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BUENA PARK LIBRARY DISTRICT

ANNUAL FINANCIAL AUDIT REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

BUENA PARK LIBRARY DISTRICT
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BUENA PARK LIBRARY DISTRICT
BOARD OF TRUSTEES
JUNE 30, 2023

Name	Title	Elected/Appointed	Current Term
Richard Rams	President	Appointed	12/22 - 12/26
Carol Jensen	President Pro Tem	Elected	12/20 - 12/24
Cheyenne Trout	Secretary	Appointed	12/20 - 12/24
Patricia Ganer	Trustee	Elected	12/20 - 12/24
Brenda Estrada	Trustee	Appointed	12/22 - 12/26

HARSHWAL® & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Library Trustees
Buena Park Library District
Buena Park, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund of Buena Park Library District (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregately discretely presented each major fund of the District as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 8, budgetary comparison information on page 37 and required supplementary information related to pension and OPEB as listed in table of contents on pages 38 through 47 to be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2023, on our consideration of the 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 solely 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 the effectiveness of the District's 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.

Harshwal & Company LLP

San Diego California
October 26, 2023

As the management of Buena Park Library District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities and performance of the District for the fiscal year ended June 30, 2023. Please read it in conjunction with additional information that we have furnished in the accompanying basic financial statements, which follow this section.

Financial Highlights

- The District's net position increased 9.20%, or $1,117,264 from $12,149,310 to $13,266,574, in fiscal year 2023.
- The District's total revenues increased by 5.02%, or $233,738, from $4,658,882 to $4,892,620, in fiscal year 2023.
- The District's total expenses increased by 51.85%, or $1,289,140, from $2,486,216 to $3,775,356, in fiscal year 2023.

Using This Financial Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies. The Statement of Net Position includes all of the District's investments in resources (assets) and deferred outflows of resources and the obligations to creditors (liabilities) and deferred inflows of resources. It also provides the basis for computing a rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District. All of the current year's revenues and expenses are accounted for in the Statement of Activities. These statements measure the success of the District's operations over the past year and can be used to determine the District's net reserves and credit worthiness.

Government-wide Financial Statements

Statement of Net Position and Statement of Activities

One of the most important question asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the District in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's *net position* and *changes* in them. Think of the District's net position – the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources – as one way to measure the District's *financial health, or financial position*. Over time, increases or decreases in the District's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors however, such as changes in the District's property tax base and the types of grants the District applies for to assess the *overall health* of the District.

Governmental Fund(s) Financial Statements

Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the Balance Sheet - Governmental Funds and the Statements of Revenues, Expenditure and Changes in Fund Balance - Governmental Funds provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 16 - 36.

Government-wide Financial Analysis

Condensed Statements of Net Position

	2023	2022	Amount Change	Percentage Change
Assets and deferred outflows of resources				
Assets (other than capital assets)	$ 10,481,489	$ 11,793,398	$ (1,311,909)	(11.12)%
Capital assets, net	2,828,522	1,988,495	840,027	42.24 %
Deferred outflows of resources	1,087,019	471,591	615,428	130.50 %
Total assets and deferred outflows of resources	14,397,030	14,253,484	143,546	1.01 %
Liabilities and deferred inflows of resources				
Liabilities	669,051	174,114	494,937	284.26 %
Deferred inflows of resources	461,405	1,930,060	(1,468,655)	(76.09)%
Total liabilities and deferred inflows of resources	1,130,456	2,104,174	(973,718)	(46.28)%
Net position				
Net investment in capital assets	2,828,522	1,988,495	840,027	42.24 %
Unrestricted	10,438,052	10,160,815	277,237	2.73 %
Total net position	$ 13,266,574	$ 12,149,310	$ 1,117,264	9.20 %

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by $13,266,574 as of June 30, 2023.

A portion of the District's net position (21.32%) reflects its investment in capital assets (net of accumulated depreciation); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to operate the library; consequently, these assets are not available for future spending.

At the end of the fiscal year 2023, the District shows a positive balance in its unrestricted net position of $10,438,052 that may be utilized in future years.

Condensed Statements of Activities

Governmental Activities:	2023	2022	Amount Change	Percentage Change
Expenses:				
Library operations	$ 3,775,356	$ 2,486,216	$ 1,289,140	51.85 %
Program revenues	2,511,326	2,477,152	34,174	1.38 %
General revenues	2,381,294	2,181,730	199,564	9.15 %
Total revenues	4,892,620	4,658,882	233,738	5.02 %
Change in net position	1,117,264	2,172,666	(1,055,402)	(48.58)%
Net position, beginning of year	12,149,310	9,976,644	2,172,666	21.78 %
Net position, end of year	$ 13,266,574	$12,149,310	$ 1,117,264	9.20 %

The statement of activities shows how the government's net position changes during the fiscal year. The net position increased by 9.20%, or $1,117,264, from $12,149,310 to $13,266,574 in fiscal year 2023.

The District's total revenues increased by 5.02%, or $233,738, from $4,658,882 to $4,892,620, in fiscal year 2023, due to increase in property taxes of $129,144 and operating grants and contributions of $95,757.

The District's total expenses increased by 51.85%, or $1,289,140, from $2,486,216 to $3,775,356, in fiscal year 2023, primarily due to increases in salaries & benefits and materials & services.

The focus of the District's *governmental fund* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the government's net resources for spending at the end of the fiscal year.

As of June 30, 2023, the District's General Fund reported a fund balance of $10,333,360. An amount of $10,279,562 constitutes the District's *unassigned fund balance*, which is available for spending or designation at the District's discretion. See "Note 8" for further discussion.

General Fund Budgetary Highlights

In the fiscal year 2023, actual expenditures at year end were $710,621 more than budgeted. The variance is primarily due to the increases in capital outlay expenses. Actual revenues were $1,621,620 more than budgeted. The increase in revenues is primarily due to an increase in operating grants and contributions. The General Fund budget to actual comparison schedule can be found on page 37.

Capital Asset Administration

At the end of fiscal year 2023, the District's investment in capital assets amounted to $2,828,522 (net of accumulated depreciation). This investment in capital assets includes land, buildings, building improvements, furniture, fixtures and equipment. See "Note 3" for further discussion.

Conditions Affecting Current Financial Position

Management is unaware of any conditions, which could have a significant impact on the District's current financial position/net position, or operating results in terms of past, present, and future.

Requests for Information

The District's basic financial statements are designed to present users with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional information, please contact:

Library Director, Helen Medina
Buena Park Library District
7150 La Palma Avenue, Buena Park
California 90620
Telephone at (714) 826-4100.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

BUENA PARK LIBRARY DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS	
Cash and cash equivalents	$10,057,885
Accounts receivable	286,524
Property taxes receivable	50,092
Prepaid expenses and deposits	53,798
Capital Assets, Net	2,828,522
Net other post-employment benefits asset	33,190
Total assets	13,310,011
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pension	264,324
Deferred outflows of resources related to OPEB	822,695
Total deferred outflows of resources	1,087,019
Total assets and deferred outflows of resources	14,397,030
LIABILITIES	
Accounts payable	39,753
Accrued payroll and related expenses	75,186
Compensated absences	76,479
Net pension liabilities	477,633
Total liabilities	669,051
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pension	6,424
Deferred inflows of resources related to OPEB	454,981
Total deferred inflows of resources	461,405
NET POSITION	
Net investment in capital assets	2,828,522
Unrestricted	10,438,052
Total net position	13,266,574
Total liabilities, deferred inflows of resources and net position	$14,397,030

The accompanying notes are an integral part of these financial statements.

BUENA PARK LIBRARY DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

FUNCTION/PROGRAM EXPENSES	
Library operations:	
Salaries and benefits	$ 2,758,239
Materials and services	718,813
Facilities	98,091
Depreciation	200,213
Total program expenses	3,775,356
PROGRAM REVENUES	
Charges for services	321,400
Operating grants and contributions	2,189,926
Total program revenues	2,511,326
Net program surplus/(deficit)	(1,264,030)
GENERAL REVENUES	
Property taxes	2,275,404
Interest earnings	99,696
Other	6,194
Total general revenues	2,381,294
Change in net position	1,117,264
Net position, beginning of year	12,149,310
Net position, end of year	$ 13,266,574

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

BUENA PARK LIBRARY DISTRICT
BALANCE SHEET - GOVERNMENTAL FUND
JUNE 30, 2023

	General Fund
ASSETS	
Cash and cash equivalents	$10,057,885
Accounts receivable	286,524
Property taxes receivable	50,092
Prepaid expenses and deposits	53,798
Total assets	10,448,299
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable	39,753
Accrued payroll and related expenses	75,186
Total liabilities	114,939
FUND BALANCE	
Nonspendable	53,798
Unassigned	10,279,562
Total fund balance	10,333,360
Total liabilities and fund balance	$10,448,299

The accompanying notes are an integral part of these financial statements.

BUENA PARK LIBRARY DISTRICT

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL TYPE FUND TO THE STATEMENT OF NET POSITION

JUNE 30, 2023

Fund balance - governmental fund	$ 10,333,360
Amount reported for governmental activities in the statement of net position is different because:	
Capital assets and deferred outflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental fund balance sheet.	
Capital assets, net	2,828,522
Net OPEB asset	33,190
Deferred outflows of resources related to pension	264,324
Deferred outflows of resources related to OPEB	822,695
Long-term liabilities and deferred inflows of resources applicable to the District are not due and payable in the current period, and, accordingly are not reported as fund liabilities. Long-term liabilities at year-end consist of:	
Compensated absences	(76,479)
Net pension liability	(477,633)
Deferred inflows of resources related to pension	(6,424)
Deferred inflows of resources related to OPEB	(454,981)
Net position - governmental activities	$ 13,266,574

The accompanying notes are an integral part of these financial statements.

BUENA PARK LIBRARY DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General Fund
REVENUES	
Charges for services	$ 321,400
Operating grants and contributions	2,189,926
Property taxes	2,275,404
Interest earnings	99,696
Other	6,194
Total revenues	4,892,620
EXPENDITURES	
Library operations:	
Current:	
Salaries and benefits	2,124,477
Materials and services	718,813
Facilities	98,091
Capital outlay	1,040,240
Total expenditures	3,981,621
Net change in fund balance	910,999
Fund balance, beginning of year	9,422,361
Fund balance, end of year	$10,333,360

The accompanying notes are an integral part of these financial statements.

BUENA PARK LIBRARY DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Net changes in fund balance - governmental fund	$ 910,999
Amount reported for governmental activities in the statement of activities is different because:	
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenses in governmental funds.	
Change in compensated absences	(2,765)
Net pension expense	(711,446)
Net OPEB expense	80,449
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.	
Capital outlay	1,040,240
Depreciation expense	(200,213)
Changes in net position - governmental activities	$ 1,117,264

The accompanying notes are an integral part of these financial statements.

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Operations of the Reporting Entity

Buena Park Library District (the "District") was organized in 1919 under the Education Code of California, Section 19600-19734. The District is a public library providing free services to the community and is governed by an elected, independent Board of Trustees. The District makes every effort to maximize services provided to the community as taxpayers of the District. Basic library services are always provided free of charge and costs of selected peripheral programs are held to a minimum. Materials and services are prioritized based on the needs of the Buena Park community. Competently trained library professionals are employed to bring people and the resources of the library together.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Standards Board No. 14 and 39 (an amendment of No. 14). The District is the primary governmental unit based on the foundation of a separately elected governing board. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

The Volunteer Guild of the Buena Park Library (Guild) was incorporated on January 22, 2001. The Guild is a California nonprofit public benefit corporation formed to maintain an association of persons committed to the enrichment of the community by raising funds to assist the Buena Park Library in acquiring material and equipment, completing projects or presenting public programs. The Guild operates the District's used book store and solicits donations and grants for the District. Although the Guild is legally separate, it is included as a blended component unit of the District, as it is in substance part of the District's operations.

B. Basis of Accounting and Measurement Focus

The *basic financial statements* of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Government-wide Financial Statements

These statements are presented on an *economic resources* measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources including capital assets, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which the liability is incurred. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The types of transactions reported as program revenues for the District are to be reported in three categories, if applicable: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Grants and contributions include revenues restricted to meeting the operational or capital requirements of a particular function. Taxes and other items properly not included among program revenues are reported instead as general revenues.

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

B. Basis of Accounting and Measurement Focus - Cont'd

Governmental Fund Financial Statements

These statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balance for all governmental funds. Both the governmental funds balance sheet and the statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities. The District has presented its General Fund as its major fund in this statement to meet the qualifications of GASB Statement No. 34.

Governmental funds are accounted for on a spending or *current financial resources* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balance presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60-days after year-end) are recognized when due. The primary sources susceptible to accrual for the District are property tax, voter approved parcel tax, interest earnings, investment revenue, and operating and capital grant revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, exceptions to this rule include principal and interest on debt, which are recognized when due. The District reports the following major governmental fund:

General Fund – is a government's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund when necessary.

C. Financial Reporting

The District's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

In November 2016, the GASB issued Statement No. 83 – *Certain Asset Retirement Obligations*. This Statement (1) addresses accounting and financial reporting for certain asset retirement obligations (AROs), (2) establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs, (3) requires that recognition occur when the liability is both incurred and reasonably estimable, (4) requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred, (5) requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually, and (6) requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets.

In April 2018, the GASB issued Statement No. 88 – *Certain Disclosures Related to Debt Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

C. Financial Reporting - Cont'd

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

1. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosures of contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported changes in the District's net position during the reporting period. Actual results could differ from those estimates.

2. Cash and Cash Equivalents

Substantially all of the District’s cash is invested in interest bearing accounts. The District considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

3. Investments and Investment Policy

The District has adopted an investment policy to deposit funds in financial institutions. Investments are to be made in the following areas:

- Orange County Investment Pool
- Checking and savings accounts at local financial institutions

Changes in fair value that occur during a fiscal year are recognized as unrealized gains or losses and reported for that fiscal year. Investment income comprises interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

4. Fair Value Measurement and Application

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset, as follows:

Level 1 – Valuations based on quoted prices in active markets for identical assets.

Level 2 – Valuation based on directly observable and indirectly observable inputs. These inputs are derived principally from or corroborated by observable market data through correlation or market-corroborated inputs. The concept of market-corroborated inputs incorporates observable market data such as interest rates and yield curves that are observable at commonly quoted intervals.

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position - Cont'd

4. Fair Value Measurement and Application - Cont'd

Level 3 – Valuation based on unobservable inputs where assumptions are made based on factors such as prepayment rates, probability of defaults, loss severity, and other assumptions that are internally generated and cannot be observed in the market.

5. Prepaid Expenses

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

6. Property Taxes

Property taxes attach an enforceable lien on property as of January 1, each year. Secured property taxes are levied on July 1, and are payable in two installments, on December 10 and April 10. The County of Orange Assessor's Office assesses all real and personal property within the County each year. The County of Orange Tax Collector's Office bills and collects the District's share of property taxes. The County of Orange Treasurer's Office remits current and delinquent property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations.

Property taxes and special assessments receivable at year-end are related to property taxes collected by the County of Orange, which have not been credited to the District's cash balance as of June 30. The property tax calendar is as follows:

Lien date	March 1
Levy date	July 1
Due dates	November 1 and February 1
Collection dates	December 10 and April 10

7. Capital Assets

Capital assets are recorded in the government-wide financial statements. Included in capital assets are land, building, building improvements, equipment, and furniture and fixtures. District policy has set the capitalization threshold for reporting capital assets at $5,000. Donated assets are recorded at acquisition value at the date of donation. Capital outlay is recorded as expenditures of the General Fund and as assets in the government-wide financial statements to the extent the District's capitalization threshold is met. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

- Building – 50 years
- Building improvements – 20 years
- Equipment – 5 years
- Furniture and fixtures – 7 years

8. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of resources applicable to future periods.

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position - Cont'd

9. Compensated Absences

It is the District's policy to allow vacation pay between ten (10) and twenty (20) working days per year of employment. Vacation time may be accumulated from year to year. Employees are allowed to accumulate and carry forward a maximum of two hundred (200) hours at the end of each year. Sick leave is granted at a rate of 12 days per calendar year and may be used for sickness, injury, or disability. Sick leave may be accumulated beyond the year in which it is earned.

10. Deferred Inflows of Resources

Deferred inflows of resources represent the acquisition of resources applicable to future periods.

11. Post-employment Benefit Other Than Pension (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the California Employers' Retiree Benefit Trust (CERBT) and additions to/deductions from CERBT's fiduciary net position have been determined on the same basis as they are reported by CERBT. For this purpose, CERBT recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

12. Pension

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

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date:	June 30, 2021
Measurement Date:	June 30, 2022
Measurement Period:	July 1, 2021 to June 30, 2022

13. Net Position

The financial statements utilize a net position presentation. Net position is categorized as follows:

- Net investment in capital assets - component of net position consists of capital assets, net of accumulated depreciation and reduced by any debt outstanding against the acquisition, construction, or improvement of those assets.
- Restricted net position - component of net position consists of constraints placed on assets reduced by liabilities used through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position - Cont'd

13. Net Position - Cont'd

- Unrestricted net position – component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of restricted or net investment in capital assets.

14. Fund Balance

The financial statements, governmental funds, report fund balance as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the District is bound to honor constraints on how specific amounts can be spent.

- Nonspendable fund balance – amounts that cannot be spent because they are either (a) not spendable in form, or (b) legally or contractually required to be maintained intact.
- Restricted fund balance – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions, or enabling legislation.
- Committed fund balance – amounts that can only be used for specific purposes determined by formal action of the District's highest level of decision-making authority (the Board of Trustees) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- Assigned fund balance – amounts that are constrained by the District's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose. This is also the classification for residual funds in the District's special revenue funds.
- Unassigned fund balance – the residual classification for the District's general fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

Fund Balance Policy

The District believes that sound financial management principles require that sufficient funds be retained by the District to provide a stable financial base at all times. To retain this stable financial base, the District needs to maintain an unrestricted fund balance in its funds sufficient to fund cash flows of the District and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned, and unassigned fund balances are considered unrestricted.

The purpose of the District's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, consist of the following:

Deposits held with Orange County Investment Pool (OCIP)	$ 6,178,607
Carrying amount of deposits held with financial institutions	3,879,078
Petty cash	200
Total	$ 10,057,885

As of June 30, the District's authorized deposits had the following maturities:

Deposits held with Orange County Investment Pool	225 days

Authorized Deposits and Investments

Under provisions of the District's investment policy, and in accordance with Section 53601 of the California Government Code, the District may invest in certain types of investments as listed in Note 1(D)(3) to the financial statements.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of 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 does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, 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 market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. Of the bank balance, up to $250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

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 Code and the District's investment policy contain legal and policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as OCIP).

Cash with Orange County Investment Pool

The District is a participant of the Orange County Investment Pool (OCIP). The OCIP is an external investment pool that is not rated and is not registered with the Securities Exchange Commission (SEC). The County Treasury Oversight Committee oversees the activities of the OCIP. Cash on deposit in the OCIP at June 30, 2023, is stated at fair value. The OCIP values participant shares on an amortized cost basis during the year and adjusts to fair value at year-end. The OCIP detail is included on the County of Orange's website at http://ttc.ocgov.com.

NOTE 2 - CASH AND CASH EQUIVALENTS - CONT'D

Cash with Orange County Investment Pool - Cont'd

The District's deposit and withdrawal restrictions and limitations are as follows:

- Same day transaction processing occurs for orders received before 9:30 a.m.
- Next day transaction processing occurs for orders received after 9:30 a.m.
- Withdrawals of $5 million or more require 24 hours advance notice.
- Transactions may be requested 10 calendar days in advance of the effective date of the transaction.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The longer the maturity an investment has, the greater its fair value has sensitivity to changes in market interest rates. The District's investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of June 30, 2023, the District's investment in the OCIP is not rated and is not registered with the Securities Exchange Commission (SEC).

NOTE 3 - CAPITAL ASSETS

Changes in capital assets for the year were as follows:

	Balance 2022	Additions	Deletions	Balance 2023
Non-depreciable assets:				
Land	$ 186,335	$ -	$ -	$ 186,335
Construction in progress	396,765	13,132	(396,765)	13,132
Total non-depreciable assets	583,100	13,132	(396,765)	199,467
Depreciable assets:				
Buildings	891,592	-	-	891,592
Building improvements	2,541,894	1,423,873	(104,113)	3,861,654
Equipment	592,756	-	(8,881)	583,875
Furniture and fixtures	249,070	-	-	249,070
Total depreciable assets	4,275,312	1,423,873	(112,994)	5,586,191
Accumulated depreciation:				
Buildings	(891,592)	-	-	(891,592)
Building improvements	(1,399,941)	(142,380)	104,113	(1,438,208)
Equipment	(378,207)	(33,553)	8,881	(402,879)
Furniture and fixtures	(200,177)	(24,280)	-	(224,457)
Total accumulated depreciation	(2,869,917)	(200,213)	112,994	(2,957,136)
Total depreciable assets, net	1,405,395	1,223,660	-	2,629,055
Total capital assets, net	$ 1,988,495	$ 1,236,792	$ (396,765)	$ 2,828,522

NOTE 4 - COMPENSATED ABSENCES

Compensated absences comprise unpaid vacation leave which is accrued as earned. The District's liability for compensated absences is determined annually. The changes to compensated absences balances were as follows:

	Balance 2022	Additions	Deletions	Balance 2023
Compensated absences	$ 73,714	$ 2,765	$ -	$ 76,479

NOTE 5 - OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The District's defined benefit OPEB plan consists of the California Employers' Retiree Benefit Trust (CERBT). The CERBT receives contributions from the District and other participating employers and establishes separate employer prefunding accounts to pay for health care or other post-employment benefits in accordance with the terms of the participating employers' plans. Contributions are voluntarily determined by the District's own funding schedule, and there are no long-term contracts for contributions to the plan. As such, contributions to the CERBT are elective and not required. The CERBT is an agent multiple-employer plan administered by the California Public Employees' Retirement System (CalPERS). CalPERS issues a publicly available financial report that can be obtained at www.calpers.ca.gov.

Benefits Provided

The District provides retiree medical coverage provided by CalPERS (a third-party insurer) as permitted under the Public Employees' Medical and Hospital Care Act (PEMHCA). As a condition of participation in the CalPERS medical program, the District is obligated to contribute toward the cost of retiree medical coverage for the retiree's lifetime or until coverage is discontinued. The current PEMHCA resolution defines the District's contribution toward the medical plan premiums for both active and retired employees to be 100% of single coverage premium, not to exceed the Kaiser Basic or Supplemental premium in the Other Southern California Region, plus (up to) $250 per month toward dependent premiums.

Employees Covered by Benefit Terms

At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	16
Inactive employees entitled to but not yet receiving benefit payments	4
Active employees	18
Compensated absences	38

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District's Board of Trustees. The Board establishes rates based on an actuarially determined rate. For the year ended June 30, 2023, the District's average contribution rate was 8.92% of coverage-employee payroll. Employees are not required to contribute to the Plan.

NOTE 5 - OTHER POST-EMPLOYMENT BENEFITS - CONT'D

Actuarial Assumptions

The District's net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022.

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

Important Dates	
Fiscal Year End	June 30, 2023
Valuation date	June 30, 2021
GASB 75 Measurement Date	June 30, 2022 (Last day of prior fiscal year))
Valuation Methods	
Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of assets
Long Term Return on Assets	6.15% as of June 30, 2022 and 6.85% as of June 30, 2021 net of plan investment expenses
Discount Rates	6.15% as of June 30, 2022 and 6.85% as of June 30, 2021
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Salary Increase	3.00% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years and to determine the amortization payment component of the Actuarially Determined Contributions.
General Inflation Rate	2.50% per year

Assumed rates of retirement, termination (separation before retirement) and mortality after retirement used in this valuation are based on the 2017 experience study of the California Public Employees Retirement System using data from 1997 to 2015, except for a different basis used to project future mortality improvements.

Mortality rates were based on the MacLeod Watts Scale 2020 applied generationally from 2015.

NOTE 5 - OTHER POST-EMPLOYMENT BENEFITS - CONT'D

Expected Long-term Return on Trust Assets

In March 2022, CalPERS updated the projected future investment returns for CERBT strategy 1. CalPERS determined its returns using a building-block method and best-estimate ranges of expected future real rates of return for each major assets class (expected returns, net of OPEB plan investment expenses and inflation). The target allocation and best estimates of geometric real rates of return published by CalPERS for each major class are split for years 1-5 and years 6-20. We assumed that the returns for years 6 through 20 would continue in later years.

CERBT Strategy 1		Years 1-5			Years 6-20		
Major Asset Classification	Target Allocation	General Inflation Rate Assumption	1-5 Year Expected Real Rate of Return*	Compound Return Yrs 1-5	General Inflation Rate Assumption	6-20 Year Expected Real Rate of Return*	Compound Return Years 6-20
Global Equity	49.00 %	2.40 %	4.40 %	6.80 %	2.30 %	4.50 %	6.80 %
Fixed Income	23.00 %	2.40 %	(1.00)%	1.40 %	2.30 %	2.20 %	4.50 %
Global Real Estate(REITs)	20.00 %	2.40 %	3.00 %	5.40 %	2.30 %	3.90 %	6.20 %
Treasury Inflation Protected Securities	5.00 %	2.40 %	(1.80)%	0.60 %	2.30 %	1.30 %	3.60 %
Commodities	3.00 %	2.40 %	0.80 %	3.20 %	2.30 %	1.20 %	3.50 %
Volatility	12.10 %		weighted	5.10 %		weighted	6.30 %

*Real rates of return come from a geometric representation of returns that assume a general inflation rate of 2.50%.

Discount Rate

When the financing of OPEB liabilities is on a pay-as-you-go basis, GASB 75 requires that the discount rate used for valuing liabilities be based on the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). When a plan sponsor makes regular, sufficient contributions to a trust in order to prefund the OPEB liabilities, GASB 75 allows use of a rate up to the expected rate of return of the trust. Therefore, prefunding has an advantage of potentially being able to report overall lower liabilities due to future expected benefits being discounted at a higher rate.

NOTE 5 - OTHER POST-EMPLOYMENT BENEFITS - CONT'D

Changes in the Net OPEB Liability

Changes in the net OPEB liability/(asset) for the year were as follows:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at Fiscal Year Ending 06/30/2022 (Measurement Date 06/30/2021)	$ 2,110,379	$ 2,808,030	$ (697,651)
Changes During the Period:			
Service Cost	64,855	-	64,855
Interest Cost	144,667	-	144,667
Expected Investment Income	-	192,326	(192,326)
Employer Contributions	-	126,628	(126,628)
Administrative Expenses	-	(711)	711
Benefit Payments	(126,628)	(126,628)	-
Assumption Changes	205,010	-	205,010
Investment Experience	-	(568,172)	568,172
Net Changes in Fiscal Year 2022-2023	287,904	(376,557)	664,461
Balance at Fiscal Year Ending 06/30/2023 (Measurement Date 06/30/2022)	$ 2,398,283	$ 2,431,473	$ (33,190)

Sensitivity of Liabilities to Changes in the Discount Rate and Healthcare Cost Trend Rate

The discount rate used for the fiscal year end 2022 is 6.15%. Healthcare Cost Trend Rate was assumed to start at 5.7% (increase effective January 1, 2022) and grade down to 4% for years 2076 and later. The impact of a 1% increase or decrease in these assumptions is shown in the chart below:

	Sensitivity to		
Change in Discount Rate	Current - 1% 5.15%	Current 6.15%	Current + 1% 7.15%
Total OPEB Liability	2,747,823	2,398,283	2,113,978
Increase (Decrease)	349,540	-	(284,305)
% Increase (Decrease)	14.6 %	- %	(11.9)%
Net OPEB Liability (Asset)	316,350	(33,190)	(317,495)
Increase (Decrease)	349,540	-	(284,305)
% Increase (Decrease)	1053.10%	- %	(856.60)%

NOTE 5 - OTHER POST-EMPLOYMENT BENEFITS - CONT'D

Change in Healthcare Cost Trend Rate	Current Trend - 1.00%	Current Trend	Current Trend + 1.00%
Total OPEB Liability	2,105,533	2,398,283	2,764,127
Increase (Decrease)	(292,750)	-	365,844
% Increase (Decrease)	(12.20)%	- %	15.30 %
Net OPEB Liability (Asset)	(325,940)	(33,190)	332,654
Increase (Decrease)	(292,750)	-	365,844
% Increase (Decrease)	(882.00)%	- %	1102.30%

OPEB Plan Fiduciary Net Position

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

OPEB Expense and Deferred Outflows (Inflows) of Resources Related to OPEB

For the year ended June 30, 2023, the District recognized OPEB expense/(income) of $80,449. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred inflows of Resources
Changes of assumptions	$ 215,613	$ 16,274
Differences Between Expected and Actual Experience	-	165,849
Net Difference Between Projected and Actual Earnings on Investments	487,163	272,858
Deferred Contributions	119,919	-
Total	$ 822,695	454,981

The District will recognize the Deferred Contributions in the next fiscal year. In addition, future recognition of these deferred resources is shown below:

For the Fiscal Year Ending June 30	Recognized Net Deferred Outflows/(Inflows) of Resources
2024	$ 20,355
2025	18,897
2026	38,137
2027	129,093
2028	20,167
Thereafter	21,146
Total	$ 247,795

NOTE 5 - OTHER POST-EMPLOYMENT BENEFITS - CONT'D

Payable to the OPEB Plan

At June 30, 2023, the District had no outstanding amount of contributions to the CERBT required for the year ended June 30, 2023.

NOTE 6 - DEFINED BENEFIT PENSION PLAN

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Pension Plan (Plan or PERF C) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of a miscellaneous risk pool and a safety risk pool, which are comprised of individual employer miscellaneous and safety plans, respectively. Benefit provisions under the Plan are established by State statute and the District's resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website or may be obtained from their executive office at 400 Q Street, Sacramento, CA 95811.

Benefits Provided

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

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. The new legislation closed the District's CalPERS 2.0% at 60 Risk Pool Retirement Plan to new employee entrants effective December 31, 2012. All employees hired after January 1, 2013, are eligible for the District's CalPERS 2.0% at 62 Retirement Plan under PEPRA.

The District participates in the Plan's miscellaneous risk pool. The provisions and benefits for the Plan's miscellaneous pool in effect at June 30, 2023, are summarized as follows:

	Classic	New Classic	PEPRA
Hire date	Prior to Jan 1, 2011	On or after Jan 1, 2011 Dec 31, 2012	After Jan 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 60	2% @ 62
Benefit vesting schedule		5 years service	
Benefit payments		monthly for life	
Retirement age	50 - 55	55 - 60	57 - 62
Monthly benefits, as a percentage of eligible compensation	1.4% to 2.4%	1.1% to 2.4%	1.0% to 2.5%
Required employee contribution rates	6.75%	7.00%	7.00%
Required employer contribution rates	7.732%	8.794%	10.34%

NOTE 6 - DEFINED BENEFIT PENSION PLAN - CONT'D

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 July 1, following notice of a change in the rate. Funding contributions for the Plan are 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.

For the year ended June 30, 2023, the contribution recognized as part of pension expense for the Plan was as follows:

	Miscellaneous
Contribution - employer	$ 118,299

Net Pension Liability

As of June 30, 2023, the District reported net pension liabilities/(asset) for its proportionate share of the net pension liability of the Plan as follows:

	Miscellaneous
Proportionate share of net pension liability/(asset)	$ 477,633

The District's net pension liability/(asset) for the Plan is measured as the proportionate share of the net pension liability for the miscellaneous risk pool. As of June 30, 2023, the net pension liability of the Plan is measured as of June 30, 2022 (the measurement date). The total pension liability for the Plan's miscellaneous risk pool used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 (the valuation date), rolled forward to June 30, 2022, using standard update procedures.

The District's proportion of the net pension liability/(asset) 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 participating employers, actuarially determined.

The District's change in proportionate share of the net pension liability/(asset) for the Plan's miscellaneous risk pool as of the measurement date June 30, 2022, was as follows:

	Miscellaneous
Proportion - June 30, 2022	(0.00010)%
Proportion - June 30, 2021	(0.00083)%
Increase/(Decrease) in proportionate share	0.00073 %

NOTE 6 - DEFINED BENEFIT PENSION PLAN - CONT'D

Deferred Outflows/Inflows of Resources Related to Pension

For the year ended June 30, 2023, the District recognized pension expense of $(711,446). As June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 118,299	$ -
Differences between actual and expected experience	9,592	-
Change in assumptions	48,943	-
Net difference between projected and actual earnings on plan investments	87,490	(6,424)
Total	$ 264,324	$ (6,424)

As of June 30, 2023, the District reported $118,299 as deferred outflows of resources related to contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability for the year ended June 30, 2023.

As of June 30, 2023, other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

Year Ended June 30,	Net Deferred Outflows/(Inflows)
2023	$ 36,408
2024	31,902
2025	17,778
2026	53,512
Total	$ 139,600

NOTE 6 - DEFINED BENEFIT PENSION PLAN - CONT'D

Actuarial Methods and Assumptions

The collective total pension liability for the June 30, 2022 measurement period was determined by an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total pension liability to June 30, 2022. The collective total pension liability was based on the following assumptions:

Investment rate of return	7.15%
Inflation	2.30%
Salary increases	Varies by Entry Age and Service
Mortality rate table[1]	Derived using CalPERS' Membership Data for all Funds
Post-retirement benefit increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

[1] The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as followed:

Asset class[1]	Assumed Asset Allocation	Real Return Years 1 - 10[1,2]
Global equity - cap-weighted	30.00 %	4.45 %
Global equity non-cap-weighted	12.00	3.84
Private Equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-backed Securities	5.00	0.50
Investment Grade Corporates	10.00	1.56
High Yield	5.00	2.27
Emerging market Debt	5.00	2.48
Private Debt	5.00	3.57
Real assets	15.00	3.21
Leverage	(5.00)	(0.59)

NOTE 6 - DEFINED BENEFIT PENSION PLAN - CONT'D

Long-Term Expected Rate of Return - Cont'd

[1] An expected inflation of 2.00% used for this period.

[2] Figure are based on the 2021-22 Asset Liability management study.

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability calculated using a discount rate of 7.15%, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15%) or 1-percentage-point higher (8.15%) than the current rate (dollars expressed in thousands):

Description	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Net pension liability (asset)	$ 776,101	$ 477,633	$ 232,067

Pension Plan Fiduciary Net Position

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

NOTE 7 - UNRESTRICTED NET POSITION

Unrestricted net position is categorized as follows:

Description	Amount
Nonspendable net position:	
Prepaid expenses and deposits	$ 53,798
Spendable net position is designated as follows:	
Unrestricted	10,384,254
Total unrestricted net position	$ 10,438,052

NOTE 8 - FUND BALANCE

Fund balance is presented in the following categories: non-spendable, restricted, committed, assigned, and unassigned (See Note 1.D.14 for a description of these categories). A detailed schedule of fund balance and their funding composition at June 30, 2023, are as follows:

Description	Amount
Nonspendable:	
Prepaid expenses and deposits	$ 53,798
Unassigned:	
Operations	10,279,562
Total fund balance	$ 10,333,360

NOTE 9 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District, as a member of the Special District Risk Management Authority (SDRMA), has purchased various insurance policies to manage the potential liabilities that may occur from the previously named sources. SDRMA's purpose is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. At June 30, 2021, the District participated in the liability and property programs of the SDRMA as follows:

- General and auto liability, public officials and employees' errors and omissions, employee benefits and employment practices liability: Total risk financing limits of $2.5 million, combined single limit at $2.5 million per occurrence, subject to the following deductibles - $500/$1,000 per occurrence for third party general liability property damage - 50% co-insurance of cost expended by SDRMA, in excess of $10,000 up to $50,000, per occurrence, for employment related claims. However, 100% of the obligation will be waived if certain criteria are met.
- Auto bodily injury and auto property damage coverage up to $2,500,000 per accident.
- Employee dishonesty coverage up to $1,000,000 per loss includes public employee dishonesty, forgery or alteration, and theft, disappearance, and destruction coverages.
- Property loss is paid at the replacement cost for property on file, if replaced within two years after the loss, otherwise paid on an actual cash value basis, to a combined total of $1 billion per occurrence, subject to a $2,000 deductible per occurrence.
- Boiler and machinery coverage for the replacement cost up to $100 million per occurrence, subject to a $1,000 deductible.
- Public official's personal liability up to $500,000 each occurrence, with an annual aggregate of $500,000 per each elected/appointed official to which this coverage applies, subject to the terms, conditions, and exclusions as provided in the Memorandum of Coverage, subject to a deductible of $500 per claim.

NOTE 9 - RISK MANAGEMENT - CONT'D

- Workers compensation insurance up to the California statutory limits for all work related injuries/illnesses covered by California Law. Employer's liability per occurrence for worker's compensation coverage is $5 million, subject to the terms, conditions, and exclusions as provided in the Memorandum of Coverage.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ending June 30, 2023, 2022, 2021, 2020, 2019, and 2018. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There was no IBNR claims payable as of June 30, 2023.

NOTE 10 - CONTINGENCIES

Grant Awards

Grant funds received by the District are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

NOTE 11 - SUBSEQUENT EVENTS

The Management of the District has evaluated subsequent event from its year end June 30, 2023 through October 26, 2023, the date at which the financial statements were available to be issued and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

BUENA PARK LIBRARY DISTRICT
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive/ (Negative)
REVENUES				
Charges for services	$ 385,000	$ 385,000	$ 321,400	$ (63,600)
Operating grants and contributions	692,000	692,000	2,189,926	1,497,926
Property taxes	2,151,000	2,151,000	2,275,404	124,404
Interest earnings	40,500	40,500	99,696	59,196
Other	2,500	2,500	6,194	3,694
Total revenues	3,271,000	3,271,000	4,892,620	1,621,620
EXPENDITURES				
Library operations:				
Current:				
Salaries and benefits	2,427,000	2,427,000	2,124,477	(302,523)
Materials and services	770,000	770,000	718,813	(51,187)
Facilities	54,000	54,000	98,091	44,091
Capital outlay	20,000	20,000	1,040,240	1,020,240
Total expenditures	3,271,000	3,271,000	3,981,621	710,621
Net change in fund balance	-	-	910,999	910,999
Fund balance, beginning of year	6,954,102	6,954,102	9,422,361	2,468,259
Fund balance, end of year	$ 6,954,102	$ 6,954,102	$10,333,360	$ 3,379,258

Notes to Required Supplementary Information

The District follows specific procedures in establishing the budgetary data reflected in the financial statements. Each year the District's Library Director prepares and submits an operating budget to the Board of Trustees for the General Fund no later than June of each year. The basis used to prepare the budget does not differ substantially from the modified accrual basis of accounting. The adopted budget becomes operative on July 1. The Board of Trustees must approve all supplemental appropriations to the budget and transfers between major accounts.

The District presents a comparison of the annual budget to actual results for the General Fund at the functional expenditure-type major object level for financial reporting purposes. The budgeted expenditure amounts represent the adopted budget.

BUENA PARK LIBRARY DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, 2023
LAST TEN YEARS*

Description	2023	2022	2021	2020	2019
District's proportion of the net pension liability/(asset)	(0.00010)%	(0.00083)%	(0.00100)%	0.00312 %	0.00491 %
District's proportionate share of the net pension liability/(asset)	$ 477,633	$(1,572,986)	$ (42,267)	$ 124,897	$ 473,362
District's covered-employee payroll	$ 1,264,261	$ 1,223,529	$ 1,203,472	$ 1,127,895	$ 1,074,595
District's proportionate Share of the net pension liability/(asset) as percentage of covered-employee payroll	37.78 %	(128.56)%	(3.51)%	11.07 %	44.05 %
Plan's fiduciary net position as a percentage of the total pension liability	95.90 %	114.27 %	77.71 %	77.73 %	75.26 %

BUENA PARK LIBRARY DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, 2023
LAST TEN YEARS*

Description	2018	2017	2016	2015
District's proportion of the net pension liability/(asset)	0.01059 %	0.02103 %	0.01927 %	0.01968 %
District's proportionate share of the net pension liability/(asset)	$ 1,050,195	$ 1,819,323	$ 1,322,493	$ 1,224,525
District's covered-employee payroll	$ 1,034,050	$ 1,034,505	$ 974,691	$ 692,201
District's proportionate Share of the net pension liability/(asset) as percentage of covered-employee payroll	101.56 %	175.86 %	135.68 %	176.90 %
Plan's fiduciary net position as a percentage of the total pension liability	73.31 %	74.06 %	78.40 %	83.46 %

BUENA PARK LIBRARY DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, 2023
LAST TEN YEARS*

Notes to the Schedule of the District's Proportionate Share of Net Pension Liability

Changes in Benefit Terms

Public agencies can make changes to their plan provisions, and such changes occur on an ongoing basis. A summary of the plan provisions that were used for a specific plan can be found in the plan's annual valuation report.

Change of Assumptions and Methods

The CalPERS Board of Administration adopted a new amortization policy effective with the June 30, 2019, actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019. In Fiscal Year 2019-20, no changes have occurred to the actuarial assumptions in relation to financial reporting.

In Fiscal Year 2018-19, CalPERS implemented a new actuarial valuation software system for the June 30, 2018, valuation. This new system has refined and improved calculation methodology.

In December 2017, the Board adopted new mortality assumptions for plans participating in the PERF. The new mortality table was developed from the December 2017 experience study and includes 15 years of projected ongoing mortality improvement using 90 percent of scale MP 2016 published by the Society of Actuaries. The inflation assumption was reduced from 2.75 percent to 2.50 percent. The assumptions for individual salary increases and overall payroll growth were reduced from 3.00 percent to 2.75 percent. These changes will be implemented in two steps commencing in the June 30, 2017 funding valuation. For financial reporting purposes, these assumption changes are fully reflected in the results for Fiscal Year 2017-18.

In Fiscal Year 2016-17, the financial reporting discount rate for the PERF C was lowered from 7.65 percent to 7.15 percent. In December 2016, the Board approved lowering the funding discount rate used in the PERF C from 7.50 percent to 7.00 percent, which is to be phased in over a three-year period (7.50 percent to 7.375 percent, 7.375 percent to 7.25 percent, and 7.25 percent to 7.00 percent) beginning with the June 30, 2016, valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

In Fiscal Year 2014-15, the financial reporting discount rate was increased from 7.50 percent to 7.65 percent resulting from eliminating the 15 basis-point reduction for administrative expenses. The funding discount rate remained at 7.50 percent during this period, and remained adjusted for administrative expenses.

* The District has presented information for those years for which information is available until a full 10-year trend is compiled.

BUENA PARK LIBRARY DISTRICT
SCHEDULE OF THE DISTRICT'S PENSION PLAN CONTRIBUTIONS
AS OF JUNE 30, 2023
LAST TEN YEARS*

Description	2023	2022	2021	2020	2019
Contractually required contribution	$ 118,299	$ 115,466	$ 102,917	$ 469,786	$ 136,429
Contributions in relation to the actuarially determined contributions	(118,299)	(115,466)	(102,917)	(469,786)	(636,429)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ (500,000)
Covered-employee payroll	$ 1,264,261	$ 1,223,529	$ 1,203,472	$ 1,127,895	$ 1,117,266
Contributions as a percentage of covered-employee payroll	(9.36)%	(9.44)%	(8.55)%	(41.65)%	56.96 %

Notes to the Schedule of Pension Plan Contributions

* The District has presented information for those years for which information is available until a full 10- year trend is compiled.

BUENA PARK LIBRARY DISTRICT
SCHEDULE OF THE DISTRICT'S PENSION PLAN CONTRIBUTIONS
AS OF JUNE 30, 2023
LAST TEN YEARS*

Description	2018	2017	2016	2015
Contractually required contribution	$ 149,170	$ 136,933	$ 117,949	$ 55,070
Contributions in relation to the actuarially determined contributions	(1,149,170)	(136,933)	(76,651)	(55,070)
Contribution deficiency (excess)	$(1,000,000)	$ -	$ 41,298	$ -
Covered-employee payroll	$ 1,074,595	$ 1,034,050	$ 1,034,505	$ 974,691
Contributions as a percentage of covered-employee payroll	106.94 %	13.24 %	7.41 %	5.65 %

BUENA PARK LIBRARY DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED JUNE 30, 2023

LAST TEN YEARS*

Fiscal Year Ending	2023	2022	2021
Measurement Date	6/30/2022	6/30/2021	6/30/2020
Discount Rate on Measurement Date	6.85%	6.85%	6.85%
Total OPEB liability			
Service cost	$ 64,855	$ 88,886	$ 86,088
Interest	144,667	145,479	137,798
Differences between expected and actual experience	-	(160,434)	-
Changes of assumptions	205,010	58,835	-
Benefit payments	(126,628)	(114,572)	(114,529)
Net change in total OPEB liability	287,904	18,194	109,357
Total OPEB liability – beginning	2,110,379	2,092,185	1,982,828
Total OPEB liability – ending (a)	$ 2,398,283	$ 2,110,379	$ 2,092,185
Plan fiduciary net position			
Contributions – employer	$ 126,628	$ 114,572	$ 172,862
Net investment income	(375,846)	605,653	73,279
Benefit payments	(126,628)	(114,572)	(114,529)
Admin Expenses	(711)	(834)	(1,031)
Other expense	-	-	-
Net change in plan fiduciary net position	(376,557)	604,819	130,581
Plan fiduciary net position - beginning	2,808,030	2,203,211	2,072,630
Plan fiduciary net position - ending (b)	$ 2,431,473	$ 2,808,030	$ 2,203,211
Net OPEB liability (assets) - ending (a) - (b)	$ (33,190)	$ (697,651)	$ (111,026)
Covered-employee payroll	$ 1,305,157	$ 1,201,175	$ 1,217,361
Net OPEB liability as a % of covered-employee payroll	(2.54)%	(58.08)%	(9.12)%

Notes to Schedule

Benefit changes – None noted.

Changes of assumptions – None noted.

* The District has presented information for those years for which information is available until a full 10-year trend is compiled.

BUENA PARK LIBRARY DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2023
LAST TEN YEARS*

Fiscal Year Ending	2020	2019	2018
Measurement Date	6/30/2019	6/30/2018	6/30/2017
Discount Rate on Measurement Date	6.85%	6.85%	7.00%
Total OPEB liability			
Service cost	$ 80,760	$ 76,031	$ 73,638
Interest	143,940	135,593	126,778
Differences between expected and actual experience	(164,581)	-	-
Changes of assumptions	(50,182)	32,905	-
Benefit payments	(95,333)	(74,644)	(79,113)
Net change in total OPEB liability	(85,396)	169,885	121,303
Total OPEB liability - beginning	2,068,224	1,898,339	1,777,036
Total OPEB liability - ending (a)	$ 1,982,828	$ 2,068,224	$ 1,898,339
Plan fiduciary net position			
Contributions - employer	$ 695,333	$ 174,644	$ 179,113
Net investment income	93,243	95,716	108,597
Benefit payments	(95,333)	(74,644)	(79,113)
Admin Expenses	(307)	(656)	(548)
Other expense	-	(1,569)	-
Net change in plan fiduciary net position	692,936	193,491	208,049
Plan fiduciary net position - beginning	1,379,694	1,186,203	978,154
Plan fiduciary net position - ending (b)	$ 2,072,630	$ 1,379,694	$ 1,186,203
Net OPEB liability (assets) - ending (a) - (b)	$ (89,802)	$ 688,530	$ 712,136
Covered-employee payroll	$ 1,197,730	$ 1,045,846	$ 1,009,425
Net OPEB liability as a % of covered-employee payroll	(7.50)%	65.83 %	70.55 %

BUENA PARK LIBRARY DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2023
LAST TEN YEARS*

	2023	2022	2021
Actuarially determined contribution	$ 10,792	$ 90,619	$ 87,693
Contributions in relation to the actuarially determined contribution	119,919	126,628	114,572
Contribution deficiency (excess)	$ (109,127)	$ (36,009)	$ (26,879)
Covered employee payroll	$ 1,344,312	$ 1,305,157	$ 1,201,175
Contributions as a percentage of covered employee payroll	8.92 %	9.70 %	9.54 %

BUENA PARK LIBRARY DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2023
LAST TEN YEARS*

	2020	2019	2018
Actuarially determined contribution	$ 84,857	$ 152,509	$ 152,767
Contributions in relation to the actuarially determined contribution	172,862	695,333	174,644
Contribution deficiency (excess)	$ (88,005)	$ (542,824)	$ (21,877)
Covered employee payroll	$ 1,217,361	$ 1,197,730	$ 1,045,846
Contributions as a percentage of covered employee payroll	14.20 %	58.05 %	16.70 %

BUENA PARK LIBRARY DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2023
LAST TEN YEARS*

Notes to Schedule

Valuation Date	6/30/2021	6/30/2019	6/30/2019	6/30/2019	7/1/2017	7/1/2017
Actuarial cost method	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method	Level $, Open 30 yr period	Level $, Open 30 yr period	Level $, Open 30 yr period	Level $, Open 30 yr period	Level % of Pay, Closed 30 yr period	Level % of Pay, Closed 30 yr period
Amortization period	30 years	30 years	30 years	30 years	21 Years	22 Years
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Healthcare cost trend rates	6.50% in 2021, stepping down 0.5% each yr to 5.0% in 2024	6.50% in 2021, stepping down 0.5% each yr to 5.0% in 2024	6.50% in 2021, stepping down 0.5% each yr to 5.0% in 2024	6.50% in 2021, stepping down 0.5% each yr to 5.0% in 2024	7.50% in 2019, stepping down 0.5% each year to 5.0% in 2024	7.50% in 2019, stepping down 0.5% each year to 5.0% in 2024
Salary increases	3.00%	3.25%	3.25%	3.25%	3.25%	3.25%
Investment rate of return	6.85%	6.85%	6.85%	6.85%	6.85%	7.00%
Retirement age	From 50 to 75	From 50 to 75	From 50 to 75	From 50 to 75	From 50 to 75	From 50 to 75
Mortality	CalPERS 2017 Experience Study	CalPERS 2017 Experience Study	CalPERS 2017 Experience Study	CalPERS 2017 Experience Study	CalPERS 2014 Experience Study	CalPERS 2014 Experience Study
Mortality Improvement	Projected with MW Scale 2020	Projected with MW Scale 2018	Projected with MW Scale 2018	Projected with MW Scale 2018	Projected with MW Scale 2017	Projected with MW Scale 2017

* The District has presented information for those years for which information is available until a full 10- year trend is compiled.

COMPLIANCE SECTION

HARSHWAL®
& COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Library Trustees
Buena Park Library District
Buena Park, 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 financial statements of the governmental activities, each major fund of Buena Park Library District (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated October 26, 2023.

Report on 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) as a basis for designing 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. 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 or significant deficiency may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Harshwal & Company LLP

San Diego California
October 26, 2023

BUENA PARK LIBRARY DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weakness?	None reported
• Noncompliance material to financial statements noted?	No

BUENA PARK LIBRARY DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2023

SECTION II - FINANCIAL STATEMENTS FINDINGS

No matters were reported.

BUENA PARK LIBRARY DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS
JUNE 30, 2023

No matters were reported in the prior year.