

**BEAUMONT LIBRARY DISTRICT
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

**For the Fiscal Year Ended
June 30, 2022
(With Comparative Amounts as of June 30, 2021)**

NIGRO & NIGRO^{PC}

BEAUMONT LIBRARY DISTRICT
For the Fiscal Year Ended June 30, 2022
Table of Contents

FINANCIAL SECTION

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis.....	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	11
Statement of Activities.....	12
Governmental Funds Financial Statements:	
Governmental Funds Balance Sheet.....	13
Reconciliation of the Governmental Funds Balance Sheet to Statement of Net Position	14
Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances	15
Reconciliation of the Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities.....	16
Notes to Financial Statements	17

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule – General Fund	33
Schedule of Proportionate Share of the Net Pension Liability	34
Schedule of Pension Contributions	35

OTHER INDEPENDENT AUDITORS' REPORTS

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	36
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Financial Section



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Beaumont Library District
Beaumont, California

Opinion

We have audited the accompanying financial statements of the governmental activities and the general fund of the Beaumont Library District as of and for the fiscal year ended June 30, 2022, 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 financial position of the governmental activities and the general fund of the District as of June 30, 2022, and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 opinion.

Responsibilities of Management for the Financial Statements

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

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

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2021, from which such partial information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a separate report dated January 26 30, 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 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.



Murrieta, California
January 26, 2023

BEAUMONT LIBRARY DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

Management's Discussion and Analysis (MD&A) offers readers of Beaumont Library District's financial statements a narrative overview of the District's financial activities for the fiscal year ended June 30, 2022. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position increased 18.77%, or \$502,241 from the prior year's net position of \$2,676,022 as a result of this year's operations.
- Total revenues from all sources increased by 17.44%, or \$366,542 from prior year revenues of \$2,101,198 to \$2,467,740, primarily due to increased property taxes and operating grants and contributions.
- Total expenses for the District's operations increased by 13.4% or \$231,888 from prior year expenses of \$1,733,611 to \$1,965,499, primarily due to an increase in salaries and wages costs of \$122,198 and increase in materials and services costs of \$83,836.

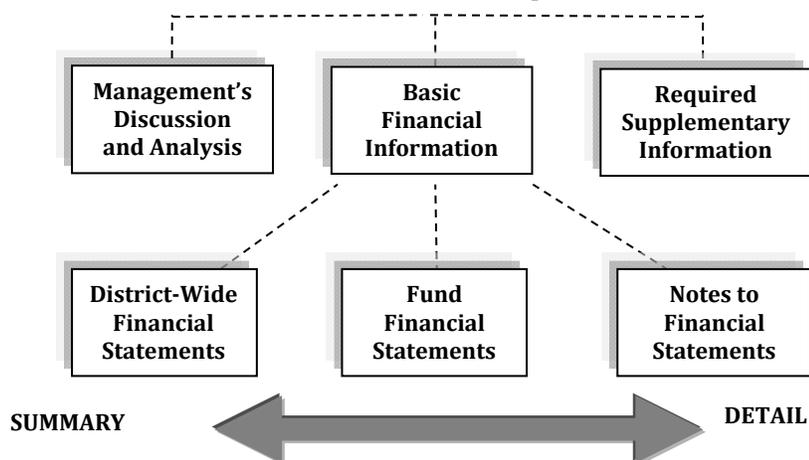
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- *District-wide financial statements* provide both short-term and long-term information about the District's overall financial status.
- *Fund financial statements* focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
 - The *governmental funds* statements tell how basic services were financed in the short term as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1. Organization of Beaumont Library District's Annual Financial Report



BEAUMONT LIBRARY DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2. Major Features of the District-Wide and Fund Financial Statements

Type of Statements	District-Wide	Governmental Fund
<i>Scope</i>	Entire District	The activities of the District that are not proprietary or fiduciary, such as donations and library programs
<i>Required financial statements</i>	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures & Changes in Fund Balances
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

BEAUMONT LIBRARY DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

District-Wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of buildings and other facilities.
- In the district-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as library services and administration. State and local programs finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law and by grantor requirements.

The District has one fund, the General Fund.

BEAUMONT LIBRARY DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION

Analysis of Net Position

Table A-1: Condensed Statement of Net Position

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Change</u>
Assets:			
Current assets	\$ 3,602,768	\$ 3,086,022	\$ 516,746
Capital assets, net	<u>697,472</u>	<u>506,003</u>	<u>191,469</u>
Total assets	<u>4,300,240</u>	<u>3,592,025</u>	<u>708,215</u>
Deferred outflows of resources	<u>218,513</u>	<u>223,961</u>	<u>(5,448)</u>
Liabilities:			
Current liabilities	188,230	139,520	48,710
Non-current liabilities	<u>622,928</u>	<u>983,327</u>	<u>(360,399)</u>
Total liabilities	<u>811,158</u>	<u>1,122,847</u>	<u>(311,689)</u>
Deferred inflows of resources	<u>529,332</u>	<u>17,117</u>	<u>512,215</u>
Net position:			
Investment in capital assets	697,472	506,003	191,469
Unrestricted	<u>2,480,791</u>	<u>2,170,019</u>	<u>310,772</u>
Total net position	<u>\$ 3,178,263</u>	<u>\$ 2,676,022</u>	<u>\$ 502,241</u>

At the end of fiscal year 2022, the District shows a positive balance in its unrestricted net position of \$2,480,791 that may be utilized in future years.

BEAUMONT LIBRARY DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (Continued)

Analysis of Revenues and Expenses

Table A-2: Condensed Statement of Activities

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Change</u>
Program revenues	\$ 296,670	\$ 76,549	\$ 220,121
Expenses	<u>(1,965,499)</u>	<u>(1,733,611)</u>	<u>(231,888)</u>
Net program expense	(1,668,829)	(1,657,062)	(11,767)
General revenues	<u>2,171,070</u>	<u>2,024,649</u>	<u>146,421</u>
Change in net position	502,241	367,587	134,654
Net position:			
Beginning of year	<u>2,676,022</u>	<u>2,308,435</u>	<u>367,587</u>
End of year	<u>\$ 3,178,263</u>	<u>\$ 2,676,022</u>	<u>\$ 502,241</u>

The statement of activities shows how the government's net position changed during the fiscal year. In the case of the District, the net position increased by \$502,241 during the fiscal year ended June 30, 2022.

Table A-3: Total Revenues

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Increase (Decrease)</u>
Program revenues:			
Charges for services	\$ 31,791	\$ 15,051	\$ 16,740
Operating grants and contributions	<u>264,879</u>	<u>61,498</u>	<u>203,381</u>
Total program revenues	<u>296,670</u>	<u>76,549</u>	<u>220,121</u>
General revenues:			
Property taxes	2,036,922	1,867,512	169,410
Property taxes – redevelopment increment	168,252	149,249	19,003
Rental revenue	13,200	13,200	-
Investment earnings and change in fair-value	(47,534)	(5,312)	(42,222)
Other revenues	<u>230</u>	<u>-</u>	<u>230</u>
Total general revenues	<u>2,171,070</u>	<u>2,024,649</u>	<u>146,421</u>
Total revenues	<u>\$ 2,467,740</u>	<u>\$ 2,101,198</u>	<u>\$ 366,542</u>

Total revenues from all sources increased by 17.44%, or \$366,542 from prior year revenues of \$2,101,198 to \$2,467,740, primarily due to increased property taxes and operating grants and contributions.

BEAUMONT LIBRARY DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (Continued)

Analysis of Revenues and Expenses (Continued)

Table A-4: Total Expenses

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Increase (Decrease)</u>
Expenses:			
Salaries and wages	\$ 900,863	\$ 778,665	\$ 122,198
Employee benefits	503,269	480,050	23,219
Materials and services	511,328	427,492	83,836
Depreciation expense	<u>50,039</u>	<u>47,404</u>	<u>2,635</u>
Total expenses	<u>\$ 1,965,499</u>	<u>\$ 1,733,611</u>	<u>\$ 231,888</u>

Total expenses for the District's operations increased by 13.4% or \$231,888 from prior year expenses of \$1,733,611 to \$1,965,499, primarily due to an increase in salaries and wages costs of \$122,198 and increase in materials and services costs of \$83,836.

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

The focus of the District's *governmental funds* is to provide information on current inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, the *unreserved 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, 2022, the District reported a total fund balance of \$3,440,585. An amount of \$1,478,334 constitutes the District's *unassigned fund balance*, which is available for future expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final budgeted expenditures for the District at year-end were \$33,856 less than actual. The variance is principally due to under budgeting capital outlay. Actual revenues were more than the anticipated budget by \$344,740, mostly due to excess operating grants and contributions revenue.

BEAUMONT LIBRARY DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

CAPITAL ASSET ADMINISTRATION

Table A-5: Capital Assets at Year End, Net of Depreciation

	<u>Balance</u> <u>June 30, 2022</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Increase</u> <u>(Decrease)</u>
Capital assets:			
Non-depreciable assets	\$ 245,831	\$ 14,879	\$ 230,952
Depreciable assets	1,301,645	1,291,089	10,556
Accumulated depreciation	<u>(850,004)</u>	<u>(799,965)</u>	<u>(50,039)</u>
Total capital assets, net	<u>\$ 697,472</u>	<u>\$ 506,003</u>	<u>\$ 191,469</u>

At the end of fiscal year 2022, the District's investment in capital assets amounted to \$697,472 (net of accumulated depreciation). This investment in capital assets includes structures, improvements and equipment. Major capital asset additions during the year include various ongoing construction projects of \$235,831 and furniture and equipment totaling \$10,556.

See Note 3 for further information on the District's capital assets.

FACTORS AFFECTING CURRENT FINANCIAL POSITION

Management is unaware of any item that would affect the District's current financial position.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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 the Library Director at (951) 845-1357.

BEAUMONT LIBRARY DISTRICT*Statement of Net Position**June 30, 2022**(With Comparative Amounts as of June 30, 2021)*

	<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Current assets:			
Cash and investments (Note 2)		\$ 3,443,142	\$ 2,960,154
Accrued interest receivable		5,676	1,737
Property taxes and assessments receivable		85,927	79,892
Accounts receivable – other		973	-
Prepaid items		67,050	44,239
Total current assets		<u>3,602,768</u>	<u>3,086,022</u>
Non-current assets:			
Capital assets – not being depreciated (Note 3)		245,831	14,879
Capital assets – being depreciated, net (Note 3)		451,641	491,124
Total non-current assets		<u>697,472</u>	<u>506,003</u>
Total assets		<u>4,300,240</u>	<u>3,592,025</u>
	<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred amounts related to net pension liability (Note 5)		218,513	223,961
Total deferred outflows of resources		<u>218,513</u>	<u>223,961</u>
	<u>LIABILITIES</u>		
Current liabilities:			
Accounts payable and accrued expenses		15,052	1,723
Accrued salaries and benefits		59,379	36,623
Unearned grant revenue		87,752	76,475
Long-term liabilities – due in one year:			
Compensated absences (Note 4)		26,047	24,699
Total current liabilities		<u>188,230</u>	<u>139,520</u>
Non-current liabilities:			
Long-term liabilities – due in more than one year:			
Compensated absences (Note 4)		26,047	24,699
Net pension liability (Note 5)		596,881	958,628
Total non-current liabilities		<u>622,928</u>	<u>983,327</u>
Total liabilities		<u>811,158</u>	<u>1,122,847</u>
	<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred amounts related to net pension liability (Note 5)		529,332	17,117
Total deferred inflows of resources		<u>529,332</u>	<u>17,117</u>
	<u>NET POSITION</u>		
Investment in capital assets		697,472	506,003
Unrestricted		2,480,791	2,170,019
Total net position		<u>\$ 3,178,263</u>	<u>\$ 2,676,022</u>

BEAUMONT LIBRARY DISTRICT*Statement of Activities**For the Fiscal Year Ended June 30, 2022**(With Comparative Amounts for the Fiscal Year Ended June 30, 2021)*

	Governmental Activities	
	2022	2021
Expenses:		
Library operations:		
Salaries and wages	\$ 900,863	\$ 778,665
Employee benefits	503,269	480,050
Materials and services	511,328	427,492
Depreciation expense (Note 3)	50,039	47,404
Total expenses	1,965,499	1,733,611
Program revenues:		
Charges for services:		
Charges for services	31,791	15,051
Operating/capital grants and contributions	264,879	61,498
Total program revenues	296,670	76,549
Net program expense	(1,668,829)	(1,657,062)
General revenues:		
Property taxes	2,036,922	1,867,512
Property taxes - redevelopment increment	168,252	149,249
Rental revenue	13,200	13,200
Investment earnings and change in fair-value	(47,534)	(5,312)
Other revenues	230	-
Total general revenues	2,171,070	2,024,649
Change in net position	502,241	367,587
Net position:		
Beginning of year	2,676,022	2,308,435
End of year	\$ 3,178,263	\$ 2,676,022

BEAUMONT LIBRARY DISTRICT
Balance Sheet – Governmental Funds
June 30, 2022
(With Comparative Amounts as of June 30, 2021)

	<u>General Fund</u>	
	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Assets:		
Cash and investments	\$ 3,443,142	\$ 2,960,154
Accrued interest receivable	5,676	1,737
Property taxes and assessments receivable	85,927	79,892
Accounts receivable – other	973	-
Prepaid items	67,050	44,239
Total assets	\$ 3,602,768	\$ 3,086,022
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 15,052	\$ 1,723
Accrued salaries and benefits	59,379	36,623
Unearned grant revenue	87,752	76,475
Total liabilities	162,183	114,821
Fund balance: (Note 7)		
Nonspendable	67,050	44,239
Assigned	1,895,201	1,778,189
Unassigned	1,478,334	1,148,773
Total fund balance	3,440,585	2,971,201
Total liabilities and fund balance	\$ 3,602,768	\$ 3,086,022

BEAUMONT LIBRARY DISTRICT*Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2022**(With Comparative Amounts as of June 30, 2021)*

	<u>2022</u>	<u>2021</u>
Fund Balances – Governmental Funds	\$ 3,440,585	\$ 2,971,201
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those assets as capital assets. The net book value of capital assets is:	697,472	506,003
Deferred outflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those deferred outflows of resources.	218,513	223,961
Long-term liabilities applicable to the District are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities' both current and long-term, are reported in the statement of net position as follows:		
Compensated absences	(52,094)	(49,398)
Net pension liability	(596,881)	(958,628)
Deferred inflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those deferred inflows of resources.	<u>(529,332)</u>	<u>(17,117)</u>
Total adjustments	<u>(262,322)</u>	<u>(295,179)</u>
Net Position of Governmental Activities	<u>\$ 3,178,263</u>	<u>\$ 2,676,022</u>

BEAUMONT LIBRARY DISTRICT*Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2022**(With Comparative Amounts for the Fiscal Year Ended June 30, 2021)*

	General Fund	
	2022	2021
Revenues:		
Property taxes	\$ 2,036,922	\$ 1,867,512
Property taxes – redevelopment increment	168,252	149,249
Rental revenue	13,200	13,200
Charges for services	31,791	15,051
Operating/capital grants and contributions	264,879	61,498
Investment earnings and change in fair-value	(47,534)	(5,312)
Other revenues	230	-
Total revenues	2,467,740	2,101,198
Expenditures:		
Current:		
Salaries and wages	898,167	773,322
Employee benefits	347,353	433,627
Materials and services	511,328	427,492
Capital outlay	241,508	11,762
Total expenditures	1,998,356	1,646,203
Net change in fund balance	469,384	454,995
Fund balance:		
Beginning of year	2,971,201	2,516,206
End of year	<u>\$ 3,440,585</u>	<u>\$ 2,971,201</u>

BEAUMONT LIBRARY DISTRICT*Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities**For the Fiscal Year Ended June 30, 2022**(With Comparative Amounts for the Fiscal Year Ended June 30, 2021)*

	<u>2022</u>	<u>2021</u>
Net Change in Fund Balances – Governmental Funds	\$ 469,384	\$ 454,995
Amounts 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. Therefore, those expenses are not reported as expenditures in governmental funds as follows:		
Change in compensated absences	(2,696)	(5,343)
Change in net pension liability	(155,916)	(46,423)
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those capitalized assets is allocated over their		
Capital outlay	241,508	11,762
Depreciation expense	(50,039)	(47,404)
Total adjustments	<u>32,857</u>	<u>(87,408)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 502,241</u></u>	<u><u>\$ 367,587</u></u>

BEAUMONT LIBRARY DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

Beaumont Library District was established by a public vote in August 1911 and was provided with a collection that had been organized in 1909 by the Beaumont Woman's Club. The Library first opened in two ground floor rooms of the Beaumont Bank Building, at 5th and Grace Streets, on October 1, 1911. The Library moved in 1914 to a two-story building, at 8th Street and California Avenue, constructed with funds received from Andrew Carnegie. Further expansion was self-funded in 1965 and a meeting room was added in 1981 with a grant from the Laura May Stewart Foundation. The current size of the facility is 11,700 square feet. The Library became fully automated in 2000 partly due to funding from the Bill and Melinda Gates Foundation. High speed broadband and wireless were added in 2016 through a grant that joined the Library to the statewide CENIC system. The District encompasses almost 59 square miles, having lost some of its original 60 square mile territory. In 2012, portions in the City of Banning were ceded to Banning Library District and in the City of Calimesa to Riverside County Public Library.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Statements No. 61, The Financial Reporting Entity. The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. 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 District has no component units as of year-end.

B. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, charges for services, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the District's funds. The District reports only the following governmental fund:

General Fund: This fund is used to account for all financial resources of the District.

BEAUMONT LIBRARY DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued)

2. Measurement Focus, Basis of Accounting

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and financing from capital leases are reported as other financing sources.

3. Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year. Generally, available is defined as collectible within 60 days.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

2. Prepaid Items

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.

BEAUMONT LIBRARY DISTRICT
Notes to Financial Statements
June 30, 2022

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (Continued)

3. Capital Assets

Capital assets are stated at cost or at their estimated fair value at date of donation. It is the District’s policy to capitalize assets costing over \$5,000. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets. The District considers library books and other media resources as a current period expense rather than a composite capital asset.

Estimated service lives for the District’s classes of assets are as follows:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	50-120 years
Building Improvements	20-25 years
Furniture and Equipment	5-25 years

4. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

5. Compensated Absences

The District’s policy is to permit employees to accumulate earned but unused vacation pay benefits. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

6. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District’s California Public Employees’ Retirement System (CalPERS) plans and addition to/deductions from the Plans’ fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained on the CalPERS’s website. Generally accepted accounting principles require 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, 2020
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

BEAUMONT LIBRARY DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (Continued)

7. Net Position

Net position is classified into two components: investment in capital assets and unrestricted. These classifications are defined as follows:

- **Investment in capital assets** - This component of net position consists of capital assets net of accumulated depreciation.
- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of investment in capital assets.

8. Fund Balances

The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

BEAUMONT LIBRARY DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (Continued)

9. 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 assessments and fees because of temporary revenue shortfalls or unpredicted onetime expenditures.

D. 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

E. Property Taxes

Property taxes attach as 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 Los Angeles Assessor's Office assesses all real and personal property within the County each year.

Property tax in California is levied in accordance with Article 13A of the State Constitution at one (1%) of countywide assessed valuations. The County of Los Angeles Treasurer's Office remits an undisclosed portion of the one (1%) current and delinquent property tax collections to the District throughout the year.

F. Budgetary Accounting

An annual unappropriated budget, which establishes the total spending authority for the General Fund, is adopted by the Board of Directors just prior to the beginning of the District's fiscal year. Estimated revenue is the original estimate with modifications for new programs which are anticipated to be received during the fiscal year. Expenditures cannot legally exceed appropriations at the fund level. Appropriations for the General Fund lapse at the end of the fiscal year. The Board of Directors may authorize amendments to the budget during the year as deemed necessary. Budgeted amounts were not amended for the fiscal year ended June 30, 2022.

G. Reclassifications

Certain amounts from the prior year have been reclassified to conform to the current year's presentation.

BEAUMONT LIBRARY DISTRICT
Notes to Financial Statements
June 30, 2022

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2022, consist of the following:

<u>Description</u>	<u>Balance</u>
Deposits held with financial institutions	306,061
Riverside County Pooled Investment Fund	3,137,081
Total cash and cash equivalents	\$ 3,443,142

Demand Deposits

At June 30 2022, the carrying amount of the District’s demand deposits were \$306,061, and the financial institution’s balance was \$444,373. The net difference of \$138,312 represents outstanding checks, deposits-in-transit and/or other reconciling items between the financial institution’s balance and the District’s balance.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority’s deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, 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 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

Riverside County Treasury Investment Pool (RCTIP)

The District is a voluntary participant in the Riverside County Treasury Investment Pool (RCTIP) pursuant to Government Code Section 53694. The cash flow needs of participants are monitored daily to ensure that sufficient liquidity is maintained to meet the needs of those participants. At the time deposits are made, the Riverside County Treasurer may require the depositing entity to provide annual cash flow projections or an anticipated withdrawal schedule for deposits in excess of \$1 million. Projections are performed no less than semi-annually. In accordance with Government Code Section 27136, all request for withdrawal of funds for the purpose of investing or deposits the funds elsewhere shall be evaluated to ensure the proposed withdrawal will not adversely affect the principal deposits of the other participants. Pool detail may be obtained from the County of Riverside Administrative Office – 4080 Lemon Street, 4th Floor – Capital Markets – Riverside, CA 92506 or the Treasurer and Tax Collector’s office website at www.countytreasurer.org.

RCTIP is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis. For financial reporting purposes, the District considers the RCTIP a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2022, the District held \$3,195,663 in RCTIP.

BEAUMONT LIBRARY DISTRICT
Notes to Financial Statements
June 30, 2022

NOTE 3 – CAPITAL ASSETS

Changes in capital assets for the year were as follows:

Description	Balance July 1, 2021	Additions	Deletions/ Transfers	Balance June 30, 2022
Non-depreciable assets:				
Land	\$ 10,000	\$ -	\$ -	\$ 10,000
Construction in progress	4,879	235,831	(4,879)	235,831
Total non-depreciable assets	<u>14,879</u>	<u>235,831</u>	<u>(4,879)</u>	<u>245,831</u>
Depreciable assets:				
Building and improvements	1,030,446	-	-	1,030,446
Furniture and equipment	200,643	10,556	-	211,199
Vehicles	60,000	-	-	60,000
Total depreciable assets	<u>1,291,089</u>	<u>10,556</u>	<u>-</u>	<u>1,301,645</u>
Accumulated depreciation:				
Building and improvements	(659,282)	(35,204)	-	(694,486)
Furniture and equipment	(104,683)	(10,835)	-	(115,518)
Vehicles	(36,000)	(4,000)	-	(40,000)
Total accumulated depreciation	<u>(799,965)</u>	<u>(50,039)</u>	<u>-</u>	<u>(850,004)</u>
Total depreciable assets, net	<u>491,124</u>	<u>(39,483)</u>	<u>-</u>	<u>451,641</u>
Total capital assets, net	<u>\$ 506,003</u>	<u>\$ 196,348</u>	<u>\$ (4,879)</u>	<u>\$ 697,472</u>

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 the compensated absences balance at June 30, 2022 were as follows:

Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Due Within One Year	Due in More Than One Year
\$ 49,398	\$ 50,242	\$ (47,546)	\$ 52,094	\$ 26,047	\$ 26,047

BEAUMONT LIBRARY DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 5 – PENSION PLAN

Summary

A summary of the District’s pension plan deferred outflows/inflows and net pension liability account balances for the fiscal year ending June 30, 2022 is as follows:

<u>Description</u>	<u>2021</u>
Pension related deferred outflows	\$ 218,513
Net pension liability	596,881
Pension related deferred inflows	529,332

A. General Information about the Pension Plans

The Plans Description Schedule

The District has engaged with CalPERS to administer the following pension plans for its employees (members):

	<u>Miscellaneous Plans</u>	
	<u>Classic</u>	<u>PEPRA</u>
	<u>Tier 1</u>	<u>Tier 2</u>
Hire date	Prior to <u>December 24, 2012</u>	On or after <u>January 1, 2013</u>
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5-years of service	5-years of service
Benefits payments	monthly for life	monthly for life
Retirement age	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	1.0% to 2.0%	1.0% to 2.0%
Required member contribution rates	8.000%	6.750%
Required employer contribution rates – FY 2021	11.742%	7.732%

Plan Description

The District contributes to the California Public Employees’ Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2020 Annual Actuarial Valuation Report. This report and CalPERS’ audited financial statements are publicly available reports that can be obtained at CalPERS’ website under Forms and Publications.

Members Covered by Benefit Terms

At June 30, 2021 (Measurement Date), the following members were covered by the benefit terms:

<u>Plan Members</u>	<u>Miscellaneous Plans</u>		<u>Total</u>
	<u>Classic</u>	<u>PEPRA</u>	
	<u>Tier 1</u>	<u>Tier 2</u>	
Active members	3	7	10
Transferred and terminated members	7	2	9
Retired members and beneficiaries	9	-	9
Total plan members	19	9	28

BEAUMONT LIBRARY DISTRICT
Notes to Financial Statements
June 30, 2022

NOTE 5 – PENSION PLAN (Continued)

A. General Information about the Pension Plans (Continued)

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 nonindustrial disability benefits after five 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.

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans 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.

Contributions for the year ended June 30, 2022, were as follows:

Contribution Type	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Contributions – employer	\$ 92,408	\$ 44,560	\$ 136,968

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

Proportionate Share of Net Pension Liability and Pension Expense

The District’s net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2021, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020, rolled forward to June 30, 2021, using standard update procedures. The District’s proportionate share of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

BEAUMONT LIBRARY DISTRICT
Notes to Financial Statements
June 30, 2022

NOTE 5 – PENSION PLAN (Continued)

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

The following table shows the District’s proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal year ended June 30, 2022:

<u>Plan Type and Balance Descriptions</u>	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Change in Plan Net Pension Liability</u>
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2020 (Measurement Date)	\$ 3,462,440	\$ 2,503,812	\$ 958,628
Balance as of June 30, 2021 (Measurement Date)	\$ 3,673,485	\$ 3,076,604	\$ 596,881
Change in Plan Net Pension Liability	\$ 211,045	\$ 572,792	\$ (361,747)

The District’s proportionate share percentage of the net pension liability for the June 30, 2021, measurement date was as follows:

	<u>Percentage Share of Risk Pool</u>		<u>Change Increase/ (Decrease)</u>
	<u>Fiscal Year Ending June 30, 2022</u>	<u>Fiscal Year Ending June 30, 2021</u>	
Measurement Date	<u>June 30, 2021</u>	<u>June 30, 2020</u>	
Percentage of Risk Pool Net Pension Liability	0.031435%	0.022727%	0.008708%
Percentage of Plan (PERF C) Net Pension Liability	0.011036%	0.008811%	0.002225%

For the fiscal year ended June 30, 2022, the District recognized pension expense of \$292,885. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions made after the measurement date	\$ 136,968	\$ -
Difference between actual and proportionate share of employer contributions	988	(2,230)
Adjustment due to differences in proportions	13,623	(6,057)
Differences between expected and actual experience	66,934	-
Differences between projected and actual earnings on pension plan investments	-	(521,045)
Total Deferred Outflows/(Inflows) of Resources	\$ 218,513	\$ (529,332)

BEAUMONT LIBRARY DISTRICT
Notes to Financial Statements
June 30, 2022

NOTE 5 – PENSION PLAN (Continued)

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

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.8 years.

An amount of \$136,968 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction to pension expense as follows:

<u>Amortization Period</u> <u>Fiscal Year Ended June 30</u>	<u>Deferred</u> <u>Outflows/(Inflows)</u> <u>of Resources</u>
2023	\$ (89,623)
2024	(97,817)
2025	(116,358)
2026	(143,990)
Total	<u>\$ (447,788)</u>

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2021 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2020, total pension liability. The June 30, 2021, total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

BEAUMONT LIBRARY DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 5 – PENSION PLAN (Continued)

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

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 returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 table below reflects long-term expected real rate of return by asset class.

<u>Investment Type¹</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10²</u>	<u>Real Return Years 11+³</u>
Global equity	50.0%	4.80%	5.98%
Fixed income	28.0%	1.00%	2.62%
Inflation assets	0.0%	0.77%	1.81%
Private equity	8.0%	6.30%	7.23%
Real assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
	<u>100.0%</u>		

¹ In the CalPERS's ACFR, fixed income is included in global debt securities; liquidity is included in short-term investments; inflation assets are included in both global equity securities and global debt securities.

² An expected inflation rate-of-return of 2.5% is used for years 1-10.

³ An expected inflation rate-of-return of 2.9% is used for years 11+.

Discount Rate

The discount rate used to measure the total pension liability 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.

BEAUMONT LIBRARY DISTRICT
Notes to Financial Statements
June 30, 2022

NOTE 5 – PENSION PLAN (Continued)

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

Subsequent Events

There were no subsequent events that would materially affect the results in this disclosure.

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

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the 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:

Plan's Net Pension Liability/(Asset)		
Discount Rate -	Current	Discount Rate +
1%	Discount	1%
6.15%	Rate 7.15%	8.15%
1,081,895	\$ 596,881	\$ 195,927

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS' website under Forms and Publications.

C. Payable to the Pension Plans

At June 30, 2022, the District reported no payables for outstanding contributions to the CalPERS pension plan required for the year ended June 30, 2022.

BEAUMONT LIBRARY DISTRICT
Notes to Financial Statements
June 30, 2022

NOTE 7 – FUND BALANCES

At June 30, 2022, fund balances of the District’s governmental funds were classified as follows:

<u>Description</u>	<u>Balance</u>
Nonspendable:	
Prepaid items	\$ 67,050
Assigned:	
Compensated absences	52,094
Capital outlay	<u>1,843,107</u>
Total assigned	1,895,201
Unassigned:	
Unassigned	<u>1,478,334</u>
Total fund balance	<u><u>\$ 3,440,585</u></u>

NOTE 8 – DEFERRED COMPENSATION SAVINGS PLAN

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program. The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District’s general creditors.

BEAUMONT LIBRARY DISTRICT
Notes to Financial Statements
June 30, 2022

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 is a member of the Special District Risk Management Authority (SDRMA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California special districts. The purpose of the SDRMA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage.

A. Entity	SDRMA	
B. Purpose	To pool member contributions and realize the advantages of self-insurance	
C. Participants	As of June 30, 2020 – 505 member agencies	
D. Governing board	Seven representatives employed by members	
E. District payments for FY 2021:		
Property/Liability policy	\$48,794	
F. Condensed financial information	June 30, 2020	
Statement of net position:		June 30, 2020
Total assets		<u>\$ 130,676,871</u>
Deferred outflows		<u>595,599</u>
Total liabilities		<u>70,083,643</u>
Deferred inflows		<u>246,193</u>
Net position		<u><u>\$ 60,942,634</u></u>
Statement of revenues, expenses and changes in net position:		
Total revenues		\$ 82,459,850
Total expenses		<u>(77,881,779)</u>
Change in net position		4,578,071
Beginning – net position		<u>56,364,563</u>
Ending – net position		<u><u>\$ 60,942,634</u></u>
G. Member agencies share of year-end financial position		Not Calculated

At June 30, 2022, 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: Total risk financing self-insurance limits of \$2,500,000, combined single limit at \$2,500,000 per occurrence.

NOTE 9 – RISK MANAGEMENT (Continued)

In addition to the above, the District also has the following insurance coverage:

- Employee dishonesty coverage up to \$1,000,000 per loss includes public employee dishonesty, forgery or alteration and theft, disappearance and destruction coverage.
- Property loss is paid at the replacement cost for property on file, if replaced within three 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 per occurrence.
- Public official's personal liability up to \$1,000,000 each occurrence, with an annual aggregate of \$500,000 per each elected/appointed official to which this coverage applies, subject to the terms, with a deductible of \$500 per claim.

The District maintains workers' compensation coverage and employer's liability coverage in accordance with the statutory requirements of the State of California.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years. There were no reductions in insurance coverage in fiscal year 2022, 2021, and 2020. 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 were no IBNR claims payable as of June 30, 2022, 2021, and 2020.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Excluded Leases – Short-Term Leases and De Minimis Leases

The District does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12-months (or less), including any options to extend, regardless of their probability of being exercised.

Also, *de minimis* lessor or lessee leases are certain leases (i.e., room rental, copiers, printers, postage machines) that regardless of their lease contract period are *de minimis* with regards to their aggregate total dollar amount to the financial statements as a whole.

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

The District is involved in routine litigation incidental to its business and may be subject to claims and litigation from outside parties.

NOTE 11 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through January 26, 2023, the date which the financial statements were available to be issued.

Required Supplementary Information

BEAUMONT LIBRARY DISTRICT
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2022

	Adopted Original Budget	Actual	Variance Positive (Negative)
Revenues:			
Property taxes	\$ 2,121,000	\$ 2,205,174	\$ 84,174
Rental revenue	-	13,200	13,200
Charges for services	-	31,791	31,791
Operating grants and contributions	-	264,879	264,879
Investment earnings and change in fair-value	1,000	(47,534)	(48,534)
Other revenues	1,000	230	(770)
Total revenues	<u>2,123,000</u>	<u>2,467,740</u>	<u>344,740</u>
Expenditures:			
Current:			
Salaries and wages	963,000	898,167	64,833
Employee benefits	395,000	347,353	47,647
Materials and services	475,500	511,328	(35,828)
Capital outlay	131,000	241,508	(110,508)
Total expenditures	<u>1,964,500</u>	<u>1,998,356</u>	<u>(33,856)</u>
Net change in fund balance	<u>\$ 158,500</u>	469,384	<u>\$ 310,884</u>
Fund balance:			
Beginning of year		<u>2,971,201</u>	
End of year		<u>\$ 3,440,585</u>	

BEAUMONT LIBRARY DISTRICT*Schedule of Proportionate Share of the Net Pension Liability
For the Fiscal Year Ended June 30, 2022***Last Ten Fiscal Years*****California Public Employees' Retirement System (CalPERS) Miscellaneous Plan**

Measurement Date	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered	Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability
June 30, 2014	0.008958%	\$ 546,236	\$ 475,786	114.81%	78.49%
June 30, 2015	0.009032%	619,933	488,184	126.99%	76.49%
June 30, 2016	0.008785%	760,170	540,944	140.53%	73.43%
June 30, 2017	0.008626%	855,443	554,714	154.21%	71.53%
June 30, 2018	0.008544%	823,364	660,699	124.62%	74.89%
June 30, 2019	0.008606%	881,889	648,342	136.02%	74.31%
June 30, 2020	0.008811%	958,628	686,207	139.70%	72.31%
June 30, 2021	0.011036%	596,881	683,917	87.27%	83.75%

Notes to Schedule:**Benefit Changes:**

There were no changes in benefits.

Changes in Assumptions:**From fiscal year June 30, 2015 and June 30, 2016:**

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014, measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015, measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:

There were no significant changes in assumptions.

From fiscal year June 30, 2019 to June 30, 2020:

There were no significant changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:

There were no significant changes in assumptions.

From fiscal year June 30, 2021 to June 30, 2022:

There were no significant changes in assumptions.

*Fiscal year 2014 was the first measurement date year of implementation; therefore, only eight years are shown.

BEAUMONT LIBRARY DISTRICT
Schedule of Pension Contributions
For the Fiscal Year Ended June 30, 2022

Last Ten Fiscal Years*

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2015	\$ 69,879	\$ (69,879)	\$ -	\$ 488,184	14.31%
June 30, 2016	80,690	(80,690)	-	540,944	14.92%
June 30, 2017	99,287	(99,287)	-	554,714	17.90%
June 30, 2018	101,686	(101,686)	-	660,699	15.39%
June 30, 2019	98,418	(98,418)	-	648,342	15.18%
June 30, 2020	110,405	(110,405)	-	686,207	16.09%
June 30, 2021	122,362	(122,362)	-	683,917	17.89%
June 30, 2022	136,968	(136,968)	-	746,800	18.34%

Notes to Schedule:

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation Method	Inflation	Investment Rate of Return
June 30, 2015	June 30, 2013	Entry Age	Market Value	2.75%	7.65%
June 30, 2016	June 30, 2014	Entry Age	Market Value	2.75%	7.65%
June 30, 2017	June 30, 2015	Entry Age	Market Value	2.75%	7.65%
June 30, 2018	June 30, 2016	Entry Age	Market Value	2.75%	7.15%
June 30, 2019	June 30, 2017	Entry Age	Market Value	2.50%	7.15%
June 30, 2020	June 30, 2018	Entry Age	Market Value	2.50%	7.15%
June 30, 2021	June 30, 2019	Entry Age	Market Value	2.50%	7.15%
June 30, 2022	June 30, 2020	Entry Age	Market Value	2.50%	7.15%

Amortization Method	Level percentage of payroll, closed
Salary Increases	Depending on age, service, and type of employment
Investment Rate of Return	Net of pension plan investment expense, including inflation
Retirement Age	50 years (2.0%@55 and 2.0%@60), 52 years (2.0%@62)
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

*Fiscal year 2015 was the first implementation year; therefore, only eight years are shown.

Other Independent Auditors' Report



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

Board of Trustees
Beaumont Library District
Beaumont, 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 and general fund of Beaumont Library District (District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 26, 2023.

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 to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Management Letter Report, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 District's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Management Letter Report as items 2022-01 to be material weaknesses

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. We consider the deficiencies described in the accompanying Management Letter Report as items 2022-02 to 2022-12 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on 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*.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying Management Letter Report. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Murrieta, California
January 26, 2023