



# Coalinga-Huron Library District

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**FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2023**

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Jaribu W. Nelson, CPA

P.O. Box 1105, Clovis, CA 93613 • Ph: (559) 286-7546 • Email: jaribucpa@gmail.com

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Coalinga-Huron Library District

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the governmental, the business-type activities, and each major fund of the Coalinga-Huron Library 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 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, the business-type activities and each major fund of the District as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows 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 Coalinga-Huron Library District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

Management is responsible for the preparation and fair presentation of these 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 Coalinga-Huron Library District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### ***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 Coalinga-Huron Library District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Coalinga-Huron Library District's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of the District's Proportionate Share of Net Pension Liability, Schedule of Plan Contributions, and the budgetary Comparison Information as listed in the table of contents be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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 April 29, 2024, on our consideration of Coalinga-Huron Library District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Coalinga-Huron Library 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 Coalinga-Huron Library District's internal control over financial reporting and compliance.

Jaribu W. Nelson, CPA

April 29, 2024

# COALINGA-HURON LIBRARY DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

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As management of the Coalinga-Huron Library District (the District) we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with information this is included within the financial statements.

## FINANCIAL HIGHLIGHTS

- The District's assets exceed liabilities by \$7,842,383 as of June 30, 2023. Of this amount, unrestricted net position of \$383,918 may be used to meet the District's ongoing obligations to customers and creditors.
- Total net position increased by \$446,233 for the year ended June 30, 2023. For the year ended June 30, 2022 the total net position increased by \$199,522.
- For the year ended June 30, 2023 the District's governmental fund reported an ending fund balance of \$4,026,510, an increase of \$445,310 from the beginning fund balance. Of this amount, \$821,913 is unassigned and available for spending and the remaining amounts are restricted for Measure B expenditures, \$3,152,223, and \$52,374 is restricted for San Joaquin Valley Library System Technology Reserve expenditures. For the year ended June 30, 2022 the District's governmental fund reported an ending fund balance of \$3,584,859 of which \$1,064,440 was unassigned and available for spending.
- During the current year the District's net fixed assets decreased by \$96,977. This decrease was mainly attributable to depreciation expense, resulting in an increase in accumulated depreciation of \$130,402 bringing accumulated depreciation to a total of \$1,344,165. Depreciation expenses for the year ended June 30, 2023 were \$130,402. Depreciation expenses for the year ended June 30, 2022 equaled \$127,465.
- Total liabilities increased by \$384,891 during the year ended June 30, 2023. This increase is attributable to an increase in the District's net pension liabilities.

## OVERVIEW OF FINANCIAL STATEMENTS

The Management's Discussion and Analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: the government-wide financial statements, the fund financial statements, and the notes to the basic financial statements.

The basic financial statements are comprised of two kinds of statements the present financial information from different perspectives:

- **Government-wide financial statements**, as presented in the first two statements, provide both short-term and long-term information about the District's overall financial position. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

**COALINGA-HURON LIBRARY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
JUNE 30, 2023**

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- **Fund financial statements** focus on reporting the individual parts of the District's operations in more detail. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the finds of the District can be divided into categories: governmental funds and proprietary funds. The District has no proprietary funds and only one governmental fund, the General Fund.

### **Government-Wide Statements**

The government-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 government-wide statements report the District's net position and how they have changed. Net position - the difference between the assets and liabilities - are one way to measure the District's financial health or position. Over time increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The government-wide financial statements of the District include governmental activities only.

### **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 that the District uses to track specific sources of funding and spending for particular programs. State law and bond covenants may require the establishment of some funds. The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that the District is meeting legal responsibilities for using certain revenues. The District has only one kind of fund – the governmental fund.

All of the District's basic services are included in a governmental fund, which generally focuses on: (1) how cash and other financial assets can readily be converted to cash flow in and out; and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information after the governmental fund statements that explain the relationship (or differences) between them.

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 Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balance provide a reconciliation to facilitate this comparison between the governmental funds financial statements and the government-wide financial statements.

**COALINGA-HURON LIBRARY DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**  
**JUNE 30, 2023**

**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE**

**Net Position**

As of June 2023, the District's assets and deferred outflows exceeded its liabilities and deferred inflows by \$7,842,383. A significant portion of the District's net position (54%) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. Capital assets are used to provide services to customers and they are not available for future spending. In addition, a significant portion of the District's net position (41%) is restricted for specific uses in accordance with voter mandated uses.

The District's net position is \$7,842,383 as of June 30, 2023 (compared to the net position of \$7,396,149 as of June 30, 2022). See Table 1 for further analysis.

**TABLE 1**  
**NET POSITION**

	June 30, 2023	June 30, 2022	Change
<b>ASSETS</b>			
Cash and investments	\$ 834,606	\$ 1,083,566	\$ (248,960)
Interest receivable	21,905	-	21,905
Restricted cash	3,204,597	2,516,760	687,837
Capital assets, net of accumulated depreciation	4,253,868	4,350,845	(96,977)
Total Assets	8,314,976	7,951,171	363,805
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	330,072	146,265	183,807
Total Deferred Outflows of Resources	330,072	146,265	183,807
<b>LIABILITIES</b>			
Accounts payable	16,376	-	16,376
Accrued payroll and related liabilities	18,222	19,126	(904)
Compensated absences	43,120	46,959	(3,839)
Net pension liability	704,447	331,189	373,258
Total Liabilities	782,165	397,274	384,891
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	20,500	304,012	(283,512)
Total Deferred Inflows of Resources	20,500	304,012	(283,512)
<b>NET POSITION</b>			
Net investment in capital assets	4,253,868	4,350,845	(96,977)
Restricted for:			
Measure B	3,152,223	2,462,563	689,660
Technology Reserve	52,374	54,197	(1,823)
Unrestricted	383,918	528,545	(144,627)
Total Net Position	\$ 7,842,383	\$ 7,396,150	\$ 446,233



**COALINGA-HURON LIBRARY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
JUNE 30, 2023**

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**Changes in Net Position**

The District's total revenues for the year ended June 30, 2023 were \$1,658,099 (compared to \$1,500,617 for the year ended June 30, 2022).

Total expenditures decreased from \$1,301,095 for the year ended June 30, 2022 to \$1,211,866 for the year ended June 30, 2023.

As of June 30, 2023, the District has \$3,204,597 designated as restricted net position. See Table 2 for further analysis.

**TABLE 2  
CHANGES IN NET POSITION**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Change</u>
<b>REVENUES</b>			
Program Revenues			
Charges for services	\$ 19,768	\$ 5,186	\$ 14,582
Total Program Revenues	<u>19,768</u>	<u>5,186</u>	<u>14,582</u>
General Revenues			
Property taxes	840,061	744,797	95,264
Measure B sales tax	648,892	637,257	11,635
Intergovernmental revenue	63,926	50,943	12,983
Investment earnings	72,451	41,142	31,309
Other revenue	13,001	21,292	(8,291)
Total General Revenues Revenues	<u>1,638,331</u>	<u>1,495,431</u>	<u>142,900</u>
Total Revenues	<u>1,658,099</u>	<u>1,500,617</u>	<u>157,482</u>
<b>EXPENSES</b>			
Library services	<u>1,211,866</u>	<u>1,301,095</u>	<u>(89,229)</u>
Total Expenses	<u>1,211,866</u>	<u>1,301,095</u>	<u>(89,229)</u>
Change in Net Position	446,233	199,522	246,711
Net Position, Beginning of Year	<u>7,396,150</u>	<u>7,196,628</u>	<u>199,522</u>
Net Position, End of Year	<u>\$ 7,842,383</u>	<u>\$ 7,396,150</u>	<u>\$ 446,233</u>

**COALINGA-HURON LIBRARY DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)  
JUNE 30, 2023**

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**CAPITAL ASSETS**

The District’s capital assets for its governmental activities as of June 30, 2023, were \$4,253,868, net of accumulated depreciation (compared to \$4,350,845, net of accumulated depreciation, as of June 30, 2022). This investment includes land, buildings and improvements, furniture and equipment. Additional information on the District’s capital assets can be found in Note 3 of the Notes to Financial Statements. See Table 3 for further analysis.

**TABLE 3  
CAPITAL ASSETS NET OF ACCUMULATED DEPRECIATION**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Land	\$ 18,000	\$ 18,000
Construction in progress	33,425	-
Buildings and improvements	5,214,851	5,214,851
Office furniture and equipment	331,757	331,757
Accumulated depreciation	<u>(1,344,165)</u>	<u>(1,213,763)</u>
Total	<u>\$ 4,253,868</u>	<u>\$ 4,350,845</u>

**General Fund Budgetary Highlights**

For the year ended June 30, 2023, actual revenues were below budgeted amounts by \$1,308,396 and actual expenditures were below budgeted amounts by \$180,461.

**Economic Factors and Next Year’s Budgets and Rates**

Budgeted revenues are projected to exceed budgeted expenditures by \$3,130,900 for the year ending June 30, 2024. Budgeted revenues for the year ended June 30, 2024, are anticipated to exceed actual revenues for the year ended June 30, 2023, by \$3,035,601. Budgeted expenditures for the year ended June 30, 2024, are anticipated to exceed actual expenditures for the year ended June 30, 2023 by \$350,011. Sales tax (Measure B) revenue is expected to increase by \$2,351,108 while property tax revenue are expected to decrease by \$98,391. All other revenue are expected to increase by \$15,388. Capital outlay expenditures for the year ending June 30, 2024 are expected to increase by \$56,575 while salaries, wages and related costs are expected to increase by \$176,571 and books, publications and reference materials are expected to increase by \$59,203 as compared to actual expenses for the year ended June 30, 2023. All other expenditures are expected to increase by \$57,662.

**Requests for Information**

This financial report is designed to provide a general overview of Coalinga-Huron Library District’s finances for all those with an interest in the District’s finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Director of Library Services, Coalinga-Huron Library District, 305 North Fourth Street, Coalinga, California 93210.

**COALINGA-HURON LIBRARY DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

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	Governmental Activities
<b>ASSETS</b>	
Cash and investments	\$ 834,606
Interest Receivable	21,905
Restricted cash and investments	3,204,597
Capital assets, net	<u>4,253,868</u>
Total assets	<u>8,314,976</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pension	<u>330,072</u>
Total deferred outflows of resources	<u>330,072</u>
<b>LIABILITIES</b>	
Accounts payable	16,376
Accrued payroll and related liabilities	18,222
Long-term liabilities	
Portion due within one year	
Compensated absences	43,120
Portion due in more than one year	
Compensated absences	-
Net pension liabilities	<u>704,447</u>
Total liabilities	<u>782,165</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pension	<u>20,500</u>
Total Deferred Inflows of Resources	<u>20,500</u>
<b>NET POSITION</b>	
Net investment in capital assets	4,253,868
Restricted for:	
Measure B	3,152,223
Technology Reserve	52,374
Unrestricted	<u>383,918</u>
Total Net Position	<u>\$ 7,842,383</u>

**COALINGA-HURON LIBRARY DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Charges for Services	Program Revenues Capital Grants and Contributions	Net (Expense) and Revenue and Changes in Net Position Governmental Activities
Primary Government:				
Governmental Activities:				
Library services	\$ 1,211,866	\$ 19,768	\$ -	\$ (1,192,098)
Total Primary Government	<u>1,211,866</u>	<u>19,768</u>	<u>-</u>	<u>(1,192,098)</u>
General Revenues:				
				840,061
				648,892
				63,926
				72,451
				<u>13,001</u>
				Total General Revenues <u>1,638,331</u>
				Change in Net Position <u>446,233</u>
				Net Position, Beginning of Year 7,399,809
				Prior Period Adjustment <u>(3,659)</u>
				Net Position, Beginning of Year (Restated) <u>7,396,150</u>
				Net Position, End of Year <u>\$ 7,842,383</u>

**COALINGA-HURON LIBRARY DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUND  
JUNE 30, 2023**

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**ASSETS**

Cash and investments	\$ 653,704
Cash and investments - Webb Foundation	180,902
Interest receivable	21,905
Restricted cash and investments	<u>3,204,597</u>
Total assets	<u>\$ 4,061,108</u>

**LIABILITIES AND FUND BALANCE**

**LIABILITIES**

Accounts payable	\$ 16,376
Accrued payroll and related liabilities	<u>18,222</u>
Total liabilities	<u>34,598</u>

**FUND BALANCE**

Restricted - Measure B	3,152,223
Restricted - SJVLS Tech Reserve	52,374
Unassigned	<u>821,913</u>
Total Fund Balance	<u>4,026,510</u>
Total Liabilities and Fund Balance	<u>\$ 4,061,108</u>

**COALINGA-HURON LIBRARY DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUND BALANCE  
SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2023**

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Reconciliation of the Balance Sheet of the Governmental Fund  
to the Statement of Net Position

Total fund balance - Governmental Fund	\$ 4,026,510
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the Governmental Fund (net of accumulated depreciation of \$1,086,298)	4,253,868
Deferred outflows related to pensions reported in the Statement of Net Position	330,072
Long-term liabilities are not due in the current period and, therefore, are not included in the Governmental Fund	(747,567)
Deferred inflows related to pensions reported in the Statement of Net Position	<u>(20,500)</u>
Total Net Position - Governmental Activities	<u><u>\$ 7,842,383</u></u>

**COALINGA-HURON LIBRARY DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**REVENUES**

Property taxes	\$ 700,391
Measure B sales tax	648,892
Special property tax assessment	139,670
Intergovernmental revenues	63,926
Charges for services	19,768
Contributions	7,778
Interest income	72,451
Other revenues	<u>5,223</u>
 Total Revenues	 <u>1,658,099</u>

**EXPENDITURES**

Salaries and wages	527,164
Employee benefits and taxes	330,265
Legal and professional services	34,193
Repairs and maintenance	51,798
Books, publications and reference materials	107,297
Cataloging expense	3,823
Communications	7,114
Office supplies and postage	4,631
Insurance	17,329
Utilities	63,431
Travel and conference	3,700
Rents and leases	5,714
Training	3,312
Dues and subscriptions	11,016
Miscellaneous	8,577
Capital outlay	<u>33,425</u>
 Total Expenditures	 <u>1,212,789</u>

Net Change in Fund Balance	<u>445,310</u>
 Fund Balance, Beginning of Year	 3,584,859
Prior Period Adjustment	<u>(3,659)</u>
Fund Balance, Beginning of Year (Restated)	<u>3,581,200</u>
 Fund Balance, End of Year	 <u>\$ 4,026,510</u>

**COALINGA-HURON LIBRARY DISTRICT  
RECONCILIATION OF THE CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023**

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Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balance of the Governmental Fund to the Statement of Activities:

Net change in fund balance - total Governmental Fund	\$ 445,310
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$130,402) exceeded capital outlay (\$33,425) in the current period	(96,977)
Long-term liabilities are not due during the current year and, therefore, the change is not recorded in the Governmental Fund	<u>97,900</u>
Change in Net Position - Governmental Activities	<u><u>\$ 446,233</u></u>



**COALINGA-HURON LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity: The Coalinga-Huron Library District (the District) is a California special district that was created upon the approval of the Board of Supervisors of Fresno County. The District was organized to provide and maintain public library operations in the communities of Coalinga and Huron and County of Fresno in the State of California. The District is governed by a Board of Trustees. As the District is a governmental unit, it is exempt from federal and California taxes on income.

Measurement Focus, Basis of Accounting and Financial Statement Presentation: In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources – This amount represents outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources – This amount represents inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as a revenue until that time.

The financial statements of the District are prepared on the basis of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – Management Discussion and Analysis – for State and Local Governments*, and related standards. GASB Statement No. 34 established standards for external financial reporting for all state and local government entities which includes a management’s discussion and analysis section, a statement of net position, a statement of activities, and, if applicable, a statement of cash flows. The financial statements consist of the following:

- Government-Wide Financial Statements -

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The Statement of Net Position presents the financial condition of the governmental activities of the District at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the District’s governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions.

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 when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**COALINGA-HURON LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued):

- Fund Financial Statements –

The District's governmental fund is accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balance reflects the sources (i.e., revenues and other financial sources) and uses (i.e., expenditures and other financing uses) of current financial resources. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under the accrual basis of accounting. However, compensated absences are recorded only when payment is due.

This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the fund financial statements for the governmental fund.

The District reports the following major governmental fund:

The **General Fund** is the general operating fund of the District and accounts for all revenues and expenditures of the District.

Revenues – Exchange and Non-Exchange Transactions: revenues 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 or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year.

Expenses/Expenditures: on the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred. Principal and interest on long-term obligations, which have not matured, or recognized when paid in the governmental funds as expenditures. Allocation of costs, such as depreciation and amortization, are not recognizing the governmental funds but are recognized in the government-wide statements.

Budget and Budgetary Process: The District adopts an annual budget, which can be amended by the district throughout the year, on a basis consistent with accounting principles generally accepted in the United States of America.

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

**COALINGA-HURON LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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

Cash and Investments: The District participates in the County of Fresno Investment pool. Cash in County Treasury is recorded at carrying value which approximates fair value. Cash is also maintained in banks, on hand and with the Local Agency Investment Fund (LAIF).

Restricted Cash: The District maintains restricted cash accounts for Measure B and San Joaquin Valley Library System Technology Reserve expenditures.

Capital Assets: Capital assets, which include property, buildings, and equipment, are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of one year. Such assets are reported at historical cost or estimated historical cost if purchased or constructed.

Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized.

Depreciation on all assets is provided on the straight-line basis over the assets estimated useful lives. Buildings and improvements are depreciated over 15-40 years and furniture and equipment are depreciated over 7-10 years.

Compensated Absences: The District employees can earn vacation and sick leave with pay every year. The amount of vacation and sick leave earned is based on the years of continuous service. All vacation pay is accrued when incurred. This obligation is expected to be paid in future years from the available resources derived from the respective funds to which the employee services are rendered. The balance of compensated absences as of June 30, 2023 is \$43,120.

Pensions: In government-wide financial statements, pensions are recognized and disclosed using the accrual basis of accounting (see Note 6 and the RSI section immediately following the notes to financial statements), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The district recognizes a net pension liability of the qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, measured as of the District's fiscal year-end or the District's proportionate share thereof in the case of a cost sharing multiple-employer plan. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experiences are amortized over the weighted average remaining service life of all participants including retirees, in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they arose. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred. For purposes of measuring the net pension liability and deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District Public Employees' Retirement System (CalPERS) plan (the Plan) and additions to or deductions from the Plan's 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.

**COALINGA-HURON LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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

Leases: The District recognizes a lease liability and an intangible right-to-use asset (lease asset) in the government-wide financial statements. The District measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the lease term.

Fund Balance: The District's financial statements comply with the fund balance reporting requirements detailed in GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clear fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

As of June 30, 2023, fund balances of the governmental fund are classified as follows:

- *Non-spendable:* Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.
- *Restricted:* Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- *Committed:* Amounts that can be used only for specific purposes determined by a formal action of the governing board is the highest level of decision-making authority for the District, the Board of Trustees. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the governing board.
- *Assigned:* Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or director may assign amounts for specific purposes.
- *Unassigned:* All other spendable amounts.

When both restricted and unrestricted resources are available for use, it is the District's policy/practice to use restricted resources first, followed by the committed, assigned, and unassigned resources as they are needed.

**COALINGA-HURON LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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

Net Position: In the government-wide financial statements net position is categorized as follows:

- *Net Investment in Capital Assets:* This category groups all capital assets into one component of the net position. Accumulated depreciation and the outstanding balances of the debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance.
- *Restricted:* This category presents restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted:* All other net position is unrestricted.

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Subsequent Events: In compliance with accounting standards, management has evaluated events that have occurred after year-end to determine if these events are required to be disclosed in these financial statements. Management has determined that no events required disclosure in accordance with accounting standards. These subsequent events have been evaluated through April 29, 2024, which is the date the financial statements were available to be issued.

**COALINGA-HURON LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE 2 – CASH AND INVESTMENTS**

Cash and Investments consist of the following as of June 30, 2023:

	<u>Amount</u>
Cash and investments in County of Fresno Treasury	\$ 714,062
Cash and investments in banks	114,457
Cash on hand	250
Cash and investments in LAIF	5,837
Restricted cash and investments for:	
Measure B	3,152,223
San Joaquin Valley Library System Technology Reserve	<u>52,374</u>
Total Cash and Investments	<u><u>\$ 4,039,203</u></u>

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In general, the longer the maturity of an investment, the greater the sensitivity of its fair value to the changes in market interest rates.

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

<u>Investment Type</u>	<u>Remaining Maturity in Months</u>	
	<u>Amount</u>	<u>12 months or less</u>
Cash and investments in County Treasury	\$ 3,866,285	\$ 3,866,285
Cash and investments in LAIF	\$ 5,837	\$ 5,837

Credit Risk: Generally, credit risk is the risk that the 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. Presented below is the minimum rating required by the California Government Code Section 53601 (where applicable) and the actual rating as of year-end for each investment type. See the County of Fresno Annual Comprehensive Report for information on credit risk ratings. Credit risk ratings are not applicable for LAIF.

**COALINGA-HURON LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that in the events of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code Section 53652 requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit).

The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure government deposits by pledging first trust deed mortgage notes having a value of 15% of the secure public deposits.

Investment in County Pool: Investments held in the County of Fresno’s investment pool are available on demand and are stated at amortized cost which approximates fair value in the accompanying financial statements at amounts based upon the District’s pro-rata share of the fair value provided by the County of Fresno for the entire pool portfolio. The balance available for withdrawal is based on the accounting records maintained by the pool, which are recorded on an amortized cost basis. On a quarterly basis the Fresno County Treasury allocates interest to the participants based upon its average daily balance. The investment policies and associated risk factors applicable to the District are those of the County of Fresno. Required disclosure information regarding categorization of investments and the additional risk disclosures that include interest rate risk, credit risk, custodial credit risk, and concentration of credit risk, can be found in the County’s financial statements.

Fair Value Measurement: The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles per GASB Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District’s cash and investments in the county pool are stated at amortized cost and therefore, not included in the fair value hierarchy. The District’s cash and investments in the county pool are not subject to withdrawal restrictions. The District’s cash and investments with LAIF are at amortized cost value, and not subject to fair value measurement.

**COALINGA-HURON LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE 3 – CAPITAL ASSETS**

Changes in capital assets during the year ended June 30, 2023, were as follows:

	<u>6/30/2022</u>	<u>Additions</u>	<u>Disposals/ Adjustments</u>	<u>6/30/2023</u>
<b>Governmental activities</b>				
Capital assets not being depreciated:				
Land	\$ 18,000	\$ -	\$ -	\$ 18,000
Construction in progress	<u>-</u>	<u>33,425</u>	<u>-</u>	<u>33,425</u>
Total capital assets not being depreciated	<u>18,000</u>	<u>33,425</u>	<u>-</u>	<u>51,425</u>
Capital assets being depreciated:				
Buildings and improvements	5,214,851	-	-	5,214,851
Furniture and equipment	<u>331,757</u>	<u>-</u>	<u>-</u>	<u>331,757</u>
Total capital assets being depreciated	<u>5,546,608</u>	<u>-</u>	<u>-</u>	<u>5,546,608</u>
Less accumulated depreciation	<u>(1,213,763)</u>	<u>(130,402)</u>	<u>-</u>	<u>(1,344,165)</u>
Total capital assets being depreciated, net	<u>4,332,845</u>	<u>(130,402)</u>	<u>-</u>	<u>4,202,443</u>
Total Capital Assets, Net	<u><u>4,350,845</u></u>	<u><u>(96,977)</u></u>	<u><u>-</u></u>	<u><u>4,253,868</u></u>

Depreciation expense for the year ended June 30, 2023, was \$130,402.



**COALINGA-HURON LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE 4 – JOINT VENTURE**

The District participates in a joint venture under a joint powers agreement (JPA); the San Joaquin Valley Library System. The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes. The San Joaquin Valley Library System (SVJLS) arranges for technologically advanced materials and equipment for its members, all of which are library systems located within the San Joaquin Valley, California. SVJLS is governed by a board of directors consisting of representatives from member districts. The board controls the operations of SVJLS, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays amounts to the JPA commensurate with the level of participation required and shares surpluses and deficits proportionately to their participation in SVJLS.

**NOTE 5 – RESTATEMENT**

The following prior period adjustments were made to correct the beginning fund balance:

Beginning fund balance	\$ 3,584,859
Prior period adjustments	
Adjustment made to correct prepaid expenses	<u>(3,659)</u>
Beginning fund balance, as restated	<u>\$ 3,581,200</u>

**NOTE 6 – RETIREMENT PLAN**

Plan Description: All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost Sharing Multiple-Employer Plan (Plan) administered by the California Public Employee's Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all others). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The District sponsors one miscellaneous rate plan. Benefit provisions under the Plan are established by State statute and District 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.

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.

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis. The District's required contribution for the unfunded liability was \$90,413 for the year ended June 30, 2023.

**COALINGA-HURON LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE 6 – RETIREMENT PLAN (continued)**

Contributions: Section 20814(c) of the California Public Employee’s Retirement Law (PERL) requires that the employer rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the cost 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. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as a plan member contribution. The District’s contribution to the Plan for the last three years was as follows:

<u>Fiscal Year End</u>	<u>Contributions</u>
June 30, 2021	\$ 71,222
June 30, 2022	\$ 82,143
June 30, 2023	\$ 90,413

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions: As of June 30, 2023, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$331,189.

The District’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020, rolled forward to June 30, 2022, using standard update procedures. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District’s proportionate share of the net pension liability for the Plan as of June 30, 2023 and 2022 was as follows:

Proportion - June 30, 2023	0.01505%
Proportion - June 30, 2022	<u>0.01744%</u>
Change - Increase/(Decrease)	-0.00239%

**COALINGA-HURON LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE 6 – RETIREMENT PLAN (continued)**

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

For the year ended June 30, 2023, the District recognized pension expense of \$9,430. As of June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 96,952	\$ -
Differences between expected and actual experiences	14,147	9,475
Differences between employer's contributions and proportionate share of contributions	-	11,025
Change in employer's proportion	17,753	-
Changes of assumptions	72,184	-
Net differences between projected and actual earnings	<u>129,036</u>	<u>-</u>
Total	<u>\$ 330,072</u>	<u>\$ 20,500</u>

In the year ended June 30, 2024, \$96,952 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.

Other deferred outflows and inflows of resources related to pensions will be recognized as pension expenses as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 57,124
2025	49,181
2026	27,393
2027	<u>78,923</u>
Total	<u>\$ 212,621</u>

**COALINGA-HURON LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE 6 – RETIREMENT PLAN (continued)**

Actuarial Assumptions: The total pension liabilities in the June 30, 2021, actuarial valuations were determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the Requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	6.90%
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.
Post-retirement benefit increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies.

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

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 long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

**COALINGA-HURON LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 6 – RETIREMENT PLAN (continued)**

Discount Rate (continued):

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

Asset Class	New Strategic Allocation	Real Return Years 1-10 <sup>a,b</sup>
Global Equity - Cap-Weighted	30%	4.45%
Global Equity Non-Cap-Weighted	12	3.84
Private Equity	13	7.28
Treasury	5	0.27
Mortgage-Backed Securities	5	0.50
Investment Grade Corporates	10	1.56
High Yield	5	2.27
Emerging Market Debt	5	2.48
Private Debt	5	3.57
Real Assets	15	3.21
Leverage	(5)	(0.59)

<sup>a</sup> An expected inflation of 2.3% used for this period

<sup>b</sup> Figures are based on the 2021-22 Asset Liability Management study

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District’s proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Discount Rate -1%(5.9%)	Discount Rate 6.90%	Discount Rate +1%(7.9%)
Net Pension Liability	\$ 1,057,667	\$ 704,447	\$ 413,835

Pension Plan Fiduciary Net Position: Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

**COALINGA-HURON LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE 7 – ECONOMIC DEPENDENCY**

The District receives a substantial part of its tax revenue from a one-eighth of one percent (0.00125%) Measure B sales tax assessed within the District’s boundaries. This revenue is limited in use and may only be used for the expansion of services, plant and equipment maintenance, books and materials and capital assets. Total sales taxes collected for the year ended June 30, 2023, were \$648,892 which makes up 39% of total revenue. This tax will sunset, unless renewed, in March 2029. Any reduction in Measure B sales tax revenue will impact the District’s ability to perform services.

Additionally, the District receives a substantial part of its tax revenue from property taxes assessed within the District’s boundaries. Total property taxes collected for the year ended June 30, 2023, were \$840,061 which makes up 50% of total revenues. Any reduction in property tax revenues will impact the District’s ability to perform services.

**NOTE 8 – DEFICIENCY OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended June 30, 2023, expenditures exceeded appropriations as follows:

Expenditures	Amount
Salaries and wages	\$ 2,164
Communications	2,114
Insurance	329
Miscellaneous	8,577

**COALINGA-HURON LIBRARY DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**LAST TEN FISCAL YEARS\***

Measurement Date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
District's proportion of the net pension liability (asset)	0.01505%	0.01744%	0.01406%	0.01350%	0.01301%	0.01269%	0.01221%	0.01220%
District's proportionate share of the net pension liability (asset)	\$ 704,447	\$ 331,189	\$ 592,940	\$ 540,790	\$ 490,209	\$ 500,363	\$ 423,840	\$ 307,866
District's covered-employee payroll	\$ 520,118	\$ 484,344	\$ 474,561	\$ 441,971	\$ 456,147	\$ 402,925	\$ 398,299	\$ 389,954
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	135.44%	68.38%	124.94%	122.36%	107.47%	124.18%	106.41%	78.95%
Plan fiduciary net position as a percentage of the total pension liability (asset)	77.71%	73.53%	77.71%	77.73%	77.69%	75.39%	83.36%	90.13%

\*Data to be reported for the last 10 years. Additional years will be presented as data becomes available.

**COALINGA-HURON LIBRARY DISTRICT  
SCHEDULE OF PLAN CONTRIBUTIONS  
LAST TEN FISCAL YEARS\***

Measurement Date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Contractually Required Contributions (Actuarially determined contribution)	\$ 82,143	\$ 90,431	\$ 71,222	\$ 58,375	\$ 50,285	\$ 17,266	\$ 34,904	\$ 27,336
Actual contributions	<u>\$ 82,143</u>	<u>\$ 90,431</u>	<u>\$ 71,222</u>	<u>\$ 58,375</u>	<u>\$ 50,285</u>	<u>\$ 45,668</u>	<u>\$ 34,904</u>	<u>\$ 27,336</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (28,402)</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$520,118	\$484,344	\$474,561	\$441,971	\$456,147	\$402,925	\$398,299	\$389,954
Actual contributions as a percentage of the County's covered-employee payroll	15.79%	18.67%	15.01%	13.21%	11.02%	11.33%	8.76%	7.01%

\*Data to be reported for the last 10 years. Additional years will be presented as data becomes available.



**COALINGA-HURON LIBRARY DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE- BUDGET TO ACTUAL (GAAP)  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 584,795	\$ 584,795	\$ 700,391	\$ 115,596
Measure B sales tax	2,272,000	2,272,000	648,892	(1,623,108)
Special property tax assessment	79,000	79,000	139,670	60,670
Intergovernmental revenues	-	-	63,926	63,926
Charges for services	11,500	11,500	19,768	8,268
Contributions	1,000	1,000	7,778	6,778
Interest income	18,200	18,200	72,451	54,251
Other revenues	-	-	5,223	5,223
Total Revenues	<u>2,966,495</u>	<u>2,966,495</u>	<u>1,658,099</u>	<u>(1,308,396)</u>
<b>EXPENDITURES</b>				
Salaries and wages	525,000	525,000	527,164	(2,164)
Employee benefits and taxes	392,000	392,000	330,265	61,735
Legal and professional services	50,000	50,000	34,193	15,807
Repairs and maintenance	75,000	75,000	51,798	23,202
Books, publications and reference materials	151,250	151,250	107,297	43,953
Cataloging expense	4,000	4,000	3,823	177
Communications	5,000	5,000	7,114	(2,114)
Office supplies and postage	7,000	7,000	4,631	2,369
Insurance	17,000	17,000	17,329	(329)
Utilities	80,000	80,000	63,431	16,569
Travel and conference	4,000	4,000	3,700	300
Rents and leases	6,000	6,000	5,714	286
Training	4,000	4,000	3,312	688
Dues and subscriptions	13,000	13,000	11,016	1,984
Miscellaneous	-	-	8,577	(8,577)
Capital outlay	60,000	60,000	33,425	26,575
Total Expenditures	<u>1,393,250</u>	<u>1,393,250</u>	<u>1,212,789</u>	<u>180,461</u>
Net Change in Fund Balance	<u>\$ 1,573,245</u>	<u>\$ 1,573,245</u>	445,310	<u>(1,127,935)</u>
Fund Balance, Beginning of Year			<u>3,581,200</u>	
Fund Balance, End of Year			<u>\$ 4,026,510</u>	

*The accompanying notes are an integral part of the financial statements.*



Jaribu W. Nelson, CPA

P.O. Box 1105, Clovis, CA 93613 • Ph: (559) 286-7546 • Email: jaribu@cpa@gmail.com

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

To the Board of Directors  
Coalinga-Huron Library District

We have audited, 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, the financial statements of the governmental activities, the business-type activities and each major fund of the Coalinga-Huron 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, and have issued our report thereon dated April 29, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Coalinga-Huron Library 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Coalinga-Huron Library District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Jaribu W. Nelson, CPA*

April 29, 2024