

Jeanette Contreras

From: Marisa Timothy [mtimothy@placentialibrary.org]
Sent: Monday, December 21, 2009 3:31 PM
To: 'Jeanette Contreras'
Subject: FW: Blood Drive

Jeanette,

Please let me know if this request will be presented to the Board in January. Thank You.

Happy Holidays,
Marisa Timothy
Administrative Assistant
Placentia Library District
411 E. Chapman Avenue
Placentia, CA 92870
714/528-1906, ext.200
714/579-1082 fax

-----Original Message-----

From: RamirezMig@usa.redcross.org [mailto:RamirezMig@usa.redcross.org]
Sent: Friday, December 18, 2009 11:20 AM
To: mtimothy@placentialibrary.org
Subject: Blood Drive

Hi Marissa,

Good Morning.

We are currently facing our critical time period in which blood collections decrease and every pint of blood collected becomes more and more valuable. The shortages in the blood supply can affect people and therefore sponsoring blood drives is key in making sure we maintain an adequate blood supply.

I would like to request from your board that we waive the fees to use the Meeting Rooms for a life saving blood drive. The blood collected will go toward your local hospital, St. Jude Medical Center and help the community blood supply over all. We've had blood drives in the past there and they have been very successful so the time and energy to do this will be well worth it.

Times are tough for everybody, including the American Red Cross, and unfortunately, the Non-Profit fee is too much currently to pay to hold a blood drive. ←

We would utilize the Meeting Rooms for a total of 10 hours, which includes 2 hours of set up, 6 hours of blood drive time, and 2 hours of breakdown.

We currently have some options to run in the critical time period of Wednesday, December 30th. Please let me know if you can please help!

Thank You and have a great weekend!

Please let me know if you have any questions.

1/25/10 Bd Mtg.

SICK LEAVE POLICY COMPARISONS

	Placentia	Anaheim	Arcadia	Buena Park	County of Orange	Fullerton	Huntington Beach	Orange (City)	Palos Verdes	Santa Ana
Eligibility (PLD 2040.1)	FTE 30 Hr. PTE 20 Hr. PTE	FTE PTE (Customer Service, does not include library positions, UNPAID leave)	FTE PTE working 40+hrs. / pay period	FTE	FTE LTE (Limited Term Employees)	FTE	FTE PTE	FTE PTE	FTE PTE	FTE 30 Hr. PTE
Accumulation (PLD 2040.3)	FTE - 8 hrs./mo. PTE - pro-rata max 800 hrs.	3 hrs./ biweekly Min. amount of sick leave taken- 1/2 hr. Max 175 hrs./yr.	3,693 hrs./ pay period - max 2,000 hrs.	8 hrs./mo. Max. 48 hrs/yr.	1) 5 hrs. and 51 minutes/ 80 hr. pay period (approx. 152 hrs./ yr.) 2) After 6,240 hrs. paid (approx. 3 yrs.), employees shall earn 8 hrs. and 19 minutes of annual leave / 80 hrs. pay period (approx. 216 hrs./ yr.) 3) 10+ yrs. 9 hrs. and 51 minutes (approx. 256 hrs./yr.) LTE - Pro-rata	3.69 hrs./pay period	Vacation, Sick, Personal 1-4 yrs. - FTE - 176 hrs.; 30hr. - 132 hrs.; 20hr. - 88 hrs. 5-9 yrs. - FTE - 200 hrs.; 30hr. - 150 hrs.; 20hr. - 100 hrs. 10-14 yrs. - FTE - 224 hrs.; 30hr. - 168 hrs.; 20hr. - 112 hrs. 15+yrs. - FTE - 256 hrs.; 30hr. - 192 hrs.; 20hr. - 128 hrs.	FTE - 8 hrs./mo.; 96 hrs./yr.; Min. amount of sick leave taken - 1/4 hr. Max. 960 hrs. PTE - Pro-rata	FTE - 8 hrs./mo. 96/yr. PTE - 4 hrs./mo; 48 hrs./yr.	FTE - 8 hrs./mo. PTE - 6 hrs/mo.; 72 hrs./yr. Max. 200 hrs.

	Placentia	Anaheim	Arcadia	Buena Park	County of Orange	Fullerton	Huntington Beach	Orange (City)	Palos Verdes	Santa Ana
Payoff / Buyback (PLD 2040)	10 yrs. - 25% 15 yrs. - 37.5% 20 yrs. - 50% max. 800 hrs.	FTE yrs. - 25%	10 None	None	40 hrs./FY LT 3 yrs. - 160 hrs. 3-10 yrs. - 240 hrs. 10+ yrs. - 1,600 hrs. (320 hrs. 100%; balance 2% for each year of service, max. 50%)	Death or Retirement -- 55% of unused SL will be paid Separation after 10 yrs. -- 50% of unused SL will be paid in excess of 960 hrs.	25% -- 480-720 hrs. 50% - 720+ hrs. max. 640 hrs.	Death - 100% to deceased employee's beneficiary Retirement - 25% (481-720 hrs.) & 50% (721+ hrs.)	100% for unused vacation only.	10+ yrs. - 1/3 of total sick leave, NTE 53.33 eight hr. working days (427 hrs.)
Incentive Program (PLD 2040.11)	Non-exempt FTE - 4 hrs. of vacation every quarter for no use of sick leave PTE - Pro-rata	None	None	None	None	None	None	None	None	None
Conversion (PLD 2040.12)	800+ hrs. - exchange 2 sick days for one vacation day; PTE - pro-rata Requests submission -- June 1st & December 1st.	Max. - 175 hrs./yr.	Max. - 2,000 hrs.	Max. 48 hrs./yr.	Unlimited	FTE hired on or before June 29, 1996. Up to 50% to vacation credit or up to 50% to cash to be paid at the employee's base salary rate.	Up to 120 hrs./FY -- twice a year	0-27 hrs. sick usage/yr. - conversion to 30 hrs. 27.25 - 36 hrs. sick usage/yr. - conversion of 20 hrs. Must have minimum balance of 180 sick hrs. after conversion	FTE 0 - 32 hrs. 1 - 16 - 16hrs. 17-32 - 8 hrs. 32+ - 0 hrs. PTE 0 - 16 hrs. .5 - 8 - 8 hrs. 8.5 - 16 - 4 hrs. 16+ - 0	N/A

	Placentia	Anaheim	Arcadia	Buena Park	County of Orange	Fullerton	Huntington Beach	Orange (City)	Palos Verdes	Santa Ana
Pregnancy (PLD 2040.13)	Disability leave California FMLA	Disability leave California FMLA	Disability leave California FMLA	N/A	N/A	N/A	Disability leave California FMLA	Disability leave California FMLA	Disability leave California FMLA	Disability leave California FMLA
FMLA (PLD 2040.14)	Yes	Yes	Yes	N/A	Yes	Yes	Yes	Yes	Yes	Yes
Other	None	None	None	Kin Care Employees can use up to one-half of their yearly sick leave accrual to attend of a child, parent, spouse, registered domestic partner, or registered domestic partner's child who is ill.	Absence for personal emergencies NTE 30 hrs. during the fiscal year.	Only use 48 hrs./yr. to care for family members (spouse, parents, children, stepchildren, brother, sister, mother-in-law, father-in-law) Catastrophic Leave	None	Personal Leave	FTE - 48 hrs. to care for employee's immediate family (spouse, domestic partner, children, parent, grandparent, grandchildren, legal dependent domestic partner, sister, and brother). PTE - up to 24 hrs.	FTE - 48 hrs. to care for employee's immediate family (spouse, domestic partner, children, parent, grandparent, grandchildren, legal dependent domestic partner, sister, and brother). PTE - up to 36 hrs.

The Honorable Board of Trustees of
the Placentia Library District

**Independent Accountant's Report on Agreed-Upon Procedures
Applied to Appropriations Limit Worksheets**

We have performed the procedures enumerated below to the accompanying Appropriations Limit worksheet No. 6 of the Placentia Library District (District) for the year ended June 30, 2009. These procedures, which were agreed to by the District and the League of California Cities (as presented in the League publication entitled *Article XIII B Appropriations Limitation Uniform Guidelines*), were performed solely to assist the District in meeting the requirements of Section 1.5 of Article XIII B of the California Constitution. The District's management is responsible for the Appropriations Limit worksheet No. 6. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and our findings were as follows:

1. We obtained the completed worksheets No. 1 through No. 7 (or other alternative computation) and compared the limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the Board of Trustees. We also compared the population and inflation options included in the aforementioned worksheets to those that were selected by a recorded vote of the Board of Trustees.

Finding: We noted that the limit was not adopted prior to the beginning of the year.

2. For the accompanying Appropriations Limit worksheet No. 6, we added line A, last year's limit, to line E, total adjustments, and compared the resulting amount to line F, this year's limit.

Finding: We noted in the prior year that the limit adopted was overstated by \$22,023 and no adjustment was made in the current year to correct the overstatement. Therefore, the current year limit adopted is overstated by \$22,023.

3. We compared the current year information presented in the accompanying Appropriations Limit worksheet No. 6 to the other worksheets described in No. 1 above.

Finding: No exceptions were noted as a result of this procedure.

4. We compared the prior year appropriations limit presented in the accompanying Appropriations Limit worksheet No. 6 to the prior year appropriations limit adopted by the Board of Trustees during the prior year.

Finding: No exceptions were noted as a result of this procedure.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit worksheet No. 6. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriation limit for the base year, as defined by Article XIIB of the California Constitution.

This report is intended solely for the information and use of the Board of Trustees and management of the Placentia Library District and is not intended to be and should not be used by anyone other than these specified parties.

Certified Public Accountants
Newport Beach, California

January 22, 2010

PLACENTIA LIBRARY DISTRICT
 APPROPRIATIONS LIMIT WORKSHEET NO. 6
 FY 2008 - 2009
 BUDGET

	AMOUNT
A. LAST YEAR'S LIMIT	\$3,326,242
B. ADJUSTMENT FACTORS	
1. Population %	0.72%
2. Inflation %	4.29%
Total Adjustment %	5.04%
C. ANNUAL ADJUSTMENT \$	\$167,673
D. OTHER ADJUSTMENTS:	
Assumed Responsibility - Booking Fees	
Property Tax Collections	
(Lost Responsibility)	
(Transfer to Private)	
(Transfer to Fees)	
Sub-total	(22,023)
E. TOTAL ADJUSTMENTS	\$145,650
F. CURRENT YEAR LIMIT	\$3,471,892



To the Board of Trustees
of the Placentia Library District

We have audited the financial statements of the governmental activities and the major fund of the Placentia Library District (the District) as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 22, 2010. In planning and performing our audit, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies have been identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

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 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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the District's internal control to be a significant deficiency.

BANK RECONCILIATION

Comment and Recommendation:

As part of our testwork relating to bank reconciliations we noted that the bank reconciliations for the period ended June 30, 2009 were not properly reconciled for the Payroll Check and General Fund checking accounts. We noted an electronic deposit from the County of Orange in the amount of \$43,000 posted by the bank on June 26, 2009 was not included in the District's general ledger for the Payroll checking account as of June 30. We further noted that a transfer of \$10,000 processed and posted by

the bank on July 14, 2009 was incorrectly included in the general ledger and as a reconciling item in the General Fund checking account. We recommend that during the preparation of future bank reconciliations, the District ensure that reconciled cash per the bank reconciliation agrees to the cash per the general ledger and variances are immediately reviewed and resolved.

Management's Response:

Management agrees with the auditor's recommendations and will make appropriate changes to assure that bank reconciliations are properly performed and the Library Director will review the reconciliations monthly.

The District's response to the comment identified in our audit is described above. We did not audit the District's response, and, accordingly, we express no opinion on it.

We noted other less significant matters in internal control over financial reporting as reported below.

CASH AND INVESTMENTS

Comment/Recommendation:

During our cash testwork we noted that the District did not record interest earned on a Certificate of Deposit during the year ended June 30, 2009, in the amount of \$2,449. We recommend that the District record all interest income for the year in order to properly reflect the value of investments at year end.

INVESTMENT REPORT

Comment/Recommendation:

During our investment testwork we noted that the District did not prepare an Investment Report as of June 30, 2009. We recommend that the District annually prepare an Investment Report as of June 30 to properly report the investment values to the Board at year end.

This communication is intended solely for the information and use of the Board of Trustees and management of the Placentia Library District, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to express our appreciation for the courtesy and assistance extended to us during our audit by all of your staff.

We would be pleased to discuss with you at your convenience the matters contained in this letter or any other matters which you would like to discuss.

Certified Public Accountant
Newport Beach, California

To the Board of Trustees
Of the Placentia Library District
Page 2

January 22, 2010

The Honorable Board of Trustees of
the Placentia Library District

We have audited the financial statements of the governmental activities and the major fund of the Placentia Library District (District) for the year ended June 30, 2009 which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 22, 2010. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated August 4, 2009, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in documents containing the District's financial statements and our report thereon does not extend beyond financial information identified in our report, and we have no obligation to perform any procedures to corroborate other information contained in these documents. We have, however, read the other information included in the District's basic financial statements; and no matters came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or its manner of presentation, appearing in the financial statements.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will communicate our significant findings at the conclusion of the audit.

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on November 24, 2009.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred, except for the property tax accrual discussed in Note 4 to the financial statements.

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

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

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No such adjustments were identified during the audit.

Disagreements With Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 22, 2010.

Management Consultation with Other Independent Accountants

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

Other Audit Findings or Issues

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

This information is intended solely for the information and use of the Board of Trustees and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Certified Public Accountants
Newport Beach, California

January 22, 2010

PLACENTIA LIBRARY DISTRICT

**Independent Auditor's Report and
Annual Financial Statements**

For the Year Ended June 30, 2009

PLACENTIA LIBRARY DISTRICT

Annual Financial Report

June 30, 2009

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The Honorable Board of Trustees of
the Placentia Library District

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities and the major fund of the Placentia Library District (District) as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District as of June 30, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and other required supplementary information identified in the accompanying table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Certified Public Accountants
Newport Beach, California

January 22, 2010

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PLACENTIA LIBRARY DISTRICT
Management's Discussion and Analysis
June 30, 2009

As management of the Placentia Library District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with the District's basic financial statements, which can be found on pages 12 to 29 of this report.

Financial Highlights

- 📖 The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$2,617,723 (*net assets*). Of this amount, \$1,618,020 (*unrestricted net assets*) may be used to meet the District's ongoing obligations to citizens and creditors.
- 📖 The District's total net assets increased by \$198,719. This increase is attributable to lower expenses compared to prior years due to the organization re-structure. The purpose of re-structuring of the organization was to ensure clear roles and responsibilities of each classification. This allowed the elimination of 2 FTE and reclassified 2 positions.
- 📖 As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$1,675,396, an increase of \$179,340 in comparison with the prior year. Approximately 100 percent of this total amount, \$1,675,396 is available for spending at the government's discretion (*unreserved fund balance*).
- 📖 At the end of the current fiscal year, unreserved fund balance for the general fund was \$1,675,396.
- 📖 The District's total long-term liabilities decreased by \$70,162 during the current fiscal year.

Overview of the Financial Statements

This 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:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

This report also contains other supplementary information in addition to the basic financial statements themselves.

PLACENTIA LIBRARY DISTRICT
Management's Discussion and Analysis (Continued)
June 30, 2009

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Placentia District's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements can be found on pages 12 to 13 of this report.

Fund financial statements. 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.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The government-wide financial statements and fund financial statements can be found on pages 12 to 29 of this report.

PLACENTIA LIBRARY DISTRICT
Management's Discussion and Analysis (Continued)
June 30, 2009

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 to 29 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$2,617,723 at the close of the most recent fiscal year.

Approximately 38 percent of the District's net assets reflect its investment in capital assets (e.g., land, buildings, furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Placentia Library District Net Assets Governmental Activities		
	2008-09	2007-08
Current and other assets	\$1,725,122	\$1,545,850
Capital assets	1,114,962	1,165,745
Total Assets	2,840,084	2,711,595
Long-term liabilities outstanding	172,635	242,797
Other liabilities	49,726	49,794
Total Liabilities	222,361	292,591
Net assets:		
Invested in capital assets, net of related debt	999,703	986,568
Unrestricted	1,618,020	1,432,436
Total net assets (Restated for 2008)	\$2,617,723	\$2,354,569

None of the District's net assets are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$1,618,020 may be used to meet the government's ongoing obligations to citizens and creditors.

PLACENTIA LIBRARY DISTRICT
Management's Discussion and Analysis (Continued)
June 30, 2009

Statement of Activities

	2008-09	2007-08	\$ Change
Program revenue:			
Charges for services	\$ 193,721	\$ 504,272	\$ (310,551)
Operating grants and contributions	106,296	94,106	12,190
Subtotal	<u>300,017</u>	<u>598,378</u>	<u>(298,361)</u>
General revenue:			
Property tax	1,914,386	1,916,278	(1,892)
Unrestricted investment earnings	26,429	63,337	(36,908)
Miscellaneous	7,155	6,259	896
Subtotal	<u>1,947,970</u>	<u>1,985,874</u>	<u>(37,904)</u>
Total revenues	<u>2,247,987</u>	<u>2,584,252</u>	<u>(336,265)</u>
Expenses:			
General government	2,039,679	2,628,263	(588,584)
Interest	9,589	16,265	(6,676)
Total expenses	<u>2,049,268</u>	<u>2,644,528</u>	<u>(595,260)</u>
Change in net assets	198,719	(60,276)	258,995
Net assets - beginning of year, as restated	2,419,004	2,479,280	(60,276)
Net assets - end of year	<u>\$ 2,617,723</u>	<u>\$ 2,419,004</u>	<u>\$ 198,719</u>

The government's net assets increased by \$198,719 during the fiscal year. The increase is due to lower than anticipated expenditures and the Organization Re-structure.

Governmental Activities.

Governmental Activities increased the Placentia Library District of Orange County's net assets by \$198,719, thereby accounting for 100 percent of the total increase in the net assets of the Placentia Library District of Orange County. Key elements of this increase are as follows:

- ☐ Although overall revenues decreased by (\$336,265); decrease in the number of passport applications processed, decrease in passport service hours, library closure due to

PLACENTIA LIBRARY DISTRICT
Management's Discussion and Analysis (Continued)
June 30, 2009

earthquake, and meeting room rental price increase, it did not affect the increase of the total net assets for the fiscal year 2008/09.

- ☐ Salary and benefit savings due to the Organization Re-structure elimination of 2 FTE and 2 position reclassifications.
- ☐ Grants from the State Library of California for governmental activities in support of literacy programs remained fairly constant.

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the fiscal year 2008-2009, the District's governmental fund reported an ending balance of \$1,675,396 an increase of \$179,340 in comparison with the prior year. Approximately 100 percent of this total amount \$1,675,396 constitutes *unreserved fund balance*, which is available for spending at the government's discretion.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, the unreserved fund balance of the general fund was \$1,675,396, while the total fund balance was \$1,675,396. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and the total fund balance to total fund expenditures. Unreserved fund balance represents 81 percent of total generating fund expenditures, and the total fund balance also represents 81 percent of that same amount.

The fund balance of the District's general fund increased by \$179,340 during the current fiscal year. Key factors in the increase are as follows:

- ☐ Property tax revenue increase compared to last year.
- ☐ Expenditures in professional services, office, administration and materials were less compared to prior year. The decrease for professional services is due to the elimination of the personnel consultant and grant writer. The decrease in office, administration and materials is due to each department implementing conservative spending measures to keep costs down.
- ☐ Salary and benefit savings due to the Organization Re-structure elimination of 2 FTE and 2 position reclassifications.

PLACENTIA LIBRARY DISTRICT
Management's Discussion and Analysis (Continued)
June 30, 2009

The fund balance designated for lease payments reported in the general fund is \$63,918.

General Fund Budgetary Highlights

There were no differences between the original budget and the final amended budget. Current year expenditures exceeded budgeted expenditures in the following areas:

- ☐ Maintenance due to the ceiling repair and painting of the interior building needed due to the July 2008 earthquake.
- ☐ Library programs exceeded budgeted expenditures due to the fact that no amount was budgeted for these expenditures in the original budget. Expenditures in this category included Adult, Teen, and Children's programs sponsored by the Placentia Library Friends Foundation.
- ☐ Miscellaneous due to uncategorized expenses. Expenditures in this category included supply reimbursements, refreshments, and special events.

Capital Asset and Debt Administration

Capital Assets. The District spent \$-0- on equipment. No major capital events were undertaken in the current fiscal year.

Additional information on the District's capital assets can be found in Note 3 (b) on page 25 of this report.

Long-term debt. At the end of the current fiscal year the District had total noncurrent liabilities outstanding of \$172,635. Of this amount, \$115,259 represents obligations for equipment capital leases. The remaining \$57,376 represents the District's obligation to its employees for compensated absences.

Placentia Library District of Orange County's Outstanding Debt	
	Governmental activities
	<u>June 30, 2009</u>
Capital Lease, Equipment	\$115,259
Compensated Absences	<u>57,376</u>
Total	<u>\$172,635</u>

The District's total debt decreased by \$70,162 during the current fiscal year. The primary change was the payment on the HVAC lease and the last payment for the Civic Center Renovation loan.

PLACENTIA LIBRARY DISTRICT
Management's Discussion and Analysis (Continued)
June 30, 2009

California statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The 2009 property valuation for the City of Placentia is \$5,140,637,050. The current debt limitation for the District is \$514,063,705.

Additional information on District's long-term debt can be found in Note 3 (c) on page 26 of this report.

Economic Factors and Next Year's Budgets and Rates

- ☐ The assumption used in the Fiscal Year 2009-10 Budget was that the property valuation growth would remain at the same level with no anticipated increase.
- ☐ That the categorical grants from the State Library of California for Family For Literacy, the English Language Literacy Intensive Program, and the Adult Literacy Program will continue to erode since the State funding has not increased in recent years. Staff is seeking other grant opportunities.
- ☐ That the Public Library Fund grant from the State Library of California will remain constant at approximately \$21,000 or slight decrease.
- ☐ That local revenue for Passports and photos will decrease because of past changes in Passport requirements by the Department of State and availability of services elsewhere within proximity of the District, e.g. Post Office.

All of these factors were considered in preparing the District's budget for Fiscal Year 2009-10.

During the current fiscal year, unreserved fund balance in the general fund increased to \$1,675,396. The Placentia Library District of Orange County has carried over all of this amount for paying the District's expenditures between July 1, 2009 and the end of November, 2009 when the first property tax allocation is received from the Orange County Treasurer.

Requests for Information

This financial report is designed to provide a general overview of the Placentia Library District of Orange County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Library Director's Office, Placentia Library District, 411 East Chapman Avenue, Placentia, CA 92870-6198.

Jeanette Contreras
Library Director
Placentia Library District

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BASIC FINANCIAL STATEMENTS

PLACENTIA LIBRARY DISTRICT
Statement of Net Assets
June 30, 2009

Assets:	
Cash and investments	\$ 1,634,825
Taxes receivable	88,436
Interest receivable	1,861
Capital assets, non-depreciable	81,498
Capital assets, net of accumulated depreciation	<u>1,033,464</u>
 Total assets	 <u>2,840,084</u>
 Liabilities:	
Accounts payable	23,273
Accrued salaries	26,453
Noncurrent liabilities:	
Due within one year	23,817
Due in more than one year:	
Capital leases	91,442
Compensated absences	<u>57,376</u>
 Total liabilities	 <u>222,361</u>
 Net assets:	
Invested in capital assets, net of related debt	999,703
Unrestricted	<u>1,618,020</u>
 Total net assets	 <u><u>\$ 2,617,723</u></u>

See Accompanying Notes to the Financial Statements.

PLACENTIA LIBRARY DISTRICT
Statement of Activities
For the Year Ended June 30, 2009

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Expenses and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:				
General government	\$ 2,039,679	\$ 193,721	\$ 106,296	\$ (1,739,662)
Interest	9,589	-	-	(9,589)
Total governmental activities	<u>\$ 2,049,268</u>	<u>\$ 193,721</u>	<u>\$ 106,296</u>	<u>(1,749,251)</u>

General revenue:	
Property tax	1,914,386
Unrestricted investment earnings	26,429
Miscellaneous	<u>7,155</u>
Total general revenue	<u>1,947,970</u>
Change in net assets	198,719
Net assets - beginning of year, as restated	<u>2,419,004</u>
Net assets - end of year	<u><u>\$ 2,617,723</u></u>

See Accompanying Notes to the Financial Statements.

PLACENTIA LIBRARY DISTRICT
Balance Sheet
Governmental Fund
June 30, 2009

	<u>General Fund</u>
Assets:	
Cash and investments	\$ 1,634,825
Taxes receivable	88,436
Interest receivable	<u>1,861</u>
Total assets	<u><u>\$ 1,725,122</u></u>
 Liabilities and fund balance:	
Liabilities:	
Accounts payable	\$ 23,273
Accrued salaries	<u>26,453</u>
Total liabilities	49,726
 Fund balance:	
Unreserved	<u>1,675,396</u>
Total liabilities and fund balance	<u><u>\$ 1,725,122</u></u>

See Accompanying Notes to the Financial Statements.

PLACENTIA LIBRARY DISTRICT
Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Assets
June 30, 2009

Fund balance of governmental fund		\$ 1,675,396
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.</p>		1,114,962
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund.</p>		
Capital lease	\$ (115,259)	
Compensated absences	<u>(57,376)</u>	<u>(172,635)</u>
Net assets of governmental activities		<u>\$ 2,617,723</u>

See Accompanying Notes to the Financial Statements.

PLACENTIA LIBRARY DISTRICT
Statement of Revenues, Expenditures and
Change in Fund Balance
Governmental Fund
For the Year Ended June 30, 2009

Revenues:	
Property taxes	\$ 1,914,386
Other state funds	106,296
Interest income	26,429
Library income	199,194
Miscellaneous	1,682
	<hr/>
Total revenues	2,247,987
	<hr/>
Expenditures:	
Current:	
Salaries and employee benefits	1,273,918
Professional services	126,753
Maintenance	260,430
Office and administration	123,107
Library programs	22,722
Books and library materials	175,629
Miscellaneous	12,581
Debt service:	
Principal lease payments	63,918
Interest	9,589
	<hr/>
Total expenditures	2,068,647
	<hr/>
Net change in fund balance	179,340
	<hr/>
Fund balance - beginning of year, as restated	1,496,056
	<hr/>
Fund balance - end of year	\$ 1,675,396
	<hr/> <hr/>

See Accompanying Notes to the Financial Statements.

PLACENTIA LIBRARY DISTRICT
Reconciliation of the Statement of Revenues, Expenditures
and Change in Fund Balance of the Governmental Fund
to the Statement of Activities
For the Year Ended June 30, 2009

Net change in fund balance of the governmental fund	\$	179,340
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Amounts reported for governmental activities in the Statement of Activities differ from the amounts reported in the Statement of Revenues, Expenditures and Changes in Fund Balance because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of depreciation expense in the current period.		(50,783)
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The repayment of principal of long-term debt consumes the current financial resources of governmental funds. This transaction reduces the long-term liabilities in the statement of activities and has no effect on net assets.		63,918
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		6,244
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Change in net assets of governmental activities	\$	<u>198,719</u>
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See Accompanying Notes to the Financial Statements.

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PLACENTIA LIBRARY DISTRICT
Notes to the Financial Statements
June 30, 2009

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Placentia Library District (District) conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial reporting principles. The following is a summary of the District's significant policies.

(a) Reporting Entity

The District was incorporated in 1919 under the provisions of the California Education Code. The District is governed by a Board of Trustees which consists of five members who are elected at large. As required by generally accepted accounting principles, the accompanying financial statements include the financial activity of the District.

The County of Orange performs all accounting functions and acts as a fiduciary agent.

(b) Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the District.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues are reported in three categories, if applicable: 1) charges for services, 2) operating grants and contribution, and 3) capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. The major individual governmental fund is reported as a separate column in the fund financial statements.

The District reports only one governmental fund. The *General Fund* is the District's operating fund. It accounts for all financial resources of the District.

(c) Measurement Focus, Basis of Accounting and Financial Statement Presentations

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 timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

PLACENTIA LIBRARY DISTRICT
Notes to the Financial Statements (Continued)
June 30, 2009

Governmental fund financial statements 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. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in the governmental fund. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

(d) Property Tax Revenues

Property taxes are assessed, collected and allocated by the County of Orange throughout the fiscal year according to the following property tax calendar:

Lien Date	January 1
Levy Date	4 th Monday of September
Due Dates	November 1, 1 st Installment February 1, 2 nd Installment
Delinquent Dates	December 10, 1 st Installment April 10, 2 nd Installment

The District elected to participate in the County of Orange Teeter Plan whereby the District receives 100% of the tax levy for a fiscal year net of an administrative fee.

(e) Cash and Investments

Investments are stated at fair value which is based on quoted market prices. All investments are controlled by an investment policy that is adopted annually by the Board of Trustees within the provisions of California Government Code.

(f) Capital Assets

Capital assets, which include, land, buildings and improvements, equipment, and furniture, are reported in the government-wide financial statements. Capital assets are defined by the District as individual assets with an initial, individual cost of more than \$5,000. All purchased capital assets are valued at cost where historical cost records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair value on the date received. Capital assets acquired with capital leases are capitalized in

PLACENTIA LIBRARY DISTRICT
Notes to the Financial Statements (Continued)
June 30, 2009

accordance with generally accepted accounting principles.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Using the convention of no depreciation expense in the year of acquisition, depreciation is recorded in the Government-wide Financial Statements on a straight-line basis over the useful life of the assets as follows: furniture, and equipment – 5 to 10 years, and buildings and improvements – 50 years.

(g) *Compensated Absences Payable*

Compensated absences include accrued vacation and sick leave that are available to employees in future years either in time off or in cash (upon leaving the employment of the District). All compensated absences are accrued when incurred in the government-wide financial statements. A liability for compensated absences is reported in governmental funds only if they have matured, for example as a result of employee resignations or retirements.

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the District. Sick leave accrues to full-time, permanent employees to specified maximums. Generally, after one year of service, employees are entitled to a percentage of their sick leave balance and all accrued vacation leave upon termination.

(h) *Claims and Judgments*

The District has no estimated liability for claims and judgments as of June 30, 2009. Additionally, based on historical trends, the District estimates no liability for incurred but not reported claims.

(i) *Classification of Net Assets and Fund Balance*

Government-wide Financial Statements

In the Government-wide Financial Statements, net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt: This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation on these assets and the outstanding principal of related debt reduce this category.

Restricted Net Assets: This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The District had no restricted net assets at June 30, 2009.

Unrestricted Net Assets: This category represents the net assets of the District that are not externally restricted for any project or other purpose.

PLACENTIA LIBRARY DISTRICT
Notes to the Financial Statements (Continued)
June 30, 2009

(j) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(2) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

(a) Budgetary Principles

General Budget Policies

The Executive Director of the District submits a proposed budget to the Board of Trustees each year. The Board of Trustees and the County of Orange approve the budget. The annual budget is adopted by Resolution of the Board of Trustees. Revisions or transfers that alter the total appropriations must be approved by the Board of Trustees. Supplemental appropriations may be adopted by the Board of Trustees during the year. There were no supplemental appropriations required during the fiscal year.

A budget is adopted annually on a basis consistent with generally accepted accounting principles and is used as a management control device. The District maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget. The legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) for the operating budget is within a fund.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting – under which purchase orders, contracts, or other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation – is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. The District had no encumbrances outstanding at fiscal year-end.

Continuing Appropriations

Unexpended annual appropriations lapse at the end of the fiscal year; encumbered appropriations are rebudgeted in the next fiscal year.

PLACENTIA LIBRARY DISTRICT
Notes to the Financial Statements (Continued)
June 30, 2009

(3) DETAILED NOTES ON ALL FUNDS

(a) Cash and Investments

Cash and investments at June 30, 2009 consisted of the following:

Checking account	\$	54,606
Saving account		163,260
Bank accounts - payroll		143,084
Certificates of deposit		<u>26,074</u>
 Subtotal deposits		 387,024
 Cash held by County of Orange Treasurer		 <u>1,247,801</u>
 Total cash and investments	 \$	 <u><u>1,634,825</u></u>

Investments Authorized by the District Investment Policy

The District investment policy authorizes investment in the local government investment pool administered by the County of Orange and investments authorized under provisions of California Government Code. The District investment policy does not contain any specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of year end, the average life month end maturity of the investments contained in the Orange County Investment Pool (OCIP) is approximately 246 days.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. On December 1, 2008, Standard and Poors Rating Services assigned a AAAM Principal Stability Fund Rating to the Orange County Money Market Fund. The Pool is not registered with the SEC.

Concentration of Credit Risk

The investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of total investments.

In order to maximize investment return, the District has contracted with the County of Orange

PLACENTIA LIBRARY DISTRICT
Notes to the Financial Statements (Continued)
June 30, 2009

Treasurer's Office to act as its fiscal agent (bank) and pool its available cash with that of the OCIP. The OCIP is used essentially as a demand deposit account by governmental entities that participate in the OCIP. The County of Orange Treasurer's Office makes all investment decisions for the OCIP.

Interest income and realized gains and losses arising from such pooled cash and cash equivalents is apportioned to each participating fund balance on the relationship of the individual fund's average daily cash balances to the aggregate pooled cash and cash equivalents. The District's share of pooled cash and cash equivalents is based upon the District's pro-rata share of the fair value provided by the OCIP for the entire portfolio (in relation to the amortized cost of that portfolio).

The primary investment objectives of the Treasurer's investment activities in order of priority are: protecting the safety of principal invested, meeting participants' liquidity needs, attaining a money market rate of return and attempting to stabilize at a \$1 net asset value for the Money Market Fund. This external investment pool contains deposits, repurchase agreements and investments. Interest is allocated to individual funds monthly based on the average daily balances on deposit with the Treasurer.

Deposits must be made in state or national banks, or state or federal savings and loan associations located within the State. The County is authorized to use demand accounts and certificates of deposits. The County has not provided or obtained any legally binding guarantees during the period to support the value of participants shares in the OCIP.

The OCIP values participants shares using an amortized cost basis. Specifically, the OCIP distributes income to participants based on their relative participation during the period. Income is calculated based on (1) realized investment gains and losses calculated on an amortized cost basis, (2) interest income based on stated rates (both paid and accrued), (3) amortization of discounts and premiums on a straight-line basis, and reduced by (4) investment and administrative expenses. This method differs from the fair value method used to value deposits and investments because the amortized cost method is not designed to distribute to participants all unrealized gains and losses in their fair values. As of June 30, 2009 there was no material difference between OCIP participants' shares valued on an amortized cost basis compared to fair value.

The County of Orange's bank deposits are either Federally insured or collateralized in accordance with the California Government Code. Further OCIP detail is included in the County of Orange's Comprehensive Annual Financial Report (CAFR). Copies may be obtained from the County of Orange Auditor-Controller's Office – 12 Civic Center Plaza, Room 202 – Santa Ana, CA 92702.

PLACENTIA LIBRARY DISTRICT
Notes to the Financial Statements (Continued)
June 30, 2009

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

(b) Capital Assets

Changes in capital assets during the fiscal year ended June 30, 2009 were as follows:

	Balance at July 1, 2008	Additions	Deletions	Balance at June 30, 2009
Nondepreciable capital assets:				
Land	\$ 81,498	\$ -	\$ -	\$ 81,498
Depreciable capital assets:				
Buildings and other improvements	2,029,651	-	-	2,029,651
Equipment and furniture	663,053	-	-	663,053
Subtotal	2,692,704	-	-	2,692,704
Less accumulated depreciation for:				
Buildings and other improvements	(995,783)	(40,593)	-	(1,036,376)
Equipment and furniture	(612,674)	(10,190)	-	(622,864)
Subtotal	(1,608,457)	(50,783)	-	(1,659,240)
Net depreciable assets	1,084,247	(50,783)	-	1,033,464
Total net capital assets	\$ 1,165,745	\$ (50,783)	\$ -	\$ 1,114,962

Depreciation expense of \$50,873 as charged to the general government function of the District.

PLACENTIA LIBRARY DISTRICT
Notes to the Financial Statements (Continued)
June 30, 2009

(c) Noncurrent Liabilities

All noncurrent liabilities will be repaid from future general fund resources. The following is a summary of the changes in noncurrent liabilities for the fiscal year ended June 30, 2009:

	Balance at July 1, 2008	Additions	Deletions	Balance June 30, 2009	Due Within One Year
Equipment capital lease	\$ 138,124	\$ -	\$ 22,865	\$ 115,259	\$ 23,817
Civic center renovation	41,053	-	41,053	-	-
Compensated absences	63,620	-	6,244	57,376	-
	<u>\$ 242,797</u>	<u>\$ -</u>	<u>\$ 70,162</u>	<u>\$ 172,635</u>	<u>\$ 23,817</u>

Civic Center Renovation

The City of Placentia obtained a loan to renovate the Civic Center area which included the Library in 2002. The District agreed to repay the Library's share of the project after the repayment of prior indebtedness in 2005. The Board of Trustees approved the promissory note for the renovation loan in October 2003.

The original note was for \$293,361 with interest at the rate of 6.5% per annum payable in semiannual payments. The semiannual payments increase to \$50,000 each in March 2007. The loan was paid off in September 2008.

Equipment Capital Lease

The District entered into a lease agreement for a heating, lighting, and air conditioning system. For accounting purposes, the lease agreement qualifies as a capital lease and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The interest rate on the capital lease is 4.1%. The remaining payments are detailed below by fiscal year:

Year Ending June 30,	Principal	Interest	Total
2010	\$ 23,817	\$ 4,363	\$ 28,180
2011	24,808	3,371	28,179
2012	25,841	2,338	28,179
2013	26,917	1,262	28,179
2014	13,876	214	14,090
Total	<u>\$ 115,259</u>	<u>\$ 11,548</u>	<u>\$ 126,807</u>

PLACENTIA LIBRARY DISTRICT
Notes to the Financial Statements (Continued)
June 30, 2009

(4) OTHER INFORMATION

(a) Defined Contribution Plan

The District's employees participate in a defined contribution plan administered by National Retirement Services, Inc. All employees with six months of service and who are at least twenty-one years of age are eligible to participate in the plan. The plan was established by Resolution of the Board of Trustees and may be amended by approval of the Board of Trustees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The contributions and any interest earned vest in increasing amounts per year of service: 1 year of service – 20% vested, 2 years of service – 40% vested, 3 years of service – 60% vested, 4 years of service – 80% vested, and 5 years of service – 100% vested.

Annually the District contributes eight percent of eligible employees' wages. For fiscal year 2008-2009, the District contributed \$64,486, based on covered salaries of \$806,073 for the covered period. There were 28 covered employees during the year. Assets of the plan totaled \$456,809 at June 30, 2009.

(b) Liability, Property, And Workers' Compensation Protection

Intergovernmental Risk Sharing Joint Powers Agreement

The District is a member of the Special District Risk Management (Authority). The Authority is comprised of California public entities and is organized under a joint powers agreement pursuant to California Government Code Section 6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance for property and other coverage.

Self Insurance Programs of the Authority

General and Auto Liability, Public Officials' and Employees' Errors and Omissions, and Employment Practices Liability. Coverage is for \$2.5 million combined single limit and per occurrence with another \$2.5 million excess coverage layer. Deductibles are \$500 per occurrence for third party general liability property damage, \$1,000 per occurrence for third party auto liability property damage, and 50% coinsurance of cost expended by the Authority in excess of \$10,000 up to \$50,000 per occurrence for employment related claims.

Employee Dishonesty. Coverage is \$400,000 per loss.

Property Loss. Coverage is for replacement cost to a combined total of \$500 million per occurrence, subject to a \$1,000 deductible.

Boiler and Machinery. Coverage is for replacement cost up to \$50 million per occurrence, subject to a \$1,000 deductible.

Public Officials Personal Liability. Coverage is for \$500,000 per occurrence for each covered official, subject to a \$500 deductible.

PLACENTIA LIBRARY DISTRICT
Notes to the Financial Statements (Continued)
June 30, 2009

Workers' Compensation and Employers' Liability. Coverage is \$50 million per occurrence for workers' compensation and \$10 million for employers' liability coverage.

Adequacy of Protection

During the past three fiscal (claims) years, none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

(c) *Relationship to Placentia Civic Center Authority*

The Placentia Civic Center Authority, a joint powers agreement between the City of Placentia and the Placentia Library District, was formed in May 1972 for the purpose of selling bonds to construct and furnish a civic center complex, consisting of a city hall, a police facility, and a library. The Authority is the owner of the facility and leases the facility back to the City and the District. Bonds were issued to finance the facility. When the bonds are fully paid, the facility will revert to the City and the District. Funds are kept by and appropriated through the County of Orange.

Costs of the civic center complex are prorated for financial purposes to the District based on the following percentages:

- 50% - Landscape and outside maintenance
- 35% - Utilities
- 25% - Bond clipping by the Board of Trustees for lease payments

Financial statements of the Placentia Civic Center Authority may be obtained from the City of Placentia Finance Manager at Placentia City Hall 401 E. Chapman Avenue, Placentia, CA 92870.

(d) *Restatement of Net Assets*

As of June 30, 2009, the beginning net assets was restated as follows,

Beginning net assets, as previously reported	\$ 2,354,569
Prior year property taxes	<u>64,435</u>
Beginning net assets, as restated	<u><u>\$ 2,419,004</u></u>

Beginning net assets has been adjusted to reflect property tax revenue in the proper period.

PLACENTIA LIBRARY DISTRICT
Notes to the Financial Statements (Continued)
June 30, 2009

(e) Restatement of Fund Balances

As of June 30, 2009, the beginning net assets was restated as follows,

Beginning fund balance, as previously reported	\$ 1,431,621
Prior year's accrued tax not recorded	<u>64,435</u>
Beginning fund balance, as restated	<u>\$ 1,496,056</u>

Beginning fund balance has been adjusted to reflect property tax revenue in the proper period.

REQUIRED SUPPLEMENTARY INFORMATION

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PLACENTIA LIBRARY DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2009

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
Revenues:			
Property taxes	\$ 1,901,785	\$ 1,914,386	\$ 12,601
Other state funds	90,000	106,296	16,296
Interest income	55,600	26,429	(29,171)
Library income	290,000	199,194	(90,806)
Miscellaneous	-	1,682	1,682
	<u>2,337,385</u>	<u>2,247,987</u>	<u>(89,398)</u>
Total revenues			
Expenditures:			
Current:			
Salaries and employee benefits	1,397,629	1,273,918	123,711
Professional services	216,524	126,753	89,771
Maintenance	121,250	260,430	(139,180)
Office and administration	203,870	123,107	80,763
Library programs	-	22,722	(22,722)
Books and library materials	256,000	175,629	80,371
Miscellaneous	2,250	12,581	(10,331)
Debt service:			
Principal payments	63,918	63,918	-
Interest payments	11,038	9,589	1,449
	<u>2,272,479</u>	<u>2,068,647</u>	<u>203,832</u>
Total expenditures			
Net change in fund balance	64,906	179,340	114,434
Fund balance - beginning of year, as restated	<u>1,496,056</u>	<u>1,496,056</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,560,962</u>	<u>\$ 1,675,396</u>	<u>\$ 114,434</u>

See Accompanying Note to Required Supplementary Information.

PLACENTIA LIBRARY DISTRICT
Note to Required Supplementary Information
June 30, 2009

(1) GENERAL BUDGET POLICIES

The Executive Director of the District submits a proposed budget to the Board of Trustees each year. The Board of Trustees and the County of Orange approve the budget. The annual budget is adopted by Resolution of the Board of Trustees. Revisions or transfers that alter the total appropriations must be approved by the Board of Trustees. Supplemental appropriations may be adopted by the Board of Trustees during the year. There were no supplemental appropriations required during the fiscal year.

A budget is adopted annually on a basis consistent with generally accepted accounting principles and is used as a management control device. The District maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget. The legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) for the operating budget is within a fund.