ALTADENA LIBRARY DISTRICT

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

For the Fiscal Year Ended
June 30, 2021
(With Comparative Amounts as of June 30, 2020)

NIGRO & NIGRO PC

ALTADENA LIBRARY DISTRICT
For the Fiscal Year Ended June 30, 2021
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NIGRO & NIGRO PC

A Professional Accountancy Corporation

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Altadena Library District
Altadena, California

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities and general fund of Altadena Library District as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of Altadena Library District, as of June 30, 2021, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA

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Other Matters

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, schedule of changes in the District's total OPEB liability and related ratios, and the notes to the required supplementary information 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, 2020, 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 December 15, 2021, 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.

Nigro & Nigro, PC

Murrieta, California
December 15, 2021

Management's Discussion and Analysis (MD&A) offers readers of Altadena Library District's financial statements a narrative overview of the District's financial activities for the fiscal year ended June 30, 2021. 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 27.67%, or $311,210 from the prior year's net position of $1,124,703 as a result of this year's operations.
- Total revenues from all sources increased by 10.81%, or $423,314 from $3,915,077 to $4,338,391, from the prior year, primarily due to increased property tax, special assessment revenues, and operating grants and contributions.
- Total expenses for the District's operations increased by 3.54% or $137,851 from $3,889,330 to $4,027,181, from the prior year, primarily due to an increase in salaries and wages costs of $183,871 while benefits decreased by ($92,466).

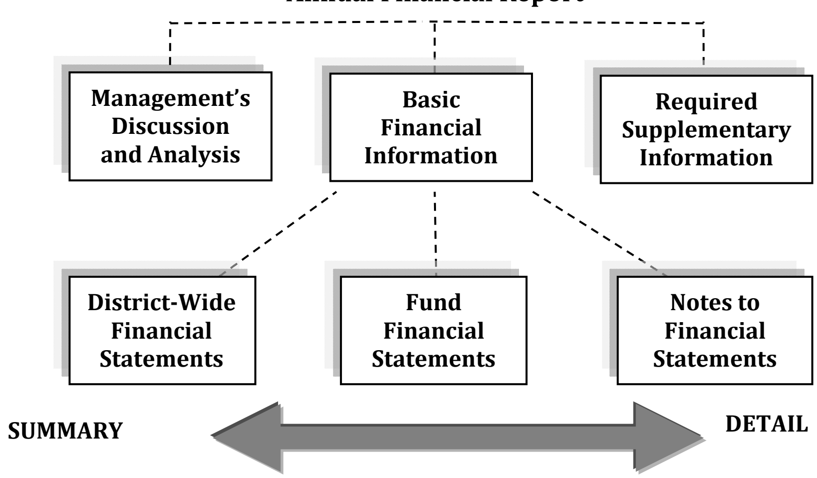
OVERVIEW OF THE FINANCIAL STATEMENTS

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 Altadena Library District's Annual Financial Report



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
Scope	Entire District	The activities of the District that are not proprietary or fiduciary, such as donations and library programs
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures & Changes in Fund Balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	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
Type of inflow/outflow information	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

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 granter requirements.

The District has one fund, the General Fund.

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION

Analysis of Net Position

Table A-1: Condensed Statement of Net Position

	June 30, 2021	June 30, 2020	Change
Assets:			
Current assets	$ 4,013,795	$ 3,815,072	$ 198,723
Capital assets, net	1,148,586	831,237	317,349
Total assets	5,162,381	4,646,309	516,072
Deferred outflows of resources	775,707	862,773	(87,066)
Liabilities:			
Current liabilities	284,277	212,208	72,069
Non-current liabilities	3,799,713	3,614,567	185,146
Total liabilities	4,083,990	3,826,775	257,215
Deferred inflows of resources	418,185	557,604	(139,419)
Net position:			
Investment in capital assets	1,148,586	831,237	317,349
Unrestricted	287,327	293,466	(6,139)
Total net position	$ 1,435,913	$ 1,124,703	$ 311,210

At the end of fiscal year 2021, the District shows a positive balance in its unrestricted net position of $287,327 that may be utilized in future years.

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (Continued)

Analysis of Revenues and Expenses

Table A-2: Condensed Statement of Activities

	June 30, 2021	June 30, 2020	Change
Program revenues	$ 1,398,004	$ 1,055,026	$ 342,978
Expenses	(4,027,181)	(3,889,330)	(137,851)
Net program expense	(2,629,177)	(2,834,304)	205,127
General revenues	2,940,387	2,860,051	80,336
Change in net position	311,210	25,747	285,463
Net position:			
Beginning of year	1,124,703	1,098,956	25,747
End of year	$ 1,435,913	$ 1,124,703	$ 311,210

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 of the District increased by $311,210 during the fiscal year ended June 30, 2021.

Table A-3: Total Revenues

	June 30, 2021	June 30, 2020	Increase (Decrease)
Program revenues:			
Special assessments	$ 880,024	$ 849,727	$ 30,297
Charges for services	19,429	98,789	(79,360)
Operating grants and contributions	498,551	106,510	392,041
Total program revenues	1,398,004	1,055,026	342,978
General revenues:			
Property taxes	2,880,202	2,742,000	138,202
Property taxes – redevelopment increment	51,723	47,029	4,694
Investment earnings and change in fair-value	(8,995)	53,883	(62,878)
Other revenues	17,457	17,139	318
Total general revenues	2,940,387	2,860,051	80,336
Total revenues	$ 4,338,391	$ 3,915,077	$ 423,314

- Total revenues from all sources increased by 10.81%, or $423,314 from $3,915,077 to $4,338,391, from the prior year, primarily due to increased property tax, special assessment revenues, and operating grants and contributions.

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (Continued)

Analysis of Revenues and Expenses (Continued)

Table A-4: Total Expenses

	June 30, 2021	June 30, 2020	(Decrease)
Expenses:			
Salaries and benefits	$ 2,071,237	$ 1,887,366	$ 183,871
Employee benefits	695,661	788,127	(92,466)
Materials and services	1,148,234	1,145,619	2,615
Depreciation expense	84,549	68,218	16,331
Loss on impairment of capital asset	27,500	-	27,500
Total expenses	$ 4,027,181	$ 3,889,330	$ 137,851

Total expenses for the District's operations increased by 3.54% or $137,851 from $3,889,330 to $4,027,181, from the prior year, primarily due to an increase in salaries and wages costs of $183,871 while employee benefits expenses decreased by ($92,466).

GOVERNMENTAL FUNDS FINANCIAL ANAYLSIS

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, 2021, the District reported a total fund balance of $3,745,491. An amount of $3,637,872 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 $14,175 more than actual. The variance is principally due to over budgeting capital outlay. Actual revenues were more than the anticipated budget by $132,791, mostly due to excess property tax and operating grants and contributions revenue.

CAPITAL ASSET ADMINISTRATION

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

	Balance June 30, 2021	Balance June 30, 2020	Increase (Decrease)
Capital assets:			
Non-depreciable assets	$ 152,280	$ 179,780	$ (27,500)
Depreciable assets	2,347,773	1,924,976	422,797
Accumulated depreciation	(1,351,467)	(1,273,519)	(77,948)
Total capital assets, net	$ 1,148,586	$ 831,237	$ 317,349

At the end of fiscal year 2021, the District's investment in capital assets amounted to $1,148,586 (net of accumulated depreciation). This investment in capital assets includes structures, improvements and equipment. Major capital asset additions during the year include various ongoing structural improvements of $42,244 and furniture and equipment totaling $387,154.

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 (626) 798-0833.

ALTADENA LIBRARY DISTRICT
Statement of Net Position
June 30, 2021
(With Comparative Amounts as of June 30, 2020)

ASSETS	2021	2020
Current assets:		
Cash and investments (Note 2)	$ 3,764,816	$ 3,571,503
Accrued interest receivable	5,281	9,114
Property taxes and assessments receivable	193,879	189,990
Accounts receivable – other	38,037	40,026
Prepaid items	11,782	4,439
Total current assets	4,013,795	3,815,072
Non-current assets:		
Capital assets – not being depreciated (Note 3)	152,280	179,780
Capital assets – being depreciated, net (Note 3)	996,306	651,457
Total non-current assets	1,148,586	831,237
Total assets	5,162,381	4,646,309
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts related to net pension liability (Note 5)	606,616	615,732
Deferred amounts related to net OPEB liability (Note 6)	169,091	247,041
Total deferred outflows of resources	775,707	862,773
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	162,438	177,060
Accrued salaries and benefits	105,866	13,537
Long-term liabilities – due in one year:		
Compensated absences (Note 4)	15,973	21,611
Total current liabilities	284,277	212,208
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 4)	79,864	86,446
Net pension liability (Note 5)	2,718,477	2,504,038
Net other post-employment benefits obligations (Note 6)	1,001,372	1,024,083
Total non-current liabilities	3,799,713	3,614,567
Total liabilities	4,083,990	3,826,775
DEFERRED INFLOWS OF RESOURCES		
Deferred amounts related to net pension liability (Note 5)	111,504	216,988
Deferred amounts related to net OPEB liability (Note 6)	306,681	340,616
Total deferred inflows of resources	418,185	557,604
NET POSITION		
Investment in capital assets	1,148,586	831,237
Unrestricted	287,327	293,466
Total net position	$ 1,435,913	$ 1,124,703

ALTADENA LIBRARY DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2021

(With Comparative Amounts for the Fiscal Year Ended June 30, 2020)

	Governmental Activities	
	2021	**2020**
Expenses:		
Library operations:		
Salaries and wages	$ 2,071,237	$ 1,887,366
Employee benefits	695,661	788,127
Materials and services	1,148,234	1,145,619
Depreciation expense (Note 3)	84,549	68,218
Loss on impairment of capital asset (Note 3)	27,500	-
Total expenses	4,027,181	3,889,330
Program revenues:		
Charges for services:		
Special assessments	880,024	849,727
Charges for services	19,429	98,789
Operating/capital grants and contributions	498,551	106,510
Total program revenues	1,398,004	1,055,026
Net program expense	(2,629,177)	(2,834,304)
General revenues:		
Property taxes	2,880,202	2,742,000
Property taxes – redevelopment increment	51,723	47,029
Investment earnings and change in fair-value	(8,995)	53,883
Other revenues	17,457	17,139
Total general revenues	2,940,387	2,860,051
Change in net position	311,210	25,747
Net position:		
Beginning of year	1,124,703	1,098,956
End of year	$ 1,435,913	$ 1,124,703

ALTADENA LIBRARY DISTRICT
Balance Sheet – Governmental Funds
June 30, 2021
(With Comparative Amounts as of June 30, 2020)

	General Fund	
ASSETS	**2021**	**2020**
Assets:		
Cash and investments	$ 3,764,816	$ 3,571,503
Accrued interest receivable	5,281	9,114
Property taxes and assessments receivable	193,879	189,990
Accounts receivable – other	38,037	40,026
Prepaid items	11,782	4,439
Total assets	$ 4,013,795	$ 3,815,072
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued expenses	$ 162,438	$ 177,060
Accrued salaries and benefits	105,866	13,537
Total liabilities	268,304	190,597
Fund balance: (Note 7)		
Nonspendable	11,782	4,439
Assigned	95,837	108,057
Unassigned	3,637,872	3,511,979
Total fund balance	3,745,491	3,624,475
Total liabilities and fund balance	$ 4,013,795	$ 3,815,072

ALTADENA LIBRARY DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2021
(With Comparative Amounts as of June 30, 2020)

	2021	2020
Fund Balances – Governmental Funds	$ 3,745,491	$ 3,624,475
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:	1,148,586	831,237
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.	775,707	862,773
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	(95,837)	(108,057)
Net other post-employment benefits obligations	(1,001,372)	(1,024,083)
Net pension liability	(2,718,477)	(2,504,038)
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.	(418,185)	(557,604)
Total adjustments	(2,309,578)	(2,499,772)
Net Position of Governmental Activities	$ 1,435,913	$ 1,124,703

ALTADENA LIBRARY DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2021
(With Comparative Amounts for the Fiscal Year Ended June 30, 2020)

	General Fund	
	2021	**2020**
Revenues:		
Property taxes	$ 2,880,202	$ 2,742,000
Property taxes – redevelopment increment	51,723	47,029
Special assessments	880,024	849,727
Charges for services	19,429	98,789
Operating/capital grants and contributions	498,551	106,510
Investment earnings and change in fair-value	(8,995)	53,883
Other revenues	17,457	17,139
Total revenues	4,338,391	3,915,077
Expenditures:		
Current:		
Salaries and wages	2,083,457	1,841,432
Employee benefits	556,286	551,804
Materials and services	1,148,234	1,145,619
Capital outlay	429,398	50,755
Total expenditures	4,217,375	3,589,610
Net change in fund balance	121,016	325,467
Fund balance:		
Beginning of year	3,624,475	3,299,008
End of year	$ 3,745,491	$ 3,624,475

ALTADENA 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, 2021
(With Comparative Amounts for the Fiscal Year Ended June 30, 2020)

	2021	2020
Net Change in Fund Balances – Governmental Funds	$ 121,016	$ 325,467
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	12,220	(45,934)
Change in net pension liability	(118,071)	(226,538)
Change in net other post-employment benefits obligations	(21,304)	(9,785)
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	429,398	50,755
Depreciation expense	(84,549)	(68,218)
Loss on impairment of capital asset	(27,500)	-
Total adjustments	190,194	(299,720)
Change in Net Position of Governmental Activities	$ 311,210	$ 25,747

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

The Altadena Library District (District) was formed on December 8, 1926, and operates under sections 19600 et seq., of the California Education Code. The main library is located at 600 E. Mariposa Street in Altadena. The branch library is located at 2659 Lincoln Avenue in Altadena and was re-opened in 1991. The District is administered by a five-member Board of Trustees.

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.

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.

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:

Description	Estimated Lives
Buildings	50 years
Building Improvements	20 years
Furniture and Equipment	5-7 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 at 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, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

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. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Other Post-Employment Retiree Benefits Plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. 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, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

8. 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.

9. 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.

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)

10. 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, 2021.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2021, consist of the following:

Description	Balance
Cash on hand	$ 850
Deposits held with financial institutions	1,024,831
Los Angeles County Pooled Investment Fund	2,739,135
Total cash and cash equivalents	$ 3,764,816

Demand Deposits
At June 30 2021, the carrying amount of the District's demand deposits were $1,024,831, and the financial institution's balance was $1,047,518. The net difference of $22,687 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.

Los Angeles County Pooled Investment Fund (LACPIF)
The District is a voluntary participant in the Los Angeles County Pooled Investment Fund (LACPIF)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 Los Angeles 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 Los Angeles Treasurer's Office – 225 N. Hill Street – Los Angeles, CA 90012 or the Treasurer and Tax Collector's office website at www.ttc.lacounty.gov.

LACPIF is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis and it is Not Rated under the current credit risk ratings format. For financial reporting purposes, the District considers the LACPIF a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2021, the District held $2,739,135 in LACPIF.

Credit Risk
Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of June 30, 2021, the District's investment in the LACPIF was rated by Standard & Poor's as AAAf/S1.

NOTE 2 – CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk
The District's investment policy contains no limitations on the amount that can be invested in any one governmental agency or non-governmental issuer beyond that stipulated by the California Government Code. There were no investments in any one governmental or non-governmental issuer that represented 5% or more of the District's total investments except for those in the LACPIF.

NOTE 3 – CAPITAL ASSETS

Changes in capital assets for the year were as follows:

Description	Balance July 1, 2020	Additions	Deletions/ Transfers	Balance June 30, 2021
Non-depreciable assets:				
Land	$ 77,280	$ -	$ -	$ 77,280
Artwork	102,500	-	(27,500)	75,000
Total non-depreciable assets	179,780	-	(27,500)	152,280
Depreciable assets:				
Library building	1,644,544	42,244	-	1,686,788
Branch building	77,933	-	-	77,933
Furniture and equipment	202,499	387,154	(6,601)	583,052
Total depreciable assets	1,924,976	429,398	(6,601)	2,347,773
Accumulated depreciation:				
Library building	(1,085,748)	(53,075)	-	(1,138,823)
Branch building	(77,933)	-	-	(77,933)
Furniture and equipment	(109,838)	(31,474)	6,601	(134,711)
Total accumulated depreciation	(1,273,519)	(84,549)	6,601	(1,351,467)
Total depreciable assets, net	651,457	344,849	-	996,306
Total capital assets, net	$ 831,237	$ 344,849	$ (27,500)	$ 1,148,586

In 2021, the District's artwork was appraised at $75,000 and the accounted for the valuation as a loss on impairment of capital assets of $27,500.

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, 2021 were as follows:

Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year	Due in More Than One Year
$ 108,057	$ 147,140	$ (159,360)	$ 95,837	$ 15,973	$ 79,864

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, 2021 is as follows:

Description	2021
Pension related deferred outflows	$ 606,616
Net pension liability	2,718,477
Pension related deferred inflows	111,504

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):

	Miscellaneous Plans		
	Classic Tier 1	Classic Tier 2	PEPRA Tier 2
Hire date	Prior to December 24, 2012	On or after December 24, 2012	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5-years of service	5-years of service	5-years of service
Benefits payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 67 & up	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	1.0% to 2.0%	1.0% to 2.0%	1.0% to 2.0%
Required member contribution rates	7.000%	6.915%	7.250%
Required employer contribution rates – FY 2020	10.868%	9.150%	7.072%

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, 2019 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, 2020 (Measurement Date), the following members were covered by the benefit terms:

	Miscellaneous Plans		
Plan Members	Classic Tier 1 & 2	PEPRA Tier 3	Total
Active members	3	18	21
Transferred and terminated members	14	10	24
Retired members and beneficiaries	26	-	26
Total plan members	43	28	71

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, 2021, were as follows:

	Miscellaneous Plans		
Contribution Type	Classic Tier 1 & 2	PEPRA Tier 3	Total
Contributions – employer	$ 192,322	$ 102,654	$ 294,976

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, 2019, 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, 2019, rolled forward to June 30, 2020, 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.

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, 2021:

Plan Type and Balance Descriptions	Plan Total Pension Liability	Plan Fiduciary Net Position	Change in Plan Net Pension Liability
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2019 (Measurement Date)	$ 9,544,209	$ 7,040,171	$ 2,504,038
Balance as of June 30, 2020 (Measurement Date)	$ 9,602,122	$ 6,883,646	$ 2,718,476
Change in Plan Net Pension Liability	$ 57,913	$ (156,525)	$ 214,438

The District's proportionate share percentage of the net pension liability for the June 30, 2020, measurement date was as follows:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2021	Fiscal Year Ending June 30, 2020	Change Increase/ (Decrease)
Measurement Date	June 30, 2019	June 30, 2019	
Percentage of Risk Pool Net Pension Liability	0.064448%	0.062531%	0.001917%
Percentage of Plan (PERF C) Net Pension Liability	0.024985%	0.024437%	0.000548%

For the fiscal year ended June 30, 2021, the District recognized pension expense of $413,045. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made after the measurement date	$ 294,976	$ -
Difference between actual and proportionate share of employer contributions	-	(92,114)
Adjustment due to differences in proportions	90,792	-
Differences between expected and actual experience	140,091	-
Differences between projected and actual earnings on pension plan investments	80,757	-
Changes in assumptions	-	(19,389)
Total Deferred Outflows/(Inflows) of Resources	$ 606,616	$ (111,503)

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 $570,560 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, 2021. 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:

Amortization Period Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2022	$ 23,096
2023	75,777
2024	62,529
2025	38,735
Total	$ 200,137

Actuarial Methods and Assumptions Used to Determine Total Pension Liability
For the measurement period ending June 30, 2020 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2019, total pension liability. The June 30, 2020, 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

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.

Investment Type[1]	New Strategic Allocation	Real Return Years 1 - 10[2]	Real Return Years 11+[3]
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%
	100.0%		

[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.

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 - 1% 6.15%	**Current Discount Rate 7.15%**	**Discount Rate + 1% 8.15%**
3,996,285	$ 2,718,476	$ 1,662,664

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, 2021, the District reported no payables for outstanding contributions to the CalPERS pension plan required for the year ended June 30, 2021.

NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS

A. General Information about the OPEB Plan

Summary
A summary of the District's OPEB plan deferred outflows/inflows and net pension liability account balances for the fiscal year ending June 30, 2021 is as follows:

Description	2021
OPEB related deferred outflows	$ 169,091
Net other post-employment benefits obligation	1,001,372
OPEB related deferred inflows	306,681

Plan description
The District provides Other Post-Employment Benefits (OPEB) to employees who retire from the District and meet certain eligibility requirements. The plan is considered a single-employer plan for purposes of GASB 75. Spouses and surviving spouses are also eligible to receive benefits. Retirees may enroll in any plan available through the District's CalPERS medical. The contribution requirements of Plan members and the District are established and may be amended by the District's Board of Trustees.

Benefits provided
Medical coverage is currently provided through CalPERS as permitted under the Public Employees' Medical and Hospital Care Act (PEMHCA). This coverage requires the employee to satisfy the requirements for retirement under CalPERS: either (a) attainment of age 50 (age 52, if a miscellaneous employee new to PERS on or after January 1, 2013) with 5 years of State or public agency service or (b) an approved disability retirement.

The employee must begin his or her retirement benefit within 120 days of terminating employment with the District to be eligible to continue medical coverage through the District and be entitled to the benefits described below. If an eligible employee is not already enrolled in the medical plan, he or she may enroll within 60 days of retirement, during any future open enrollment period or with a qualifying life event. In other words, it is the timing of initiating retirement benefits and not timing of enrollment in the medical program which determines whether or not the retiree qualifies for lifetime medical coverage and any benefits defined in the PEMHCA resolution. Once eligible, coverage may be Continued at the retiree's option for his or her lifetime. A surviving spouse and other eligible dependents may also continue coverage.

As a PEMHCA employer, the District is obligated to contribute toward the cost of retiree medical coverage for the retiree's lifetime or until coverage is discontinued. The current PEMHCA resolution provides for the District to contribute up to $500 per month toward medical premiums for active employees or retirees and/or their eligible dependents. If the retiree's spouse has coverage and survives the retiree, the contribution continues to the surviving spouse provided he or she is entitled to survivor benefits under the retirement plan.

NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

A. General Information about the OPEB Plan (Continued)

Employees covered by benefit terms
At June 30, 2020 (Measurement Date), the following employees were covered by the benefit terms:

	2020
Inactive plan members or beneficiaries currently receiving benefit payments	14
Inactive plan members entitled to but not yet receiving benefit payments	1
Active plan members	19
Total	34

B. Total OPEB Liability

The District's total OPEB liability of $1,001,372 for the District Plan as measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs
The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry age normal, level percentage of payroll
Asset Valuation Method	Market value of assets as of the measurement date
Actuarial Assumptions:	
Discount Rate	
Long-Term Expected	
Rate of Return on Investments	5.70%
Inflation	2.50%
Payroll increases	3.00%
Healthcare Trend Rates	5.40% to 4.00%
Morbidity	CalPERS 2017 Study
Mortality	CalPERS 2017 Study
Disability	Not valued
Retirement	CalPERS Public Agency Miscellaneous
	2.0% @55, 2.0%@60 and 2.0% @62
Percent Married	25% of participants are married

NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Total OPEB Liability (Continued)

District Plan
The discount rate is 5.70 percent based upon the expected return on assets.

At the time the June 2019 valuation was prepared, CalPERS determined and published expected returns shown below for CERBT Asset Allocation Strategy 3 using a building-block method and best-estimate ranges of expected future real rates of return for each major asset class (expected returns, net of OPEB plan investment expense and inflation). These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Using the District's projected benefit cash flows and the rates of return shown below, a long-term expected return of 6.3% was determined; however, the District must use the 5.7% for the assumed trust rate of return and discount rate for the actuarial study. Expected asset returns were updated and published by CalPERS for October 1, 2019 and beyond and the expected allocation were as follows:

Asset Class	Target Allocation	LTERR
Global Equities	22%	6.80%
Fixed Income	49%	3.10%
REITs	8%	5.50%
TIPS	16%	2.25%
Commodities	5%	3.50%
Total	100%	

C. Changes in the Total OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at July 1, 2020 (Measurement date July 1, 2019)	$ 1,603,724	$ 579,641	$ 1,024,083
Changes for the year:			
Service cost	79,654	-	79,654
Interest	91,867	-	91,867
Change in assumptions	(29,561)	-	(29,561)
Net investment income	-	36,839	(36,839)
Employer contributions	-	128,120	(128,120)
Benefit payments	(68,120)	(68,120)	-
Administrative expense	-	(288)	288
Net changes	73,840	96,551	(22,711)
Balance at June 30, 2021 (Measurement date June 30, 2020)	$ 1,677,564	$ 676,192	$ 1,001,372

NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

C. Changes in the Total OPEB Liability (Continued)

Sensitivity of the total OPEB liability to changes in the discount rate
The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

1% Decrease 4.70%	Discount Rate 5.70%	1% Increase 6.70%
$ 1,246,570	$ 1,001,372	$ 804,022

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates
The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

1% Decrease 4.4%	Healthcare Cost Trend Rates 5.4%	1% Increase 6.4%
$ 773,326	$ 1,001,371	$ 1,291,754

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the District recognized OPEB expense of $100,006. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions made after the measurement date	$ 78,701	$ -
Changes in assumptions	89,611	(24,999)
Differences between expected and actual experience	-	(281,682)
Differences between projected and actual earnings on OPEB plan investments	778	-
Total Deferred Outflows/(Inflows) of Resources	$ 169,090	$ (306,681)

NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the District reported $78,701 of deferred outflows of resources for employer contributions made subsequent to the measurement date which will be used to reduce the net OPEB liability balance in the coming year. Amortization of the ($216,292) of remaining deferred outflows/(inflows) of resources, net related to the net OPEB obligation is as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2022	$ (37,064)
2023	(38,892)
2024	(41,053)
2025	(43,877)
2026	(51,299)
Thereafter	(4,107)
Total	$ (216,292)

NOTE 7 – FUND BALANCES

At June 30, 2021, fund balances of the District's governmental funds were classified as follows:

Description	Balance
Nonspendable:	
Prepaid items	$ 11,782
Assigned:	
Compensated absences	95,837
Unassigned:	
Unassigned	3,637,872
Total net investment in capital assets	$ 3,745,491

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.

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

	June 30, 2020
Statement of net position:	
Total assets	$ 130,676,871
Deferred outflows	595,599
Total liabilities	70,083,643
Deferred inflows	246,193
Net position	$ 60,942,634
Statement of revenues, expenses and changes in net position:	
Total revenues	$ 82,459,850
Total expenses	(77,881,779)
Change in net position	4,578,071
Beginning – net position	56,364,563
Ending – net position	$ 60,942,634

G. Member agencies share of year-end financial position Not Calculated

At June 30, 2021, the District participated in the liability and property programs of the SDRMA as follows:

- General and auto liability, public officials and employees' errors and omissions: 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 $800 million 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 $500,000 each occurrence, with an annual aggregate of $500,000 per each elected/appointed official to which this coverage applies, subject to the terms, 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 2021, 2020, and 2019. 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, 2021, 2020, and 2019.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

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

Litigation
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 December 15, 2021, the date which the financial statements were available to be issued.

Required Supplementary Information

ALTADENA LIBRARY DISTRICT

Budgetary Comparison Schedule – General Fund

For the Fiscal Year Ended June 30, 2021

	Adopted Original Budget	Revised Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property taxes	$ 2,688,200	$ 2,816,200	$ 2,931,925	$ 115,725
Special assessments	846,400	875,400	880,024	4,624
Charges for services	103,500	28,000	19,429	(8,571)
Operating grants and contributions	53,000	427,000	498,551	71,551
Investment earnings and change in fair-value	21,400	6,000	(8,995)	(14,995)
Other revenues	47,000	53,000	17,457	(35,543)
Total revenues	3,759,500	4,205,600	4,338,391	132,791
Expenditures:				
Current:				
Salaries and wages	2,038,000	2,098,000	2,083,457	14,543
Employee benefits	622,550	565,350	556,286	9,064
Materials and services	1,173,500	1,107,200	1,148,234	(41,034)
Capital outlay	120,000	461,000	429,398	31,602
Total expenditures	3,954,050	4,231,550	4,217,375	14,175
Net change in fund balance	$ (194,550)	$ (25,950)	121,016	$ 146,966
Fund balance:				
Beginning of year			3,624,475	
End of year			$ 3,745,491	

ALTADENA LIBRARY DISTRICT

Schedule of Proportionate Share of the Net Pension Liability
For the Fiscal Year Ended June 30, 2021

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 Payroll	Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability
June 30, 2014	0.022681%	$ 1,411,297	$ 1,173,208	120.29%	83.03%
June 30, 2015	0.021385%	1,467,863	1,025,728	143.10%	82.04%
June 30, 2016	0.022722%	2,866,172	1,186,696	241.53%	66.27%
June 30, 2017	0.023216%	2,302,407	1,126,039	204.47%	75.05%
June 30, 2018	0.023696%	2,283,423	1,164,987	196.00%	75.24%
June 30, 2019	0.024437%	2,504,038	1,089,459	229.84%	73.76%
June 30, 2020	0.024985%	2,718,476	1,359,171	200.01%	71.69%

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.

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

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	$ 178,455	$ (178,455)	$ -	$ 1,025,728	17.40%
June 30, 2016	205,245	(205,245)	-	1,186,696	17.30%
June 30, 2017	231,319	(231,319)	-	1,126,039	20.54%
June 30, 2018	248,384	(248,384)	-	1,164,987	21.32%
June 30, 2019	277,852	(277,852)	-	1,089,459	25.50%
June 30, 2020	307,552	(307,552)	-	1,359,171	22.63%
June 30, 2021	393,129	(393,129)	-	1,508,292	26.06%

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%

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 seven years are shown.

ALTADENA LIBRARY DISTRICT

Schedule of Changes in the District's Net OPEB Liability and Related Ratios

For the Fiscal Year Ended June 30, 2021

Last Ten Fiscal Years*

Fiscal Year Ended	**June 30, 2021**	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**
Measurement Date	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**	**June 30, 2017**
Total OPEB liability:				
Service cost	$ 79,654	$ 93,540	$ 85,458	$ 82,767
Interest	91,687	108,531	104,602	97,819
Changes in assumptions	(29,561)	(282,036)	25,309	-
Differences between expected and actual experience	-	-	-	-
Benefit payments	(68,120)	(82,905)	(73,922)	(75,542)
Net change in total OPEB liability	73,660	(162,870)	141,447	105,044
Total OPEB liability - beginning	1,603,724	1,766,594	1,625,147	1,520,103
Total OPEB liability - ending	1,677,384	1,603,724	1,766,594	1,625,147
Plan fiduciary net position:				
Contributions - employer	128,120	141,905	-	215,546
Net investment income	36,839	35,124	25,154	18,767
Administrative expense	(288)	(105)	(987)	(224)
Benefit payments	(68,120)	(82,905)	(73,922)	(75,542)
Net change in plan fiduciary net position	96,551	94,019	(49,755)	158,547
Plan fiduciary net position - beginning	579,641	485,622	535,377	376,830
Plan fiduciary net position - ending	676,192	579,641	485,622	535,377
District's net OPEB liability	$ 1,001,192	$ 1,024,083	$ 1,280,972	$ 1,089,770
Plan fiduciary net position as a percentage of the total OPEB liability	40.31%	36.14%	27.49%	32.94%
Covered-employee payroll	$ 1,492,733	$ 1,268,278	$ 1,387,550	$ 1,164,987
District's net OPEB liability as a percentage of covered-employee payroll	67.07%	80.75%	92.32%	93.54%

Notes to Schedule:

Benefit Changes:

Measurement Date June 30, 2017 – There were no changes of benefits terms
Measurement Date June 30, 2018 – There were no changes of benefits terms
Measurement Date June 30, 2019 – There were no changes of benefits terms
Measurement Date June 30, 2020 – There were no changes of benefits terms

Changes in Assumptions:

Measurement Date June 30, 2017 – There were no changes in assumptions
Measurement Date June 30, 2018 – There were no changes in assumptions
Measurement Date June 30, 2019 – There were no changes in assumptions except change in discount rate
Measurement Date June 30, 2020 – There were no changes in assumptions

* Fiscal year 2018 was the first year of implementation; therefore, only four years are shown.

ALTADENA LIBRARY DISTRICT

Schedule of OPEB Contributions

For the Fiscal Year Ended June 30, 2021

Last Ten Fiscal Years*

Fiscal Year Ended	**June 30, 2021**	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**
Actuarially determined contribution	$ 151,196	$ 146,104	$ 167,539	$ 102,875
Contributions in relation to the actuarially determined contributions	(78,701)	(128,120)	(141,905)	-
Contribution deficiency (excess)	$ 72,495	$ 17,984	$ 25,634	$ 102,875
Covered payroll	$ 1,537,515	$ 1,492,733	$ 1,268,278	$ 1,387,550
Contributions as a percentage of covered payroll	5.12%	8.58%	11.19%	0.00%

Notes to Schedule:

Valuation Date	June 30, 2019	June 30, 2019	June 30, 2017	June 30, 2017
Methods and Assumptions Used to Determine Contribution Rates:				
Actuarial cost method Entry age normal	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method Closed period, level percent of pay	(1)	(1)	(1)	(1)
Amortization period	30-years	30-years	30-years	30-years
Asset valuation method	Market Value	Market Value	Market Value	Market Value
Investment rate of return	5.70%	5.70%	6.25%	6.25%
Inflation	2.50%	2.50%	2.75%	2.75%
Payroll increases	3.00%	3.00%	3.25%	3.25%
Mortality	(2)	(2)	(3)	(3)
Morbidity	Not Valued	Not Valued	Not Valued	Not Valued
Disability	Not Valued	Not Valued	Not Valued	Not Valued
Retirement	(4)	(4)	(4)	(4)
Percent Married - Spouse Support	25%	25%	25%	25%
Healthcare trend rates	5.4% to 4.0%	5.4% to 4.0%	4.00%	4.00%

(1) Closed period, level percent of pay
(3) CalPERS 2017 Experience Study
(3) CalPERS 2014 Experience Study
(4) CalPERS Public Agency Miscellaneous 2.0% @55, 2.0%@60 and 2.0% @62

* Fiscal year 2018 was the first year of implementation; therefore, only four years are shown.

Other Independent Auditors' Report

A Professional Accountancy Corporation

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
Altadena Library District
Altadena, 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 Altadena Library District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Altadena Library District's basic financial statements, and have issued our report thereon dated December 15, 2021.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered Altadena Library 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 Altadena Library District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Altadena Library 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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA

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Compliance and Other Matters
As part of obtaining reasonable assurance about whether Altadena Library 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*.

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.

Nigro & Nigro, PC

Murrieta, California
December 15, 2021