of assets, liabilities and fund balance, statement of revenue and expense as of October 31, 2017 and for the period then ended. I have not audited or reviewed the accompanying financial statements, and accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with modified accrual basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified accrual basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements. My responsibility is to conduct the compilation in accordance with Statement on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit all of the disclosures ordinarily included in financial statements prepared in accordance with the modified basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the library's revenues, expenses and fund balances. Accordingly the financial statements are not designed for those who are not informed about such matters.

The supplementary schedules are not required as part of the financial statements. The supplementary schedules are included for additional analysis and clarity. I have compiled the supplementary schedules.

Stephen F. McFadden CPA
November 15, 2017

BLANCHARD COMMUNITY LIBRARY
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE

October 31, 2017

ASSETS

	CURRENT ASSETS	
CASH		\$ 1,212,672
RESTRICTED CASH		229,711
PREPAID EXPENSES		9,119
TOTAL CURRENT ASSETS		1,451,502
FIXED ASSETS NET OF ACCUMULATED DEPRECIATION		556,597
TOTAL ASSETS		\$ 2,008,099

LIABILITIES AND FUND BALANCES

	LIABILITIES	
ACCOUNTS PAYABLE		\$ 4,461
ACCRUED PAYROLL EXPENSE		29,935
TOTAL LIABILITIES		\$ 34,396
	FUND BALANCES	
GENERAL FUND	1,187,395	
FIXED ASSET FUND	556,597	
RESTRICTED FUNDS	229,711	
TOTAL FUND BALANCE		1,973,703
TOTAL LIABILITIES AND FUND BALANCE		\$ 2,008,099

BLANCHARD COMMUNITY LIBRARY

COMPARATIVE STATEMENT OF REVENUE AND EXPENSES

FOR THE MONTH AND PERIOD ENDED OCTOBER 31, 2017

	OCTOBER			YEAR TO DATE		
	MONTH ACTUAL	MONTH BUDGET	VARIANCE	YTD ACTUAL	YTD BUDGET	VARIANCE
REVENUE						
PROPERTY TAX	\$ 709	\$ 74		\$ 242,825	\$ 228,856	6.1%
LIBRARY OPERATIONS	1,124	417	169.54%	4,528	1,667	171.6%
DONATIONS	1,000	2,083	-51.99%	3,378	8,333	-59.5%
CLLS LITERACY	\$ 23,000			\$ 23,000	\$ 18,000	
	<u>\$ 25,833</u>	<u>\$ 2,574</u>	903.6%	<u>\$ 273,731</u>	<u>\$ 256,856</u>	6.6%
EXPENSES						
PERSONNEL	\$ 41,280	\$ 44,986	-8.2%	\$ 182,165	\$ 179,943	1.2%
ADMINISTRATIVE	3,251	13,779	-76.4%	12,043	25,117	-52.1%
FACILITIES	4,727	4,704	0.5%	22,682	18,817	20.5%
OPERATIONS	20,000	21,628	-7.5%	56,646	56,510	0.2%
	<u>\$ 69,258</u>	<u>\$ 85,097</u>	-18.6%	<u>\$ 273,536</u>	<u>\$ 280,387</u>	-2.4%
NET INCOME (LOSS)	<u>\$ (43,425)</u>	<u>\$ (82,523)</u>	-47.4%	<u>\$ 195</u>	<u>\$ (23,531)</u>	-100.8%
NON BUDGETED INCOME (EXPENSES)						
REIMBURSEMENT DIF		1,667			6,667	
INVESTMENT INTEREST				1,015		
CITY IMPACT						
NET AFTER NON BUDGETED ITEMS	<u>\$ (43,425)</u>	<u>\$ (80,856)</u>	-46.3%	<u>\$ 1,210</u>	<u>\$ (16,864)</u>	-107.2%

SUPPLEMENTARY SCHEDULES

BLANCHARD COMMUNITY LIBRARY

SCHEDULE OF CASH BALANCES

October 31, 2017

COUNTY	\$	797,969	
SANTA PAULA CITY		184,931	1
BLAKE		35,666	1
LITERACY		9,114	1
BOOK TRUST		52,550	
WELLS FARGO		358,950	
OTHERS		<u>3,203</u>	
TOTAL CASH	\$	<u>1,442,383</u>	

BLANCHARD COMMUNITY LIBRARY
COMPARATIVE
STATEMENT OF REVENUE AND EXPENSE

FOR THE PERIOD ENDED

	10/31/16	10/31/17	YTD BUDGET	ANNUAL BUDGET
REVENUE				
PROPERTY TAX	\$ 238,284	\$ 242,825	\$ 228,856	\$ 740,132
LIBRARY OPERATIONS	8,863	4,528	1,667	5,000
DONATIONS	2,983	3,378	8,333	45,000
CLLS LITERACY	18,000	23,000	18,000	27,000
TOTAL REVENUE	\$ 268,130	\$ 273,731	\$ 256,856	\$ 817,132
EXPENSES				
PERSONNEL				
WAGES	133,940	134,052	127,544	407,333
RETIREMENT	20,015	18,619	18,192	56,141
HEALTH INSURANCE	20,128	18,296	22,752	68,250
PAYROLL TAX	10,699	10,732	10,891	33,866
EMPLOYEE BENEFIT	525	466	564	1,692
	<u>185,307</u>	<u>182,165</u>	<u>179,943</u>	<u>567,282</u>
ADMINISTRATIVE				
ADVERTISING			83	250
BANK CHARGES	166	156	133	400
INSURANCE	2,806	3,293	2,884	8,650
OFFICE EXPENSE	1,960	2,484	1,667	5,000
TELEPHONE	1,290	1,196	1,333	4,000
POSTAGE	231	217	117	350
PRINTING	658	(161)	900	2,700
PROFESSIONAL FEES	13,580	4,956	17,333	38,000
STAFF DEVELOPMENT	632	(98)	667	2,000
	<u>21,323</u>	<u>12,043</u>	<u>25,117</u>	<u>61,350</u>
FACILITIES				
BUILDING MAINTENANCE	3,989	4,301	4,667	14,000
JANITORIAL	2,680	2,680	2,700	8,100
UTILITIES	13,610	15,701	11,450	34,350
	<u>20,279</u>	<u>22,682</u>	<u>18,817</u>	<u>56,450</u>
OPERATIONS				
LIBRARY NETWORK	30,397	29,623	30,000	60,000
PUBLICITY	4,580	2,011	4,000	12,000
MEMBERSHIPS	620	633	1,000	3,000
ACQUISITIONS	4,395	15,516	8,334	30,000
PROGRAMS	5,525	6,283	10,076	30,230
MATERIALS				
COMPUTER SERVICE		9	1,600	4,800
BOOK BINDING		431	667	2,000
ADVERTISING	742	716		
TRAVEL	570	1,424	833	2,500
	<u>46,829</u>	<u>56,646</u>	<u>56,510</u>	<u>144,530</u>
TOTAL EXPENSES	273,738	273,536	280,387	829,612
NET INCOME(LOSS)	\$ (5,608)	\$ 195	\$ (23,531)	\$ (12,480)
NON BUDGETED INCOME (EXPENSES)				
REIMBURSEMENT DIF			6,667	20,000
INVESTMENT INTEREST		1,015		
CITY IMPACT				
NET AFTER NON BUDGETED ITEMS	\$ (5,608)	\$ 1,210	\$ (16,864)	\$ 7,520

BLANCHARD COMMUNITY LIBRARY
SCHEDULE OF ACCOUNTS PAYABLE

October 31, 2017

Due to Friends of the Library	478
Credit Card	1,998
McNaughton Book Service	1,980
Others	5
Total	<u>\$ 4,461</u>

BLANCHARD COMMUNITY LIBRARY

CITY FUNDS TRANSACTION

	June 30, 2016	BALANCE	\$ 175,133.01
	TRANSACTIONS		
	INTEREST	276.73	
	INTEREST	249.90	
	INTEREST	258.06	
	MR 6847	2,014.00	
	MR 6891	2,014.00	
	MR 6921	4,028.00	
	MR 6940	4,028.00	
	MR 7181	2,014.00	
	MR 7187	2,014.00	
3.06.17	CHECK	(4,310.97)	
6.26.17	CHECK	<u>(2,691.96)</u>	
7.17.17	CHECK	(96.00)	
	TOTAL		<u>9,797.76</u>
			<u>\$ 184,930.77</u>
	BALANCE AT 7.31.17		

REGULAR MEETING OF NOVEMBER 28, 2017

G. BOARD/ADMINISTRATION COMMENTS, CONCERNS, HANDOUTS

REGULAR MEETING OF NOVEMBER 28, 2017
H(a). DRAFT OF BOARD BYLAWS

Board Counsel, Nancy Schreiner, has reviewed the proposed Board Bylaws and has made suggested amendments. A redline is attached.

RECOMMENDATION: Staff recommends that the Board approve the attached draft Bylaws as revised.

	MOVED	SECONDED	YES	NO	ABSTAIN	ABSENT
Coughlin						
Hicks						
Nasalroad						
Phillips						
Spink						

Blanchard/Santa Paula Library District

Bylaws of the Board of Trustees

Article I: Name

This organization shall be called "Blanchard/Santa Paula Library District", also referred to as the "Blanchard Community Library," exercising the powers and authority and assuming the responsibilities delegated to it under Section 18449 of the Education Code.

Article II: Purpose

The Library Board of Trustees (hereinafter "Board") shall represent the library interests of the citizens of the community by ensuring responsible management of resources to provide free library services within the Library District area. The Board shall support the Library's participation in resource sharing and networking on regional, state, national, and international levels. They shall also provide a public forum at Library Board meetings for the community to express its views regarding goals and operations of the Blanchard/Santa Paula Library District.

Article III: Membership

- Section 1: The Board shall consist of five elected members of the public with staggered four-year terms.
- Section 2: All members shall live within the geographic boundary of the Blanchard/Santa Paula Library District.
- Section 3: The Board shall serve without compensation.
- Section 4: The Board may declare, by majority vote, a position vacant for a member of the Board who has failed to discharge the duties of his or her office for a period of three consecutive months except when prevented by illness or any other reason permitted by law or when the member manifests a clear intention to abandon the office whether the intention is stated or can be inferred by the member's conduct.

Article IV: Duties

The Board shall:

- a. Perform those duties as described in California Education Code Sections 19460 through 19483 or as they may be amended hereafter;
- a.b. Select and appoint a Library District Director who meets the established qualifications and who shall perform the duties noted in the District Director job description;
- b.c. Conduct an annual performance evaluation of the District Director;
- c.d. Review annually the Blanchard Community's Strategic Plan;
- d.e. Provide a public forum at the Board meetings for the community to express its views regarding goals and operations of the Blanchard Community Library;

Article V: Officers and Elections

- Section 1: The officers shall be a Board President, Vice President and a Board Clerk, elected by voice vote or ballot from among elected Board members at their annual reorganization meeting to be held in December.
- Section 2: The officers remain in office for a term of one year or until their successors are duly elected.
- Section 3: Officers shall assume their positions at the conclusion of the meeting at which the election is completed.

Section 4: A resignation, death, or other cause creating a vacancy in one of the offices shall be filled in accordance with the requirements of Government Code section 1780.

Section 5: Duties of the Board President:

- a. presides at all Board of Trustees meetings;
- b. authorizes calls for any special meetings;
- c. appoints all Board committees and may create ad hoc committees to perform a specific task;
- d. works closely with the Director to facilitate effective communication among the Board and community;
- e. works with the Director in preparing the agenda for all Board of Trustees meetings;
- f. shall have a vote in all proceedings of the Board of Trustees;
- g. signs and executes all documents as authorized by the Board.

Duties of the Vice President:

The Vice President shall, in the absence or disability of the President, perform all the duties of the President, and when so acting, have all the powers of and be subject to all the restriction on the President. The Vice President shall such other powers and perform such duties as may be proscribed by the Board.

Duties of the Board Clerk:

- a. ~~in the absence or disability of the President, presides at regular meetings and assumes the duties of the President;~~
- b. transcribes and/or authenticates the minutes of all regular and special meetings;
- c. shall certify all District documents as may be required by law and shall sign with the President all official documents appropriate to conduct the District's business;
- d. maintains Closed Sessions Minute Book.

Section 6: Should the positions of District Director, President, ~~Vice President of the Board~~, or Clerk of the Board become vacant during a term, the Board members shall determine how best to proceed in filling the positions in accordance with California law.

Article VI: Library Board Meetings

Section 1: Regular meetings shall be held each month at an agreed upon date and time. Currently the date and time is the fourth Tuesday of the month at 5:30 at the Blanchard Community Library, unless otherwise changed by appropriate motion or resolution of the Board.

Section 2: The annual reorganization meeting, which shall be for the purpose of the election of officers and other appropriate business, shall be held at the time of the regular meeting in December of each year.

Section 3: If all necessary business cannot be concluded at a regularly scheduled meeting, an adjourned regular meeting may be scheduled. In such an instance, the regular meeting shall be adjourned to a time and place specified before the close of the regular meeting.

Section: 4 Seventy-two (72) hours notice shall be given for all regular meetings.

- Section 5: Special meetings may be called by the Board President or a majority of the Board, providing that notice has been given to all Board members and the news-media, who have requested such in writing, at least twenty-four (24) hours in advance of the special meeting.
- Section 6: A majority of the total membership of the board of directors shall constitute a quorum for the transaction of business.

Article VII: Conduct of Business

- Section 1: All business transacted at any meeting of the Library Board shall be in conformance with the Ralph M Brown Act.
- Section 2: Any Board member may request that an item be included on the agenda. The Board President and the District Director shall set the agenda. The District Director shall issue an agenda of all regular and special meetings, which will be publicly posted on the Library's front door, posted on the Library's web site, and sent to list of people requesting notification of agendas. The agenda must include a brief description of each item of business to be transacted or discussed at the meeting together with the time and location for the meeting.
- Section 3: All meetings shall be called to order by the Board President, or in the President's absence, by the Vice President~~Clerk of the Board~~, or any other Board member in attendance, as designated.
- Section 4: The order of business for regular meetings shall include, but not be limited to, the following items.
- a. Establishment of Quorum/Call to order
 - b. Approval of the order of the agenda
 - c. Public comment
 - d. Closed session, when applicable
 - e. Consent calendar
 - f. Reports (financial, Friends of the Library)
 - g. Board Comments/Concerns
 - h. Old business
 - i. New business
 - j. Reports continued: Literacy, Public Services, District Director, and Board Committees.
 - k. Future agenda items
 - l. Upcoming meeting dates
- Section 5: An affirmative vote of the majority of all members of the Board present at the time shall be necessary to approve any action before them. The Board President or any member of the Board may call for a roll call vote or qualified ballot vote. Unless such a vote is called for, action may be taken by voice vote.
- Section 6: ~~The Board President shall vote on all matters and shall have the right to surrender the position temporarily for purposes of making motions, introducing resolutions or making nominations.~~
- Section 7: Action shall be taken only by resolution or motion of the Library Board and only as approved by a majority vote of the trustees voting.
- Section 8: Meetings shall be conducted according to Rosenberg's Rules of Order.
- Section 9: The District Director receives direction from the Board as a whole and not from individual members.

Article VIII: District Director and Staff

- Section 1: The District Director shall be the executive and administrative officer of the library on behalf of the Board and shall be subject to its review and direction by the Board.
- Section 2: The District Director shall develop and recommend proposals and actions to the Board, as needed, for the enhancement of library services to the community.
- Section 3: The District Director shall be responsible to the Board for all duties as stated in the Director's job description and any employment agreement.
- Section 4: The District Director shall have the authority to appoint and terminate all employees, without prior approval of the Board, provided that any such appointment or termination shall be reported to the Board at its next regular meeting.

Article IX: Committees

- Section 1: The Board President shall appoint committees of one or two Board members for such specific purposes the Board may require from time to time or on an ongoing basis. The committee may be discharged or replaced at any given time, but generally during the reorganization meeting each December.
- Section 2: All committees shall make a progress report to the Board at each of its meetings.
- Section 3: No committee shall have other than advisory powers unless, by suitable action of the Board, it is granted specific power to act.

Article X: General

- Section 1: The bylaws may be amended by the majority vote of all members of the Board provided written notice of the proposed amendment(s) shall have been provided to all members at least five calendar days prior to the meeting at which such actions is proposed to be taken.
- Section 2: Authority rests with a majority decision of the Board. The majority is at least three out of five votes. The Board President nor any other Board member may assume this power.

Article XI: Severability

The provisions of these Bylaws are severable. The invalidity or unenforceability of anyone provision in these Bylaws shall not affect the other provisions.

Blanchard/Santa Paula Library District

Bylaws of the Board of Trustees

Article I: Name

This organization shall be called "Blanchard/Santa Paula Library District", also referred to as the "Blanchard Community Library," exercising the powers and authority and assuming the responsibilities delegated to it under Section 18449 of the Education Code.

Article II: Purpose

The Library Board of Trustees (hereinafter "Board") shall represent the library interests of the citizens of the community by ensuring responsible management of resources to provide free library services within the Library District area. The Board shall support the Library's participation in resource sharing and networking on regional, state, national, and international levels. They shall also provide a public forum at Library Board meetings for the community to express its views regarding goals and operations of the Blanchard/Santa Paula Library District.

Article III: Membership

- Section 1: The Board shall consist of five elected members of the public with staggered four-year terms.
- Section 2: All members shall live within the geographic boundary of the Blanchard/Santa Paula Library District.
- Section 3: The Board shall serve without compensation.
- Section 4: The Board may declare, by majority vote, a position vacant for a member of the Board who has failed to discharge the duties of his or her office for a period of three consecutive months except when prevented by illness or any other reason permitted by law or when the member manifests a clear intention to abandon the office whether the intention is stated or can be inferred by the member's conduct.

Article IV: Duties

The Board shall:

- a. Perform those duties as described in California Education Code Sections 19460 through 19483 or as they may be amended hereafter;
- b. Select and appoint a Library District Director who meets the established qualifications and who shall perform the duties noted in the District Director job description;
- c. Conduct an annual performance evaluation of the District Director;
- d. Review annually the Blanchard Community's Strategic Plan;
- e. Provide a public forum at the Board meetings for the community to express its views regarding goals and operations of the Blanchard Community Library;

Article V: Officers and Elections

- Section 1: The officers shall be a Board President, Vice President and a Board Clerk, elected by voice vote or ballot from among elected Board members at their annual reorganization meeting to be held in December.
- Section 2: The officers remain in office for a term of one year or until their successors are duly elected.
- Section 3: Officers shall assume their positions at the conclusion of the meeting at which the election is completed.

Section 4: A resignation, death, or other cause creating a vacancy in one of the offices shall be filled in accordance with the requirements of Government Code section 1780.

Section 5: Duties of the Board President:

- a. presides at all Board of Trustees meetings;
- b. authorizes calls for any special meetings;
- c. appoints all Board committees and may create ad hoc committees to perform a specific task;
- d. works closely with the Director to facilitate effective communication among the Board and community;
- e. works with the Director in preparing the agenda for all Board of Trustees meetings;
- f. shall have a vote in all proceedings of the Board of Trustees;
- g. signs and executes all documents as authorized by the Board.

Duties of the Vice President:

The Vice President shall, in the absence or disability of the President, perform all the duties of the President, and when so acting, have all the powers of and be subject to all the restriction on the President. The Vice President shall such other powers and perform such duties as may be proscribed by the Board.

Duties of the Board Clerk:

- a.
- b. transcribes and/or authenticates the minutes of all regular and special meetings;
- c. shall certify all District documents as may be required by law and shall sign with the President all official documents appropriate to conduct the District's business;
- d. maintains Closed Sessions Minute Book.

Section 6: Should the positions of District Director, President, Vice President, or Clerk of the Board become vacant during a term, the Board members shall determine how best to proceed in filling the positions in accordance with California law.

Article VI: Library Board Meetings

- Section 1: Regular meetings shall be held each month at an agreed upon date and time. Currently the date and time is the fourth Tuesday of the month at 5:30 at the Blanchard Community Library, unless otherwise changed by appropriate motion or resolution of the Board.
- Section 2: The annual reorganization meeting, which shall be for the purpose of the election of officers and other appropriate business, shall be held at the time of the regular meeting in December of each year.
- Section 3: If all necessary business cannot be concluded at a regularly scheduled meeting, an adjourned regular meeting may be scheduled. In such an instance, the regular meeting shall be adjourned to a time and place specified before the close of the regular meeting.
- Section: 4 Seventy-two (72) hours notice shall be given for all regular meetings.
- Section 5: Special meetings may be called by the Board President or a majority of the Board, providing that notice has been given to all Board members and the media, who have requested such in writing, at least twenty-four (24) hours in advance of the special meeting.

Section 6 A majority of the total membership of the board of directors shall constitute a quorum for the transaction of business.

Article VII: Conduct of Business

- Section 1: All business transacted at any meeting of the Library Board shall be in conformance with the Ralph M Brown Act.
- Section 2: Any Board member may request that an item be included on the agenda. The Board President and the District Director shall set the agenda. The District Director shall issue an agenda of all regular and special meetings, which will be publicly posted on the Library's front door, posted on the Library's web site, and sent to list of people requesting notification of agendas. The agenda must include a brief description of each item of business to be transacted or discussed at the meeting together with the time and location for the meeting.
- Section 3: All meetings shall be called to order by the Board President, or in the President's absence, by the Vice President, or any other Board member in attendance, as designated.
- Section 4: The order of business for regular meetings shall include, but not be limited to, the following items.
- a. Establishment of Quorum/Call to order
 - b. Approval of the order of the agenda
 - c. Public comment
 - d. Closed session, when applicable
 - e. Consent calendar
 - f. Reports (financial, Friends of the Library)
 - g. Board Comments/Concerns
 - h. Old business
 - i. New business
 - j. Reports continued: Literacy, Public Services, District Director, and Board Committees.
 - k. Future agenda items
 - l. Upcoming meeting dates
- Section 5: An affirmative vote of the majority of all members of the Board present at the time shall be necessary to approve any action before them. The Board President or any member of the Board may call for a roll call vote or qualified ballot vote. Unless such a vote is called for, action may be taken by voice vote.
- Section 6:
- Section 7: Action shall be taken only by resolution or motion of the Library Board and only as approved by a majority vote of the trustees voting.
- Section 8: Meetings shall be conducted according to Rosenberg's Rules of Order.
- Section 9: The District Director receives direction from the Board as a whole and not from individual members.

Article VIII: District Director and Staff

- Section 1: The District Director shall be the executive and administrative officer of the library on behalf of the Board and shall be subject to its review and direction by the Board
- Section 2: The District Director shall develop and recommend proposals and actions to the

- Board, as needed, for the enhancement of library services to the community.
- Section 3: The District Director shall be responsible to the Board for all duties as stated in the Director's job description and any employment agreement.
- Section 4: The District Director shall have the authority to appoint and terminate all employees, without prior approval of the Board, provided that any such appointment or termination shall be reported to the Board at its next regular meeting.

Article IX: Committees

- Section 1: The Board President shall appoint committees of one or two Board members for such specific purposes the Board may require from time to time or on an ongoing basis. The committee may be discharged or replaced at any given time, but generally during the reorganization meeting each December.
- Section 2: All committees shall make a progress report to the Board at each of its meetings.
- Section 3: No committee shall have other than advisory powers unless, by suitable action of the Board, it is granted specific power to act.

Article X: General

- Section 1: The bylaws may be amended by the majority vote of all members of the Board provided written notice of the proposed amendment(s) shall have been provided to all members at least five calendar days prior to the meeting at which such actions is proposed to be taken.
- Section 2: Authority rests with a majority decision of the Board. The majority is at least three out of five votes. The Board President nor any other Board member may assume this power.

Article XI: Severability

The provisions of these Bylaws are severable. The invalidity or unenforceability of anyone provision in these Bylaws shall not affect the other provisions.

REGULAR MEETING OF NOVEMBER 28, 2017
I(a) ACCEPTANCE OF AUDIT

The auditors have prepared the audit report for 20116-17, a copy of which is attached. There are no findings. The audit must be accepted by the Board in order for the auditors to issue it as a final report.

RECOMMENDATION: Staff recommends that the Board accept the 2016-17 audit as prepared by Moss, Levy & Hartzheim. Accountants.

	MOVED	SECONDED	YES	NO	ABSTAIN	ABSENT
Coughlin						
Hicks						
Nasalroad						
Phillips						
Spink						

BLANCHARD/SANTA PAULA LIBRARY DISTRICT

**FINANCIAL STATEMENTS
JUNE 30, 2017**

DRAFT

BLANCHARD/SANTA PAULA LIBRARY DISTRICT
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JUNE 30, 2017

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Moss, Levy & Hartzheim LLP

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Blanchard/Santa Paula Library District
Santa Paula, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Blanchard/Santa Paula Library District (the District) as of and for the fiscal year ended June 30, 2017, which collectively comprise the District's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the management of the Blanchard/Santa Paula Library District.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Blanchard/Santa Paula Library District, as of June 30, 2017, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the budgetary information on pages 25 and 26, the schedule of funding progress – other post-employment benefits other than pensions on page 27, the schedule of proportionate share of net pension liability on page 28, and the schedule of pension contributions on page 29, 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.

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 October XX, 2017, 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.

Santa Maria, California
October XX, 2017

BLANCHARD/SANTA PAULA LIBRARY DISTRICT
 STATEMENT OF NET POSITION
 JUNE 30, 2017

ASSETS	
Cash and investments	\$ 1,461,475
Interest receivable	2,119
Capital assets:	
Depreciable, net	<u>503,485</u>
Total assets	<u>1,967,079</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pensions	<u>160,905</u>
Total deferred outflows of resources	<u>160,905</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	4,599
Accrued wages and benefits	16,727
Due to the Friends of the Library	432
Total current liabilities	<u>21,758</u>
Long-term liabilities:	
Compensated absences	38,030
Other post-employment benefits	29,486
Net pension liability	<u>537,602</u>
Total long-term liabilities	<u>605,118</u>
Total liabilities	<u>626,876</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred pensions	<u>113,931</u>
Total deferred inflows of resources	<u>113,931</u>
NET POSITION	
Net investment in capital assets	503,485
Restricted for:	
Literacy programs	6,709
Unrestricted	<u>876,983</u>
Total net position	<u>\$ 1,387,177</u>

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, 2017

	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Net (Expense) Revenue and Changes in Net Position
Governmental activities:					
Library services	\$ 732,315	\$ 16,005	\$ 66,205	\$ 16,721	\$ (633,384)
FLAIR program	50,186		41,957		(8,229)
Payments to Black Gold	63,000				(63,000)
Total governmental activities	\$ 845,501	\$ 16,005	\$ 108,162	\$ 16,721	(704,613)
General Revenue					
Property taxes					461,581
Special assessment tax					302,544
Investment income					3,168
Total general revenue					767,293
Change in net position					62,680
Net position at beginning of fiscal year					1,324,497
Net position at end of fiscal year					\$ 1,387,177

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

BLANCHARD/SANTA PAULA LIBRARY DISTRICT
 GOVERNMENTAL FUNDS
 BALANCE SHEET
 JUNE 30, 2017

	General Fund	Literacy Programs Fund	Total Governmental Funds
ASSETS			
Cash and investments	\$ 1,454,766	\$ 6,709	\$ 1,461,475
Interest receivable	2,119		2,119
Total assets	<u>\$ 1,456,885</u>	<u>\$ 6,709</u>	<u>\$ 1,463,594</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 4,599	\$ -	\$ 4,599
Accrued wages and benefits	16,727		16,727
Due to Friends of the Library	432		432
Total liabilities	<u>21,758</u>		<u>21,758</u>
Fund balances:			
Restricted			
Literacy programs		6,709	6,709
Unassigned	1,435,127		1,435,127
Total fund balances	<u>1,435,127</u>	<u>6,709</u>	<u>1,441,836</u>
Total liabilities and fund balances	<u>\$ 1,456,885</u>	<u>\$ 6,709</u>	<u>\$ 1,463,594</u>

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, 2017

Total Fund Balance - Governmental Funds \$ 1,441,836

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. 503,485

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	\$	(38,030)	
Other post-employment benefits		(29,486)	
Net pension liability		(537,602)	
Total			(605,118)

Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

Deferred inflows of resources relating to pensions	\$	(113,931)	
Deferred outflows of resources relating to pensions		160,905	

Net 46,974

Total Net Position - Governmental Net Activities \$ 1,387,177

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
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	General Fund	Literacy Programs Fund	Total Governmental Funds
Revenues:			
Property taxes	\$ 461,581	\$ -	\$ 461,581
Special assessment tax	302,544		302,544
Library services	16,005		16,005
Interest income	3,167	1	3,168
Donations/memorials	60,705	7,917	68,622
Impact fees	16,721		16,721
State/Federal/Other grants	5,500	34,040	39,540
Total revenues	866,223	41,958	908,181
Expenditures:			
Salaries and employee benefits	477,244	40,198	517,442
Services and supplies	141,175	9,988	151,163
Utilities	29,996		29,996
Payments to Black Gold	63,000		63,000
Capital outlay	17,118		17,118
Total expenditures	728,533	50,186	778,719
Excess (deficiency) of revenues over expenditures	137,690	(8,228)	129,462
Other Financing Sources (Uses):			
Transfers	(5,105)	5,105	
Total other financing sources (uses)	(5,105)	5,105	
Net change in fund balances	132,585	(3,123)	129,462
Fund balances - July 1	1,302,542	9,832	1,312,374
Fund balances - June 30	<u>\$ 1,435,127</u>	<u>\$ 6,709</u>	<u>\$ 1,441,836</u>

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, 2017

Net Change in Fund Balance - Governmental Fund	\$	129,462
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 is less than depreciation expense.		(41,046)
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 earned was more than the amounts used.		(4,332)
OPEB expenditures reported in the statement of net position do not require the use of current financial resources and therefore, is not reported as expenditures in a governmental fund. This is the net change in OPEB for the current period.		(11,864)
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:		(9,540)
Change in Net Position - Governmental Activities	\$	<u>62,680</u>

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, and No. 80.

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. The County maintains a cash and investment pool, 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 consist 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 one item which qualifies for reporting in this category; refer to Note 8 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 one item which qualifies for reporting in this category; refer to Note 8 for a detailed listing of the deferred inflows of resources the District has reported.

BLANCHARD/SANTA PAULA LIBRARY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Future Accounting Pronouncements

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

Statement No. 75	"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"	The provisions of this statement are effective for fiscal years beginning after June 15, 2017.
Statement No. 81	"Irrevocable Split-Interest Agreements"	The provisions of this statement are effective for fiscal years beginning after December 15, 2016.
Statement No. 82	"Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73"	The provisions of this statement are effective for fiscal years beginning after June 15, 2017.
Statement No. 83	"Certain Asset Retirement Obligations"	The provisions of this statement are effective for fiscal years beginning after June 15, 2018.
Statement No. 84	"Fiduciary Activities"	The provisions of this statement are effective for fiscal years beginning after December 15, 2018.
Statement No. 85	"Omnibus 2017"	The provisions of this statement are effective for fiscal years beginning after June 15, 2017.
Statement No. 86	"Certain Debt Extinguishment Issues"	The provisions of this statement are effective for fiscal years beginning after June 15, 2017.
Statement No. 87	"Leases"	The provisions of this statement are effective for fiscal years beginning after December 15, 2019.

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NOTE 2 - CASH AND INVESTMENTS

On June 30, 2017, the District had the following cash and investments on hand:

Cash on hand	\$ 281
Cash in bank	136,771
Cash and investments with the City of Santa Paula	185,351
Cash and investments with the County Treasurer	778,672
Certificates of Deposit	<u>360,400</u>
Total cash and investments	<u>\$ 1,461,475</u>

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

Cash and investments, statement of net position	<u>\$ 1,461,475</u>
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BLANCHARD/SANTA PAULA LIBRARY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 2 - CASH AND INVESTMENTS (Continued)

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure 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. The District has investments in the Ventura County investment pool and the City of Santa Paula, however, there external pools are not measured under Level 1, 2, or 3.

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.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
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	None
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:

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months Or Less</u>	<u>13-24 Months</u>	<u>25-60 Months</u>	<u>More than 60 Months</u>
Ventura County Investment Pool	\$ 778,672	\$ 778,672	\$ -	\$ -	\$ -
City of Santa Paula Pooled Cash	185,351	185,351			
Certificates of Deposit	<u>360,400</u>	<u>360,400</u>			
Total	<u>\$ 1,324,423</u>	<u>\$ 1,324,423</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BLANCHARD/SANTA PAULA LIBRARY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 2 - CASH AND INVESTMENTS (Continued)

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.

Investment Type	Carrying Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End		
				AAA	Aa	Not Rated
Ventura County Investment Pool	\$ 778,672	N/A	\$ -	\$ -	\$ -	\$ 778,672
City of Santa Paula Pooled Cash	185,351	N/A				185,351
Certificates of Deposit	<u>360,400</u>	N/A				<u>360,400</u>
Total	<u>\$1,324,423</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,324,423</u>

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. There are no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District's 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 100% 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, 2017, 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 XIII A of the 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 market 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 – EXCESS OF EXPENDITURES OVER APPROPRIATION

Excess of expenditures over appropriations in individual funds are as follows:

General Fund:	
Salaries and employee benefits	\$ 15,076
Capital outlay	\$ 17,118

BLANCHARD/SANTA PAULA LIBRARY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 5 – CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2017, was as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Governmental activities				
Non-depreciable capital assets:				
Land	\$ 69,309	\$ -	\$ -	\$ 69,309
Total non-depreciable capital assets	<u>\$ 69,309</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,309</u>
Depreciable capital assets:				
Buildings	\$ 474,710	\$ -	\$ -	\$ 474,710
Equipment	221,721	12,807		234,528
Improvements	654,061	4,311		658,372
Furniture and fixtures	292,310			292,310
Total depreciable capital assets	1,642,802	17,118		1,659,920
Total accumulated depreciation	1,167,580	58,164		1,225,744
Net depreciable capital assets	<u>\$ 475,222</u>	<u>\$ (41,046)</u>	<u>\$ -</u>	<u>\$ 434,176</u>
Net capital assets	<u>\$ 544,531</u>	<u>\$ (41,046)</u>	<u>\$ -</u>	<u>\$ 503,485</u>

NOTE 6 – LONG-TERM DEBT

The following is a summary of long-term liability activity for the fiscal year ended June 30, 2017:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year
Governmental activities:					
Compensated absences	\$ 33,698	\$ 16,842	\$ 12,510	\$ 38,030	\$ -
Other post-employment benefits	17,622	39,842	27,978	29,486	
Net pension liability	397,121	146,693	6,212	537,602	
Total long-term debt:	<u>\$ 448,441</u>	<u>\$ 203,377</u>	<u>\$ 46,700</u>	<u>\$ 605,118</u>	<u>\$ -</u>

NOTE 7 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

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.

NOTE 7 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The District has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over the remaining period of 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in its net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$ 39,998
Interest on net OPEB obligation	352
Adjustment to annual required contribution	(508)
Annual OPEB cost (expense)	<u>39,842</u>
Contributions made	<u>(27,978)</u>
Increase in net OPEB obligation	11,864
Net OPEB obligation - beginning of year	<u>17,622</u>
Net OPEB obligation - end of year	<u>\$ 29,486</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the current fiscal year is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	\$ 23,549	109.2%	\$ 5,529
June 30, 2016	\$ 39,949	69.7%	\$ 17,622
June 30, 2017	\$ 39,842	70.2%	\$ 29,486

Funding Status and Funding Progress

As of July 1, 2015, the actuarial accrued liability (AAL) for benefits was \$501,459, all of which is unfunded.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrences of events far into the future. Examples include assumptions about future employment, mortality and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer as subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term prospective of the calculations.

The following simplifying assumptions were made:

Retirement age for active employees – Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 65, or at the first subsequent year in which the member would qualify for benefits.

Mortality – Life expectancies at the calculation date are based on the most recent mortality tables published by the National Center for Health Statistics website (www.cdc.gov). The calculation of OPEB liability for each year is based on the assumption that all participants will live until their expected age as displayed in the mortality tables.

NOTE 7 – POST EMPLOYEMENT BENEFITS OTHER THAN PENSIONS (Continued)

Turnover – The probability that an employee will remain employed until the assumed retirement age was determined using non-group-specific age-based turnover data provided in Table 1 in paragraph 35 of GASB Statement No. 45. In addition, the expected future working lifetimes of employees were determined using Table 2 in paragraph 35c of GASB Statement No. 45.

Healthcare cost trend rate – Healthcare cost trend rates were selected based on a combination of national and state trend surveys as well as professional judgment. The ultimate trend rate was 4.0%.

Health insurance premiums – 2012 health insurance premiums for retirees were used as a basis for calculation of the present value of total benefits to be paid. An employee is assumed to continue with the same medical plan upon retirement. If an employee waived medical coverage, then such waiver is assumed to continue into retirement.

Medicare Coordination – Medicare was assumed as the primary payer for current and future retirees at age 65.

Payroll increase – Changes in the payroll for current employees are expected to increase at a rate of approximately 3.0% annually.

Discount rate – The calculation uses an annual discount rate of 2%. This is based on the assumed long-term return on plan assets or employer assets.

Actuarial cost method – The entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over 30 years on an open basis.

Plan for Funding

On an ongoing basis, the District will be reviewing its assumptions, comparing them against actual experience and recalculating the needed funding with the goal of paying for postemployment benefits out of interest earned on designated funds.

NOTE 8 – 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 statute 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.

BLANCHARD/SANTA PAULA LIBRARY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 8 – PENSION PLAN (Continued)

A. General Information about the Pension Plans (Continued)

The Plans' provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
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	7.159%	6.56%
Employer payment of unfunded liability	\$30,844	\$252

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 \$48,945 for the fiscal year ended June 30, 2017.

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

At June 30, 2017, the District reported a liability of \$537,602 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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, 2015 and 2016 was as follows:

	Miscellaneous
Proportion-June 30, 2015	0.01497%
Proportion-June 30, 2016	0.01548%
Change-Increase (Decrease)	0.00051%

For the year ended June 30, 2017, the District recognized pension expense of \$58,485. 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, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 48,945	\$ -
Differences between expected and actual experience	1,217	
Changes in assumptions		14,941
Net difference between projected and actual earnings on retirement plan investments	77,761	
Adjustment due to differences in proportions	16,418	91,453
Difference in actual contributions and proportionate share of contributions	16,564	7,537
	<u>\$ 160,905</u>	<u>\$ 113,931</u>

BLANCHARD/SANTA PAULA LIBRARY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 8 – PENSION PLAN (Continued)

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

\$48,945 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, 2018.

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
2018	\$ (34,703)
2019	(24,651)
2020	37,242
2021	20,141
	<u>\$ (1,971)</u>

Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.5% 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 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies; 2.75% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table please refer to the 2014 experience study report.

NOTE 8 – PENSION PLAN (Continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for public agency plans (including PERF C), CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund, including PERF C. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

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

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (Public Employee's Retirement Fund) cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound(geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1-10(a)	Real Return Years 11+(b)
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	20.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	1.0%	-0.55%	-1.05%
Total	<u>100.0%</u>		

(a) An expected inflation of 2.5% was used for this period.

(b) An expected inflation of 3.0% was used for this period.

NOTE 8 – 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

The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 7.65 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 (6.65 percent) or 1- percentage point higher (8.65 percent) than the current rate:

	1% Decrease 6.65%	Discount Rate 7.65%	1% Increase 8.65%
District's proportionate share of the net pension plan liability	\$ 843,664	\$ 537,602	\$ 284,656

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, 2017, the District had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2017.

NOTE 9 – 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 10 – 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.

REQUIRED SUPPLEMENTARY INFORMATION

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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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 435,338	\$ 439,377	\$ 461,581	\$ 22,204
Special assessment tax	309,794	307,296	302,544	(4,752)
Library services	5,000	12,959	16,005	3,046
Interest income			3,167	3,167
Donations/memorials	40,000	43,801	60,705	16,904
Impact fees			16,721	16,721
State/Federal/Other grants			5,500	5,500
Total revenues	790,132	803,433	866,223	62,790
Expenditures:				
Salaries and employee benefits	488,462	462,168	477,244	(15,076)
Services and supplies	177,580	142,088	141,175	913
Utilities	34,350	34,346	29,996	4,350
Payments to Black Gold	65,000	64,528	63,000	1,528
Capital outlay			17,118	(17,118)
Total expenditures	765,392	703,130	728,533	(25,403)
Excess (deficiency) of revenues over expenditures	24,740	100,303	137,690	37,387
Other Financing Sources (Uses):				
Transfer from literacy program fund			(5,105)	(5,105)
Total financing sources (uses)			(5,105)	(5,105)
Net change in fund balance	24,740	100,303	132,585	32,282
Fund balance - July 1	1,302,542	1,302,542	1,302,542	
Fund balance - June 30	\$ 1,327,282	\$ 1,402,845	\$ 1,435,127	\$ 32,282

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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest income	\$ -	\$ -	\$ 1	\$ 1
Donations/memorials	5,000	4,507	7,917	3,410
State/Federal/Other grants	20,000	36,648	34,040	(2,608)
Total revenues	25,000	41,155	41,958	803
Expenditures:				
Salaries and employee benefits	55,936	63,806	40,198	23,608
Services and supplies	8,700	6,044	9,988	(3,944)
Total expenditures	64,636	69,850	50,186	19,664
Excess (deficiency) of revenues over expenditures	(39,636)	(28,695)	(8,228)	20,467
Other Financing Sources (Uses):				
Transfer from the general fund			5,105	5,105
Total financing sources (uses)			5,105	5,105
Net change in fund balance	(39,636)	(28,695)	(3,123)	25,572
Fund balance - July 1	9,832	9,832	9,832	
Fund balance - June 30	\$ (29,804)	\$ (18,863)	\$ 6,709	\$ 25,572

BLANCHARD/SANTA PAULA LIBRARY DISTRICT
 SCHEDULE OF FUNDING PROGRESS FOR POSTEMPLOYMENT BENEFITS
 OTHER THAN PENSIONS
 FOR FISCAL YEAR ENDED JUNE 30, 2017

The following table provides required supplementary information regarding the District's postemployment healthcare benefits.

SCHEDULE OF FUNDING PROGRESS

Valuation Date	Actuarial Asset Value	Actuarial Accrued Liability (AAL)	Unfunded Liability (Excess Assets)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Covered Payroll
7/1/2012	\$ -	\$ 357,038	\$ 357,038	0.0%	\$ 269,866	132.3%
7/1/2015	\$ -	\$ 501,459	\$ 501,459	0.0%	\$ 164,304	305.2%

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BLANCHARD/SANTA PAULA LIBRARY DISTRICT
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
 LAST 10 YEARS*
 AS OF JUNE 30, 2017

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

	2017	2016	2015
Proportion of the net pension liability	0.00621%	0.00579%	0.00747%
Proportionate share of the net pension liability	\$ 537,602	\$ 397,121	\$ 464,790
Covered- employee payroll	\$ 270,912	\$ 260,546	\$ 278,703
Proportionate share of the net pension liability as percentage of covered-employee payroll	198.4%	152.4%	166.8%
Plan's total pension liability	\$ 33,358,627,624	\$ 31,771,217,402	\$ 30,829,966,631
Plan's fiduciary net position	\$ 24,705,532,291	\$ 24,907,305,871	\$ 24,607,502,515
Plan fiduciary net position as a percentage of the total pension liability	74.06%	78.40%	79.82%

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Notes to Schedule:

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.

BLANCHARD/SANTA PAULA LIBRARY DISTRICT
 SCHEDULE OF CONTRIBUTIONS
 LAST 10 YEARS
 AS OF JUNE 30, 2017

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

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

Notes to Schedule

Valuation Date: 6/30/2015

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.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2013 funding valuation report.
Inflation	2.75%
Salary Increases	Varies by entry age and service
Payroll Growth	3.00%
Investment Rate of Return	7.5% net of pension plan investment and administrative expenses; includes inflation.
Retirement Age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

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 three years are shown.



Moss, Levy & Hartzheim LLP
Certified Public Accountants

October XX, 2017

To the Administrative Council
Blanchard/Santa Paula Library District

We were engaged to audit the financial statements of the governmental activities and the major funds of Blanchard/Santa Paula Library District (District) as of and for the fiscal year ended June 30, 2017. Professional standards require that we provide you with information about our responsibilities under Generally Accepted Auditing Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October XX, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's estimate of the useful lives of capital assets is based on experience with other capital assets and on their standard table of useful lives. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the other postemployment benefits (OPEB) expense is based on the actuary's expertise and experience. We evaluated the key factors and assumptions used to develop the other postemployment benefits (OPEB) expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of the Pension Plan in Note 8 to the financial statements.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such known misstatements.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October XX, 2017.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

This information is intended solely for the use of the Board of Directors and Management of Blanchard/Santa Paula Library District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

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Santa Maria, California



Moss, Levy & Hartzheim LLP

Certified Public Accountants

October XX, 2017

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Blanchard/Santa Paula Library District

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

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

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

Other Audit Findings or Issues

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

This information is intended solely for the use of the Board of Directors and Management of Blanchard/Santa Paula Library District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

DRAFT

Santa Maria, California



Moss, Levy & Hartzheim LLP

Certified Public Accountants

**INDEPENDENT AUDITORS' 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***

Board of Directors
Blanchard/Santa Paula Library District
Santa Paula, California

We have audited, in accordance with the 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, the governmental activities and each major fund of the Blanchard/Santa Paula Library District (the District), as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Blanchard/Santa Paula Library District's basic financial statements and have issued our report thereon dated October XX, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, Finding 2017-1, described in the accompanying schedule of findings and questioned costs, which we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Blanchard/Santa Paula Library District's financial statements are free from 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 the determination of 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*.

Blanchard/Santa Paula Library District's Response to Findings

Blanchard/Santa Paula Library District's response to the findings identified in our audit is described in the accompanying schedule of findings and recommendations. Blanchard/Santa Paula Library District's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

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.

Santa Maria, California
October xx, 2017

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BLANCHARD/SANTA PAULA LIBRARY DISTRICT
SCHEDULE OF AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

There were no Financial Statement Findings.

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BLANCHARD/SANTA PAULA LIBRARY DISTRICT
SCHEDULE OF PRIOR FISCAL YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Financial Statement Findings:

FINDING 2016-1
Employee Agreements

Criteria:

All changes in employee pay rates should be properly documented and signed in approval.

Condition:

On two of twenty-five payroll transactions we tested, we noticed that the employee had been given a pay raise for a new job classification, however, there was no signed action form, letter of employment, or employee review that noted the change.

Cause:

District oversight.

Effect:

Potential for misappropriation of funds or disagreements on pay rates if there is no clear documented agreement stating each employees current rate of pay.

Recommendation:

The District should ensure that a standard procedure is used when an employee gets a new job classification and/or a new pay rate so that the change is properly documented. The District Librarian should sign the agreement to ensure it was properly authorized.

Current Status:

Not implemented, see Finding 2017-1.

FINDING 2016-2
Adjusting Journal Entries

Criteria:

Backup documentation should be obtained for all District transactions.

Condition:

During our testing of journal entries, we noted that for utility bills paid by the District that were automatically paid by the bank, the District was not receiving any invoice or statement from the utility company to substantiate the bill.

Cause:

District oversight.

Effect:

Potential misappropriation of assets if the utility company bill is not proper.

Recommendation:

The District should request the bill for utility services in order to examine the bill and ensure the expense was properly billed and the District isn't overpaying for the service.

Current Status:

Implemented.

REGULAR MEETING OF NOVEMBER 28, 2017
I(b) FUND RAISING FOR FACILITIES MASTER PLAN

The Board approved the Facilities Master Plan and wishes to start a fund raising campaign. Logan and Carol Hardison have generously committed to start the fund raising with a generous donation. Staff directed the architect to prepare three-dimensional renderings to aid potential donors to visualize some of the elements in the plan. The Board needs to establish a plan for publicizing the building fund.

RECCOMENDATION: None.

	MOVED	SECONDED	YES	NO	ABSTAIN	ABSENT
Coughlin						
Hicks						
Nasalroad						
Phillips						
Spink						











REGULAR MEETING OF NOVEMBER 28, 2017
I(c). JOB DESCRIPTION FOR FAMILY LITERACY COORDINATOR

As the English as a Second Language programs have expanded in number and scope, the job of coordinating the elements of the programs has been undertaken by Olivia Molina, the Office Assistant for the Literacy Program. In order to more accurately reflect her duties, Wendy Batstone, Literacy Programs Coordinator, has drafted the attached job description .

RECOMMENDATION: Staff recommends that the Board approve the attached job description for Family Literacy Coordinator.

	MOVED	SECONDED	YES	NO	ABSTAIN	ABSENT
Coughlin						
Hicks						
Nasalroad						
Phillips						
Spink						



Blanchard / Santa Paula Library District

Family Literacy Coordinator

FLSA Category: non-exempt	Reports to: Adult Literacy Coordinator
Rev Date: November, 2017	Approved by:

Job Summary:

Coordinates an English as a Second Language program, multiple levels of instruction for the adults, plus preschool class(es), including instructors and childcare aides; deals with all questions regarding registration, evaluates for level of instruction for learners, and provides logistical support for teachers; keeps records of attendance.

Education and Experience:

Bilingual, Spanish / English
High school graduate; college degree preferred

Job Knowledge, Skills and Abilities:

- Respectful of and able to deal effectively with people of different cultures;
- Communicates comfortably with the teachers and students in both English and Spanish via text, email, telephone, and in person;
- Proficient in Microsoft Office programs, especially Word and Excel; keeping records and creating flyers to advertise the program;
- Works independently and as a team member;
- Able to order books and materials online;
- Able to organize and facilitate celebrations, special speaker visits; make announcements to the classes;
- Creates and maintains files, both paper and on computer;
- Operates typical office equipment;
- General knowledge of basic library operations.

Essential Duties and Responsibilities:

- Interviews prospective students to evaluate the level of instruction needed;
- Tracks and reports tutor and learner hours for monthly report to director and for periodic reports to the State of California (Library Literacy Services);

- Navigates the Internet easily, including but not limited to researching books and supplies and placing orders;
- Sells books to students; handles and reports income;
- Facilitates communication between different sectors of the program;
- Creates and updates class attendance lists;
- Creates bilingual flyers, announcements, and signs, as needed;
- Checks text, email, and phone messages, responding as needed;
- Other duties as assigned.

Supervisory Responsibilities:

There are no direct supervision responsibilities.

Physical Demands:

Lifts, moves, and carries books, materials, tables, chairs, equipment, and other items up to 40 pounds.

Work Environment:

The work environment is indoors with high ceilings, is air conditioned and heated, and is illuminated with fluorescent lighting.

The duties listed above are intended only as illustrations of the various types of work that may be performed. The omission of specific statements of duties does not exclude them from the position if the work is similar, related or a logical assignment to the position.

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

(Adopted by the Board of Trustees of the Blanchard/Santa Paula Library District on November _____, 2017. Prior job descriptions repealed.)

REGULAR MEETING OF NOVEMBER 28, 2017
J(a) REPORTS: LITERACY SERVICES

BEST Adult Learning Center

Board Report for November, 2017



YOU SAW THIS IN THE NEWSPAPER, I'M SURE (HOW COULD YOU MISS IT?) I THINK WE CAN FINALLY PUT THIS "HOT NEWS" TO REST. IT'S BEEN A GREAT BIT OF ADVERTISING FOR THE LIBRARY, BUT IT'S ALSO BEEN A HUGE ENERGY DRAIN, AND I'M VERY READY TO GET BACK TO MY PRIMARY "CALLING": TUTOR TRAINING AND SUPPORT.

AFTER OUR OCTOBER 21 TUTOR TRAINING, WE ENDED UP WITH

Eight Greight New Tewders.

WE HAVE BEEN IN THE PROCESS OF MATCHING SINCE THEN. THE PROCESS TAKES A LOT OF THOUGHT, A LOT OF CALLS/TEXTS/EMAILS BACK AND FORTH BEFORE WE CAN BRING WHAT WE HOPE WILL BE APPROPRIATE PAIRS TOGETHER. AND AS NANCY CAN TESTIFY, BEGINNINGS ARE ALWAYS HARD. THEY JUST ARE. THERE ARE ALWAYS

MISUNDERSTANDINGS ABOUT TIME, PLACE, RESPONSIBILITIES—UNTIL THE PAIR GETS INTO A GROOVE AND CAN CARRY ON. HERE ARE SOME OF OUR NEW PAIRS:



MARY ANN & LUPE



AURORA & SALL

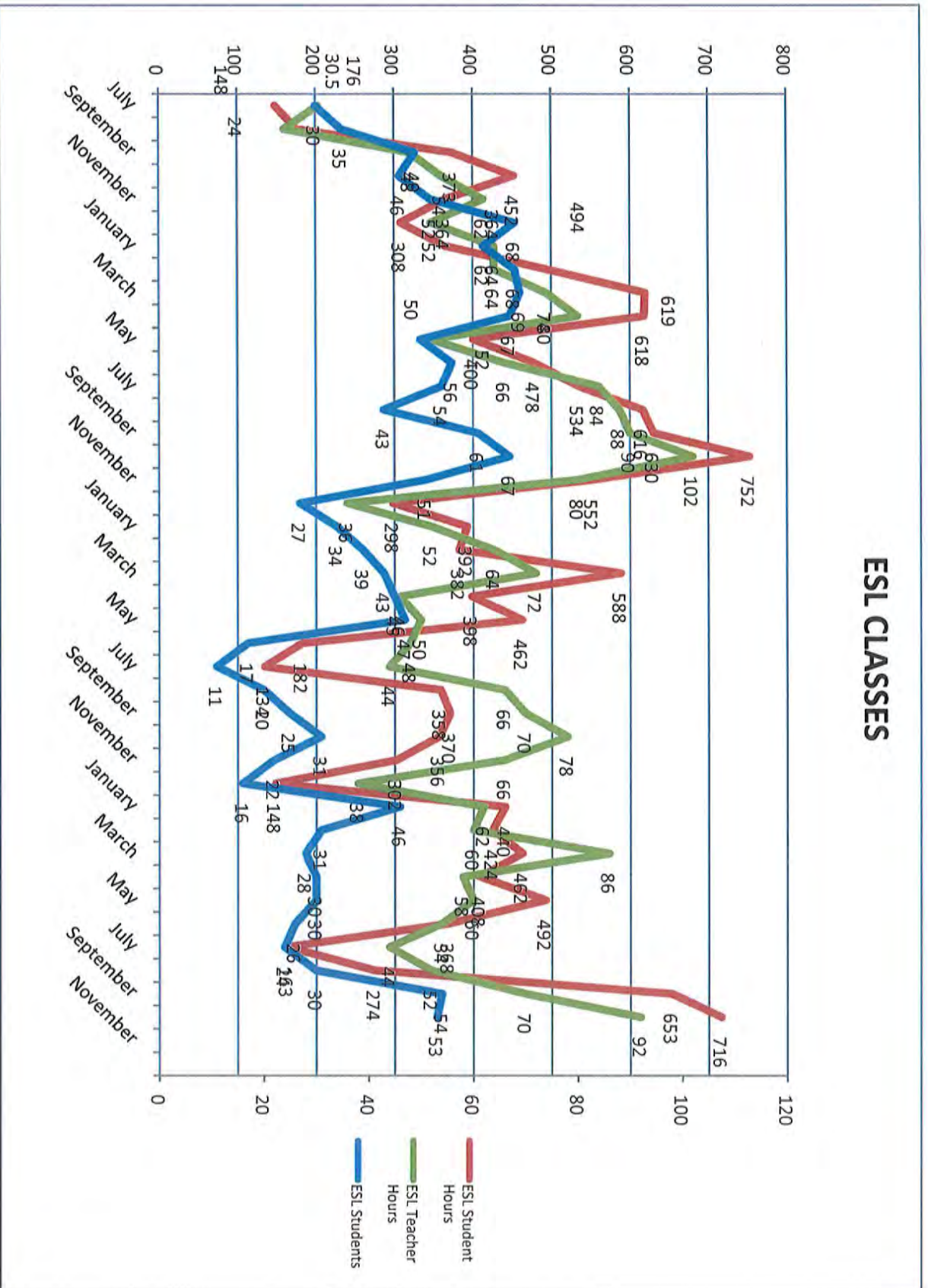
BUT BECAUSE WE HAVE SO MANY MORE STUDENTS WAITING THAN TUTORS AVAILABLE, A FEW OF OUR TUTORS ARE STARTING TO TAKE ON MORE THAN ONE. THIS IS JUAN OJEDA AND HIS NEW CONVERSATION GROUP.



HILDA & DAWN



ESL CLASSES

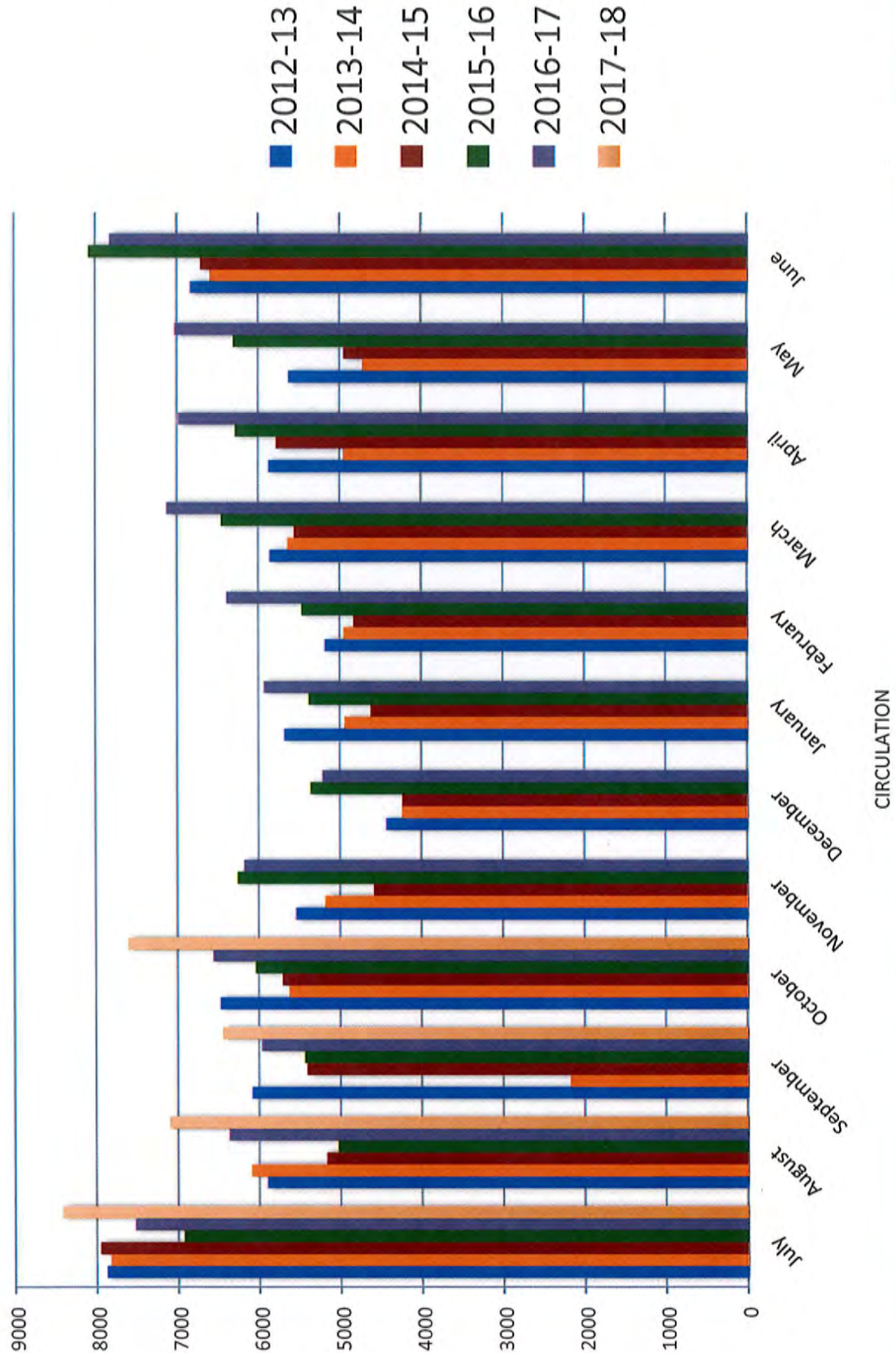


REGULAR MEETING OF NOVEMBER 28, 2017
J(b) REPORTS: PUBLIC SERVICES

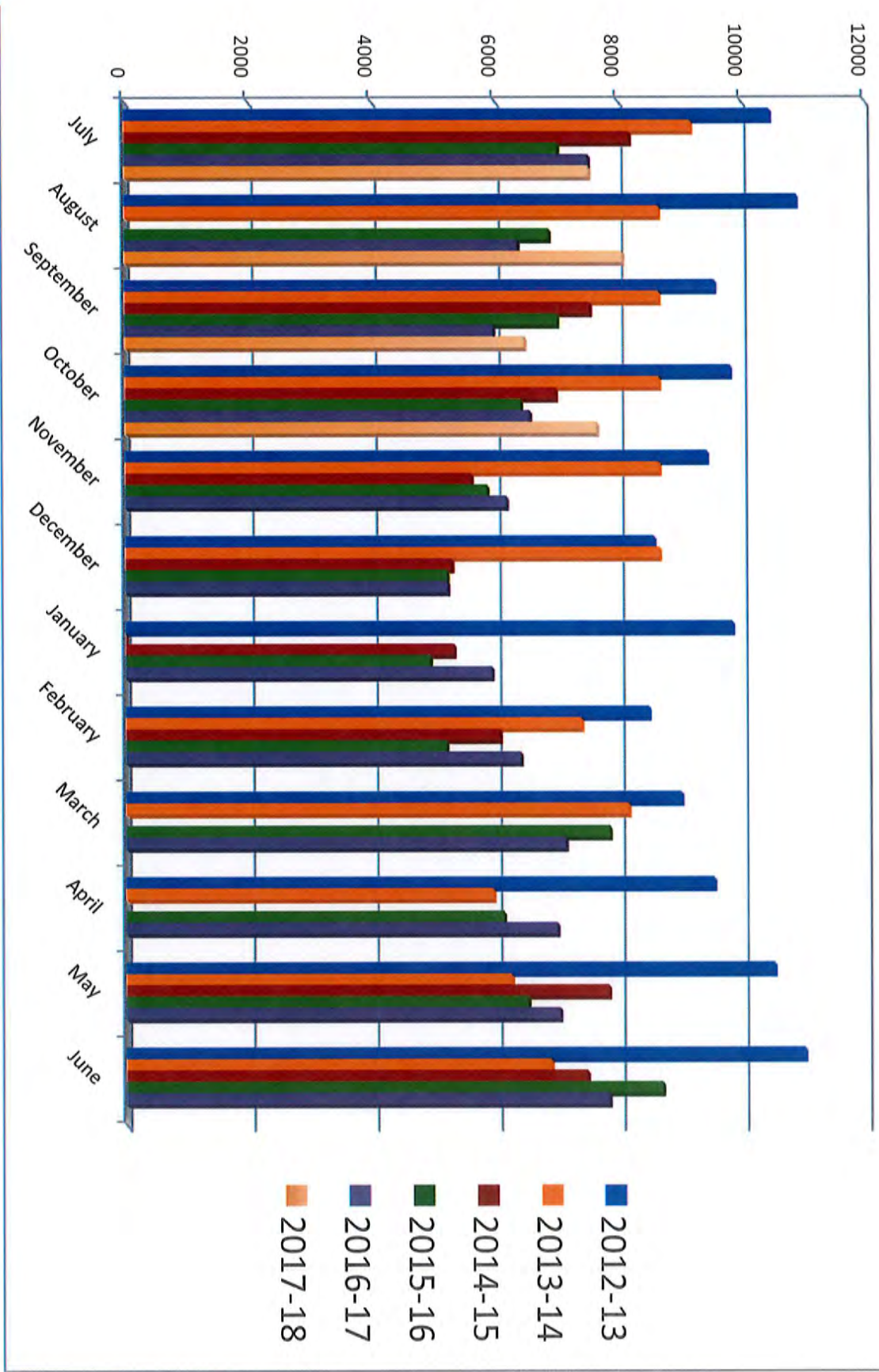
REGULAR MEETING OF NOVEMBER 28, 2017
J(c) REPORTS: DISTRICT DIRECTOR'S REPORT

1. Statistics
2. Volunteer Coordinator
3. Reception in conjunction with Museum of Ventura County on November 15, 2017.
- 4.

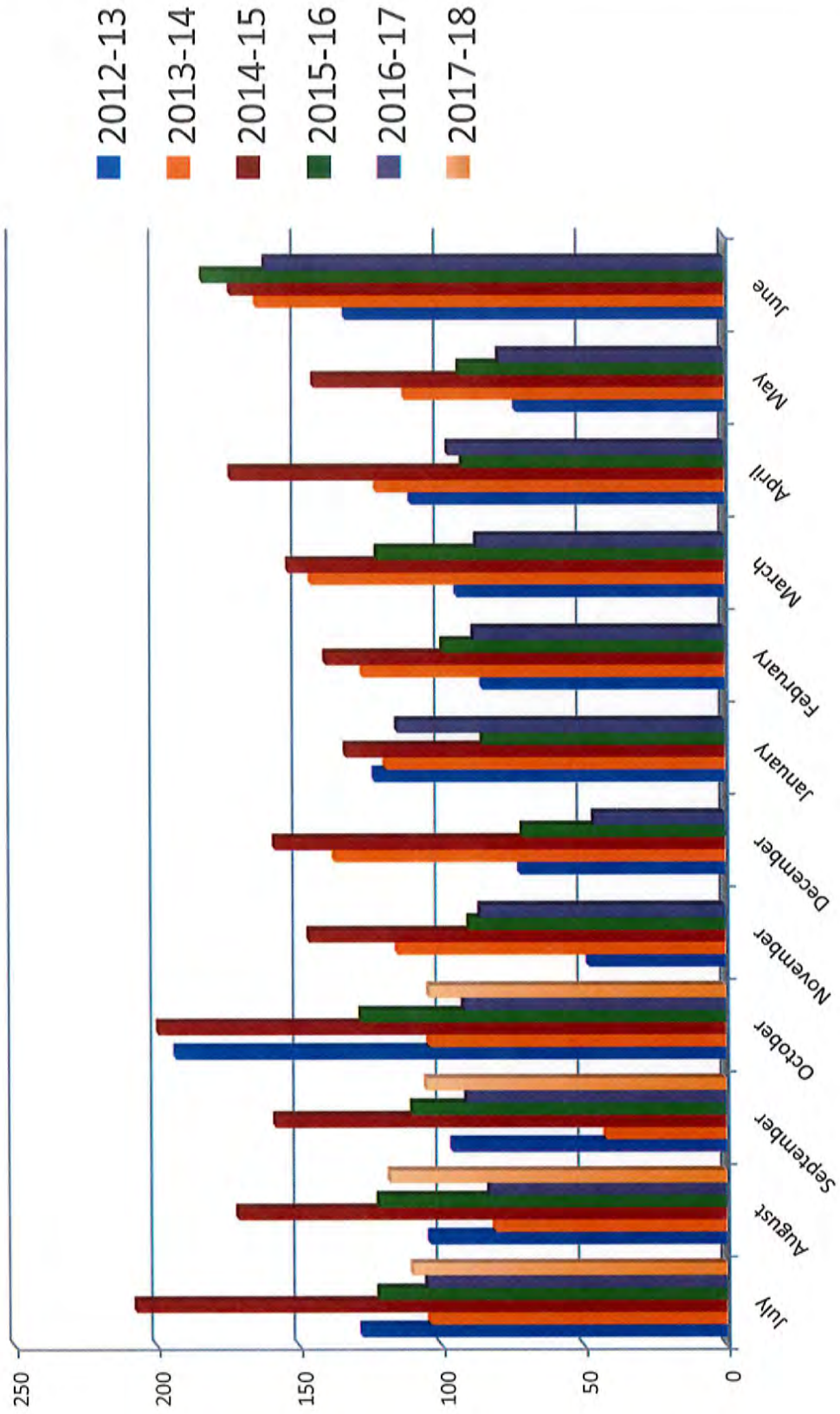
TOTAL CIRCULATION



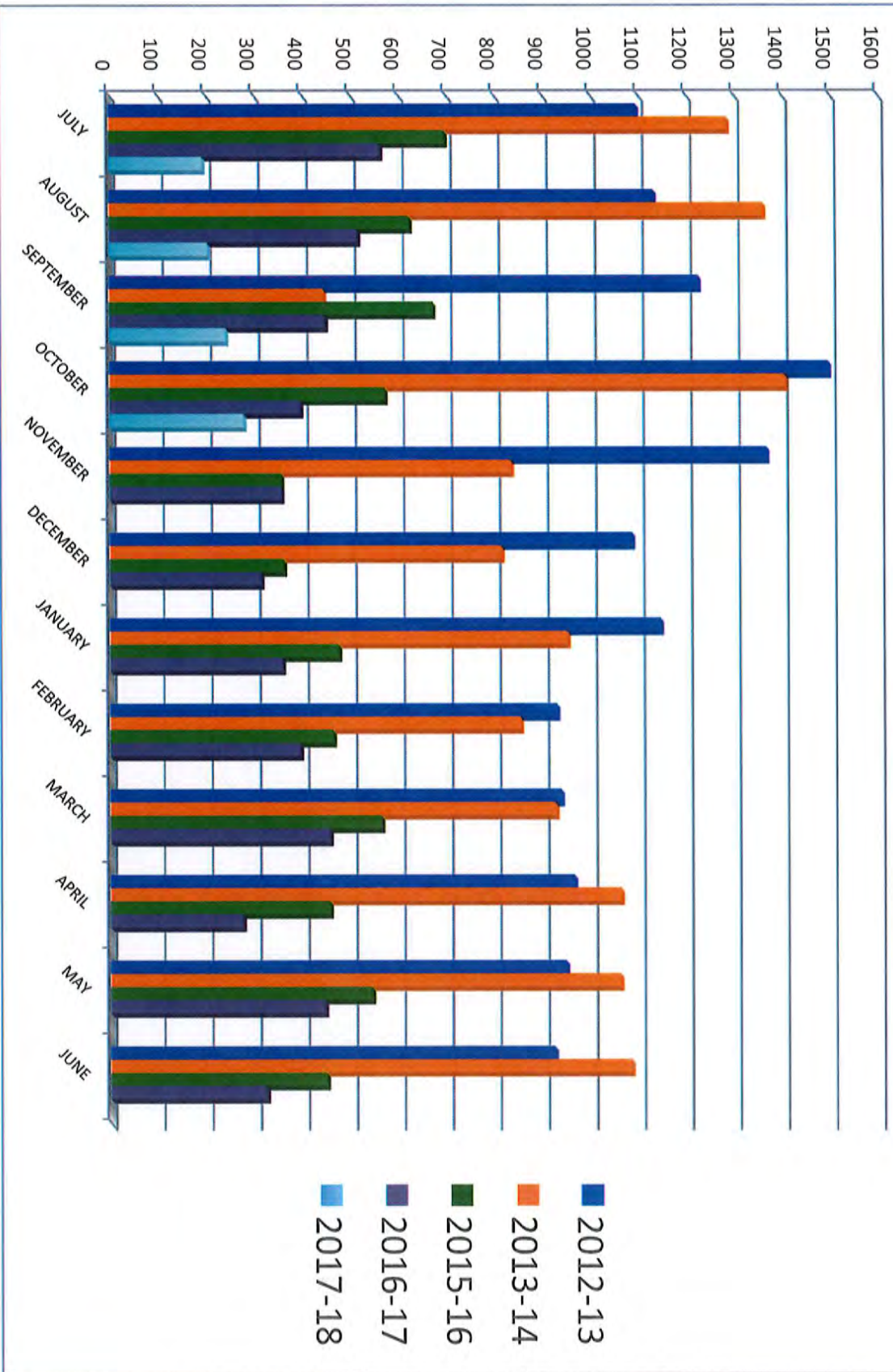
PATRON COUNT

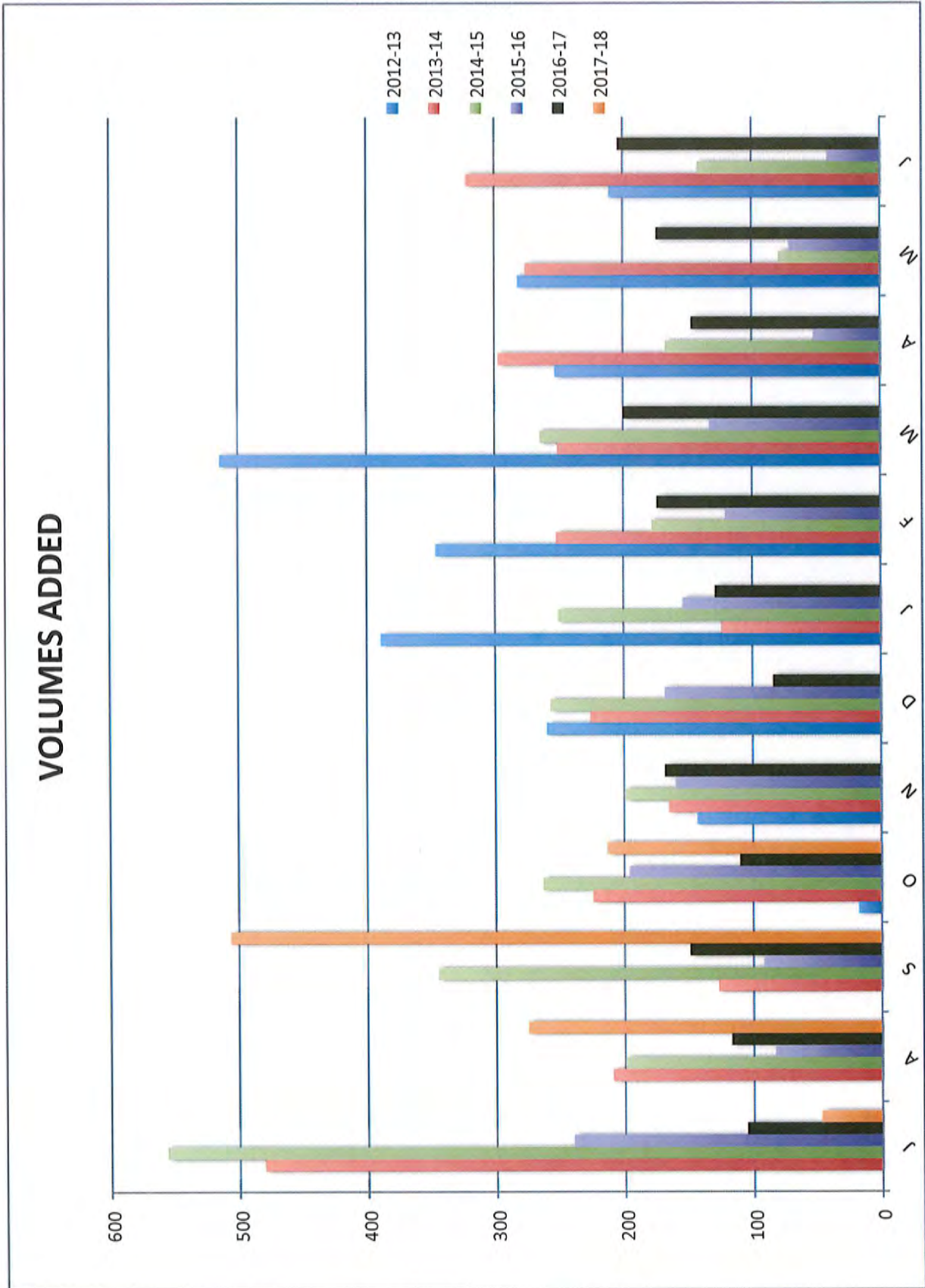


PATRON REGISTRATIONS

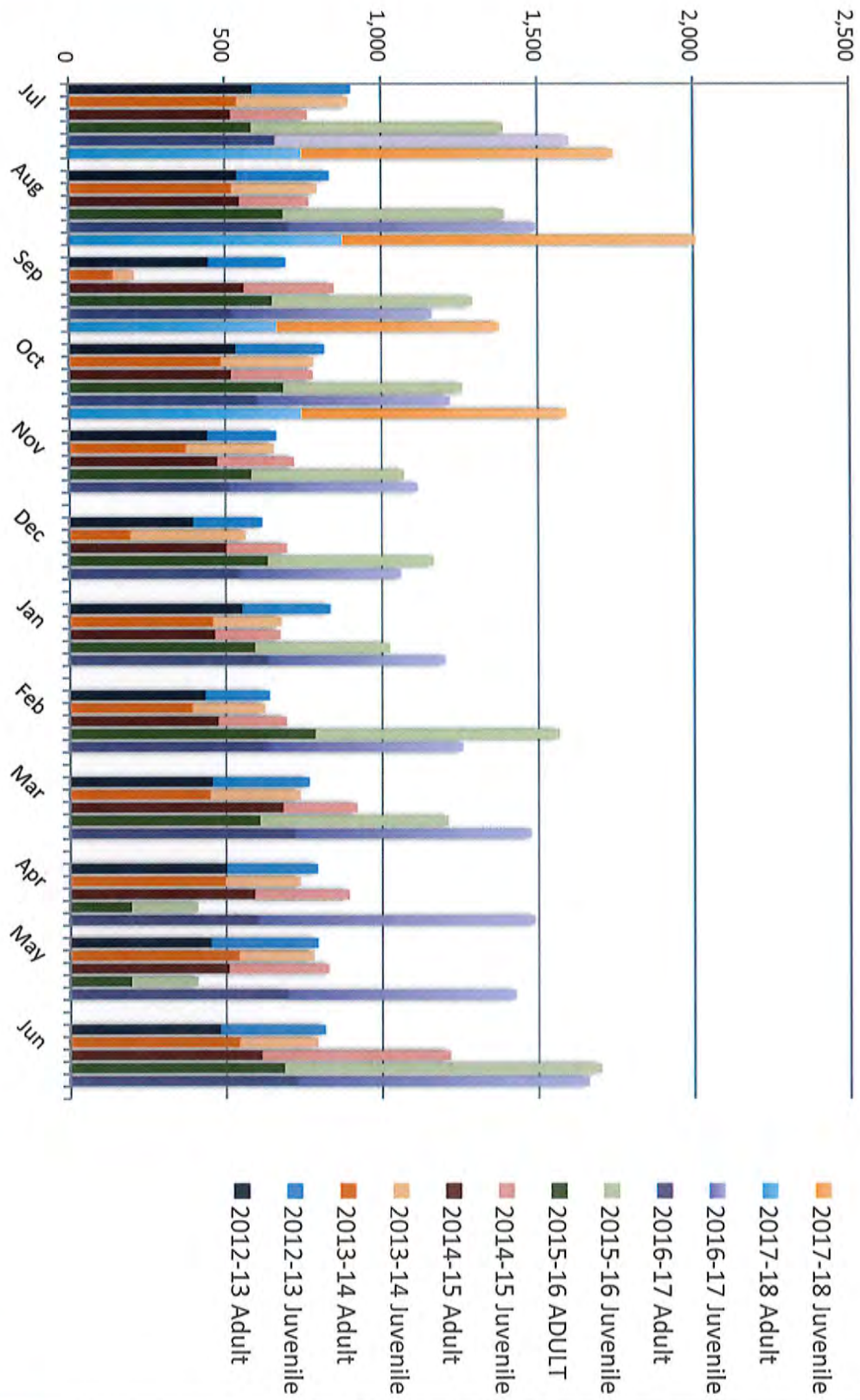


REFERENCE INQUIRIES

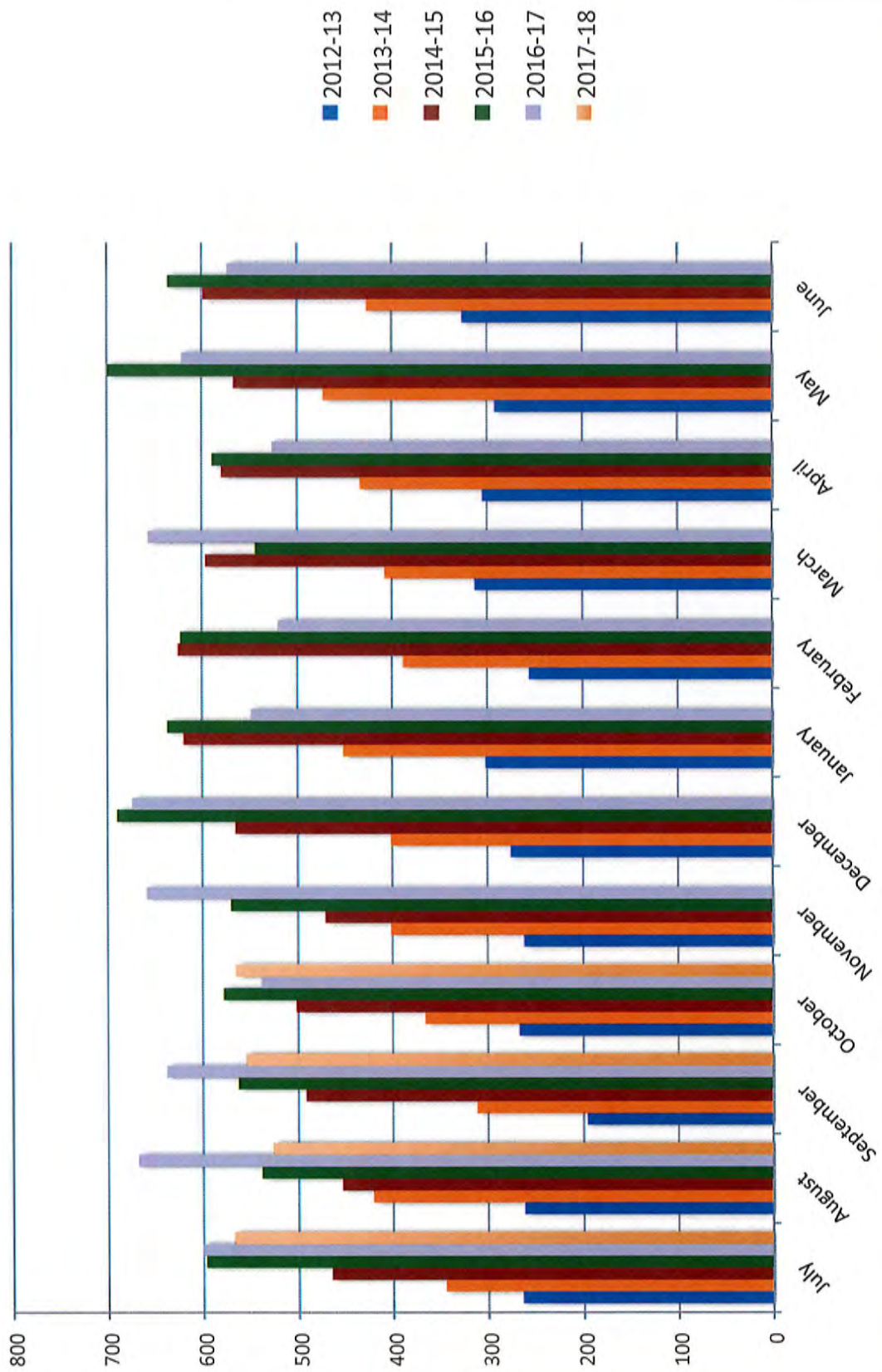




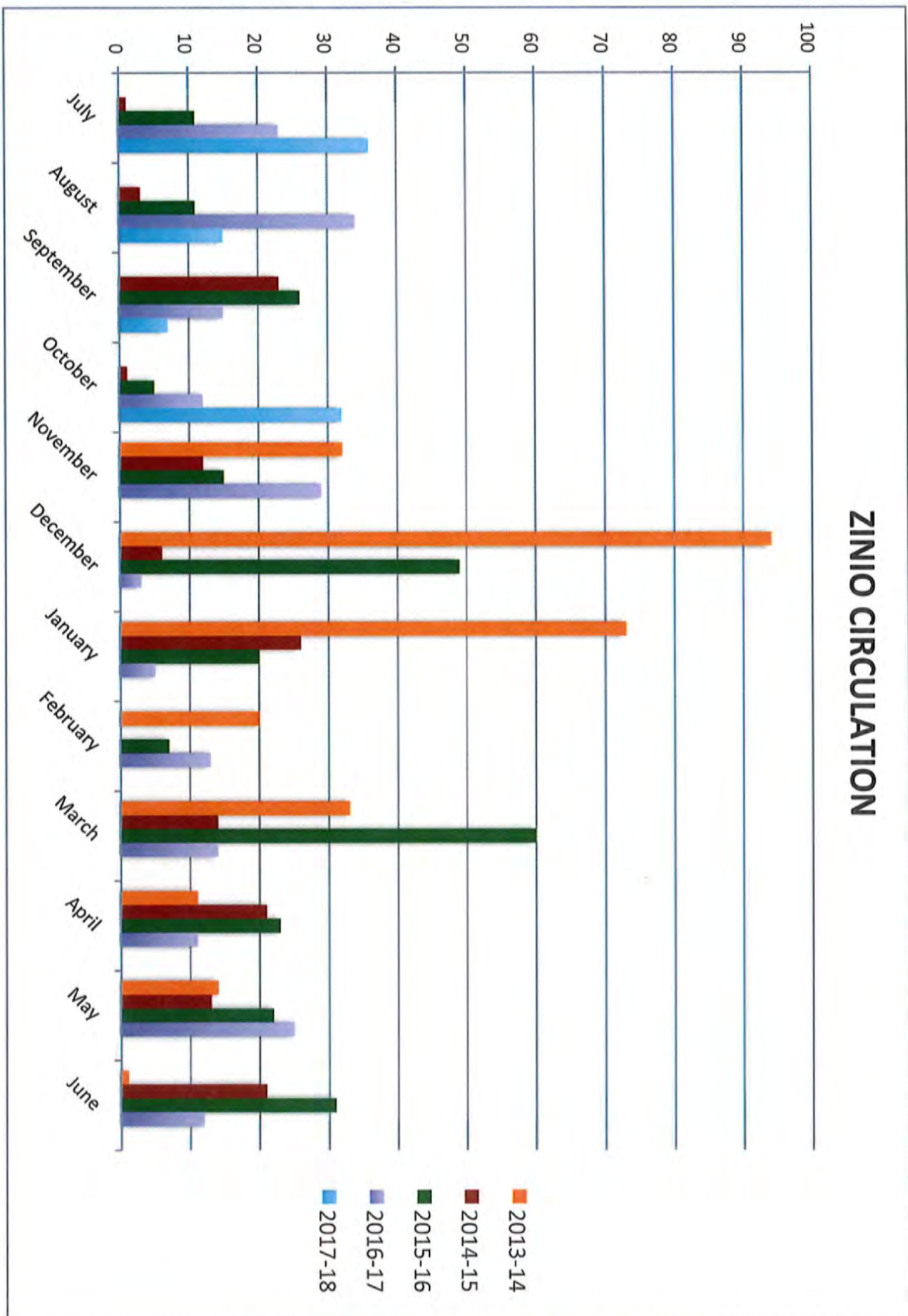
COMPUTER USAGE



eBOOK CIRCULATION



ZINIO CIRCULATION



HOOPLA

