SANTA MARIA CEMETERY DISTRICT

AUDIT REPORT
June 30, 2023

SANTA MARIA CEMETERY DISTRICT
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Financial Section

Moss, Levy & Hartzheim LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Santa Maria Cemetery District
Santa Maria, California

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Santa Maria Cemetery District as of June 30, 2023, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

Required Supplementary Information

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

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2024 on our consideration of the Santa Maria Cemetery 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 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.

Moss, Levy & Hartzheim LLP

Santa Maria, California
January 10, 2024

SANTA MARIA CEMETERY DISTRICT
STATEMENT OF NET POSITION
June 30, 2023

	Governmental Activities
ASSETS	
Cash and investments	$ 5,146,470
Account receivable	10,000
Prepaid items	58,382
Capital assets:	
Nondepreciable	7,450,473
Depreciable, net	959,652
Total assets	13,624,977
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	196,066
OPEB	40,432
Total deferred outflows of resources	236,498
LIABILITIES	
Accounts payable	43,401
Compensated absences	4,672
Noncurrent liabilities	
Compensated absences	42,043
OPEB liability	338,332
Net pension liability	692,997
Total liabilities	1,121,445
DEFERRED INFLOWS OF RESOURCES	
Pensions	28,438
OPEB	36,546
Total deferred inflows of resources	64,984
NET POSITION	
Net investment in capital assets	8,410,125
Restricted for:	
Restricted for perpetual care	2,757,923
Restricted for maintenance	561,957
Unrestricted	945,041
Total net position	$ 12,675,046

The notes to basic financial statements are an integral part of this statement.

SANTA MARIA CEMETERY DISTRICT
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2023

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Contributions and Grants	Program Revenues: Capital Contributions and Grants	Net (Expense) Revenue and Changes in Net Position
Governmental activities:					
Cemetery	$ 1,531,808	$ 1,495,074	$ -	$ -	$ (36,734)
Total governmental activities	$ 1,531,808	$ 1,495,074	$ -	$ -	(36,734)
General Revenues					
Taxes:					
Secured and unsecured property taxes					1,027,902
Investment income					799
Intergovernmental					3,808
Settlement					175,000
Rental income					41,500
Total general revenues					1,249,009
Change in net position					1,212,275
Net position, beginning of fiscal year					11,462,771
Net position, end of fiscal year					$ 12,675,046

The notes to basic financial statements are an integral part of this statement.

SANTA MARIA CEMETERY DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2023

	General Fund	Permanent Fund	Totals
ASSETS			
Cash and investments	$ 1,899,476	$ 3,246,894	$ 5,146,370
Petty cash	100		100
Accounts receivable	10,000		10,000
Prepaid items	58,382		58,382
Due from other funds		72,986	72,986
Total assets	$ 1,967,958	$ 3,319,880	$ 5,287,838
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 43,401	$ -	$ 43,401
Due to other funds	72,986		72,986
Total liabilities	116,387		116,387
Fund Balances:			
Nonspendable:			
Prepaid expenditures	58,382		58,382
Perpetual care		2,757,923	2,757,923
Restricted:			
Maintenance		561,957	561,957
Unassigned	1,793,189		1,793,189
Total fund balances	1,851,571	3,319,880	5,171,451
Total liabilities and fund balances	$ 1,967,958	$ 3,319,880	$ 5,287,838

The notes to basic financial statements are an integral part of this statement.

SANTA MARIA CEMETERY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL
FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2023

Total fund balances, governmental funds			$	5,171,451
Amounts reported for governmental activities in the statement of net position are different because:				
In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.				
Capital assets at historical cost	$	10,466,965		
Accumulated depreciation		(2,056,840)		
Net				8,410,125
Long-term debt and compensated absences have not been included in the governmental funds activity:				
Compensated absences	$	(46,715)		
OPEB Liability		(338,332)		
Pension Liability		(692,997)		
Total				(1,078,044)
Deferred outflows and inflows of resources relating to pensions and OPEB: In governmental funds, deferred outflows and inflows of resources relating to pensions and OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions and OPEB are reported.				
Deferred inflows of resources relating to pensions	$	(28,438)		
Deferred outflows of resources relating to pensions		196,066		
Deferred inflows of resources relating to OPEB		(36,546)		
Deferred outflows of resources relating to OPEB		40,432		
Net				171,514
Total net position, governmental activities			$	12,675,046

The notes to basic financial statements are an integral part of this statement.

SANTA MARIA CEMETERY DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2023

	General	Permanent Fund	Totals
Revenues:			
Property taxes	$ 1,027,902	$ -	$ 1,027,902
Intergovernmental	3,808		3,808
Investment income	(37,991)	38,790	799
Burial rights	519,639		519,639
Charges for services	803,823		803,823
Rental income	41,500		41,500
Miscellaneous	5,657		5,657
Settlement	175,000		175,000
Endowment care		165,955	165,955
Total revenues	2,539,338	204,745	2,744,083
Expenditures:			
Salaries and benefits	780,633		780,633
Services and supplies	796,231		796,231
Capital outlay	767,195		767,195
Total expenditures	2,344,059		2,344,059
Change in fund balances	195,279	204,745	400,024
Fund balances, July 1	1,656,292	3,115,135	4,771,427
Fund balances, June 30	$ 1,851,571	$ 3,319,880	$ 5,171,451

The notes to basic financial statements are an integral part of this statement.

SANTA MARIA CEMETERY 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, 2023

Net change in fund balances - governmental funds	$	400,024
Amounts reported for governmental activities in the statement of activities are different because:		
Capital assets are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which additions to capital assets of $767,195 is greater than depreciation expense of $80,043 in the period.		687,152
In the statement of activities, compensated absences are measured by the amounts earned during the fiscal year. In governmental funds, however, expenditures for these items are measured by the amount financial resources used (essentially the amounts paid). This fiscal year, vacation earned exceeded the amount used by $4,773.		(4,773)
In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This fiscal year, the difference between OPEB costs and actual employer contributions was:		78,786
In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. The fiscal year, the difference between pension costs and actual employer contributions was:		51,086
Change in net position - governmental activities	$	1,212,275

The notes to basic financial statements are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Santa Maria Cemetery District (the District) is an independent division of local government authorized by California Health and Safety Code Section 8890 et seq. The District is governed by a Board of Trustees appointed by the County Board of Supervisors to serve four terms or until successors are appointed and qualified.

B. Reporting Entity

The reporting entity is the Santa Maria Cemetery District. There are no component units included in this report which meets the criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity,* as amended by GASB Statements No. 39, No. 61, No. 80 and No. 90.

C. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) 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. Major individual governmental funds are reported as separate columns in the fund financial statements.

D. Basis of Presentation

Government-wide Financial Statements:

The government-wide statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all nonmajor funds are aggregated into one column.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases, (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Revenues – exchange and non-exchange transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under 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 the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 60 days after fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes and grants. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned revenue:

Unearned revenues arise when assets are received before revenue recognition criteria have been satisfied. Grants received before eligibility requirements are met are recorded as deferred revenue. On governmental funds financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as unearned revenue.

Expenses/expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

When both restricted and unrestricted resources are available for use, except for endowment interest, it is the District's policy to use restricted resources first then unrestricted resources as they are needed. In the case of endowment interest, unrestricted funds are used first.

Pension:

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the defined benefit pension plan (the Plan) of the Santa Barbara County Employees' Retirement System (SBCERS) and additions to/deductions from the Plan' fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Basis of Accounting (Continued)

Other Postemployment Benefits (OPEB):

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (OPEB Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

F. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues, and expenditures. The District's resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into three major funds, as follows:

Major Governmental Funds:

The *General Fund* is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

The *Capital Projects Fund* accounts for the acquisition of capital assets and construction of major capital projects.

The *Permanent Fund* was created to account for funds received for future maintenance and care of the cemetery. The interest earned on the principal in the fund may be used for the general care of the District. The fund principal may never be spent.

G. Budgets and Budgetary Accounting

The District adopts an annual budget on or before August 30. From the effective date of the budget, the amounts stated as proposed expenditures become appropriations.

The Board of Trustees may amend the budget by motion during each fiscal year. The original and revised budgets are presented for the General Fund.

All appropriations lapse at the end of the fiscal year to the extent that they have not been expended. Lease contracts entered into by the District are subject to annual review by the Board of Trustees; hence, they are legally one-year contracts with an option for renewal for another fiscal year.

H. Investments

Investments are stated at fair value.

I. Prepaid Items

The District has the option of reporting expenditures in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure during the period benefited.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized by the District.

K. Capital Assets

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at their estimated fair value at the date of the contribution. Capital assets are defined by the District as assets with an initial, individual cost of more than $1,000 and estimated useful life in excess of two years.

Capital assets include public domain (infrastructure) capital assets placed in service after June 30, 1980, consisting of certain improvements including roads, streets, sidewalks, medians, and storm drains.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the governmental column in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the statement of net position. The estimated useful lives are as follows:

Equipment	7 to 10 years
Structures	10 to 50 years

L. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the American Institute of Certified Public Accountants, 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/expenses during the reporting period. Actual results could differ from those estimates.

M. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

N. Compensated Absences

The District's policy permits employees to accumulate earned but unused vacation and sick leave benefits. Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and fund liability of the governmental fund from which it will be paid. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide financial statements. There is a long-term liability recorded for unpaid accumulated sick leave for employees who have over 240 hours of accumulated sick leave per a Memorandum of Understanding with Service Employees' Union Local 620, which represents the District's employees. The District's policy is to record the current cost of sick leave only when it is used.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Fund Balances

Fund balance of the governmental funds are classified as follows:

Nonspendable Fund Balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance – represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance – represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the District.

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

P. Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*," and GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities,*" the District recognizes deferred outflows and inflows of resources.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. The District has two items which qualify for reporting in this category; refer to Note 6 and Note 7 for a detailed listing of the deferred outflows of resources the District has recognized.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the District that is applicable to a future reporting period. The District has two items which qualify for reporting in this category; refer to Note 6 and Note 7 for a detailed listing of the deferred inflows of resources the District has reported.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Future Accounting Pronouncements

GASB Statements listed below will be implemented in future financial statements:

Statement No. 99	"Omnibus 2022"	The provisions of this statement are effective in April 2022 except for the provisions related to leases, PPPs, SBITAs, financial guarantees and derivative instruments. The provisions related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022. The provisions related to financial guarantees and derivative instruments are effective for fiscal years beginning after June 15, 2023.
Statement No. 100	"Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62"	The provisions of this statement are effective for fiscal years beginning after June 15, 2023.
Statement No. 101	"Compensated Absences"	The provisions of this statement are effective for fiscal years beginning after December 15, 2023.

NOTE 2 - CASH AND INVESTMENTS

Investments are carried at fair value. On June 30, 2023, the District had the following cash and investments on hand:

Cash on hand	$ 100
Cash in banks	640,742
Investments	4,505,628
Total	$ 5,146,470

Cash and investments are presented on the accompanying basic financial statements, as follows:

Cash and investments statement of net position	$ 5,146,470
Total	$ 5,146,470

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. These principles recognize a three-tiered fair value hierarchy. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 2 - CASH AND INVESTMENTS (Continued)

The District had the following recurring fair value measurements as of June 30, 2023:

		Fair Value Measurement Using		
Investments by fair value level		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities				
Medium term notes	$ 1,460,251	$ 1,460,251	$ -	$ -
U.S. Treasury obligations	168,323	168,323		
Negotiable certificates of deposit	361,775	361,775		
Mutual funds	822,842	822,842		
Municipal bonds	1,224,131	1,224,131		
Mortgage pass-through securities	164,589	164,589		
Total investments measured at fair value	4,201,911	$ 4,201,911	$ -	$ -
Investments measured at amortized cost				
Money market funds	303,717			
Total investments	$ 4,505,628			

Investments Authorized by the California Government Code

The table below identifies the investment types that are authorized for the District by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
Federal Agency Securities	N/A	None	None
Bankers' Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase and Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	None	None
Mortgage Pass-Through Securities	N/A	20%	None
Municipal Bonds	N/A	None	None
County Pooled Investment Fund	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
State Registered Warrants, Notes, or Bonds	5 years	None	None
Notes and Bonds of other Local California Agencies	5 years	None	None

NOTE 2 - CASH AND INVESTMENTS (Continued)

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. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

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

		Remaining Maturity (in Months)			
Investment Type	Carrying Amount	12 Months Or Less	13-24 Months	25-60 Months	More than 60 Months
U.S. Treasury obligations	$ 168,323	$ -	-	$ 168,323	$ -
Mortgage pass-through securities	164,589				164,589
Negotiable certificates of deposit	$ 361,775	126,491	96,637	138,647	
Medium term notes	1,460,251	401,195	229,903	829,153	
Money market funds	303,717	303,717			
Municipal bonds	1,224,131	192,562	313,903	717,666	
Mutual funds	822,842	822,842			
	$ 4,505,628	$ 1,846,807	$ 640,443	$ 1,853,789	$ 164,589

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 rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

			Rating as of Fiscal Year End						
Investment Type	Carrying Amount	Minimum Legal Rating	AAA	AA+	AA	AA-	A	A-	Not Rated
U.S. Treasury obligations	$ 168,323	N/A	$ -	$ -	$ -	$ -	$ -	$ -	$ 168,323
Mortgage pass-through securities	164,589	N/A							164,589
Negotiable certificates of deposit	361,775	N/A							361,775
Medium term notes	1,460,251	N/A		96,276		86,892	232,016	1,045,067	
Money market funds	303,717	N/A							303,717
Municipal bonds	1,224,131	N/A	47,619		510,381	278,671	387,460		
Mutual funds	822,842	N/A							822,842
	$ 4,505,628		$ 47,619	$ 96,276	$ 510,381	$ 365,563	$ 619,476	$ 1,045,067	$ 1,821,246

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There were no investments that was invested beyond that stipulated by the California Government Code.

NOTE 2 - CASH AND INVESTMENTS (Continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the 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 deposits or investments, 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 fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2023, none of the District's deposits with financial institutions in excess of depository insurance limits were held in uncollateralized accounts.

NOTE 3 - PROPERTY TAXES

Property taxes in the State of California are administered for all local agencies at the county level, and consist of secured, unsecured, and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:

Property Valuations - are established by the Assessor of the County of Santa Barbara for the secured and unsecured property tax rolls; the utility property tax roll is valued by the State Board of Equalization. Under the provision of Article XIIIA of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978), properties are assessed at 100% of full value. From the base assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

Tax Levies - are limited to 1% of full value which results in a tax rate of $1.00 per $100 assessed valuation, under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.

Tax Levy Dates - are attached annually on January 1, preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property as it exists that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

Tax Collections - are the responsibility of the County Tax Collector. Taxes and assessments on secured and utility rolls which constitute a lien against the property, may be paid in two installments: the first is due on November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payments.

Tax Levy Apportionments - Due to the nature of the District-wide maximum levy, it is not possible to identify general purpose tax rates for specific entities. Under State legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by the County Auditor-Controller based primarily on the ratio that each agency represented of the total District-wide levy for the three years prior to fiscal year 1979.

Property Tax Administration Fees - The State of California FY 90-91 Budget Act, authorized counties to collect an administrative fee for collection and distribution of property taxes.

NOTE 4 – CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2023, was as follows:

	Balance July 1	Additions	Deletions	Balance June 30
Governmental activities:				
Nondepreciable capital assets:				
Land	$ 4,442,432	$ -	$ -	$ 4,442,432
Construction in progress	2,363,486	644,555		3,008,041
Total nondepreciable capital assets	$ 6,805,918	$ 644,555	$ -	$ 7,450,473
Depreciable capital assets:				
Buildings and improvements	$ 2,398,513	$ -	$ -	$ 2,398,513
Equipment	545,621	122,640	50,282	617,979
Total depreciable capital assets	2,944,134	122,640	50,282	3,016,492
Less accumulated depreciation	2,027,079	80,043	50,282	2,056,840
Net depreciable capital assets	$ 917,055	$ 42,597	$ -	$ 959,652
Net capital assets	$ 7,722,973	$ 687,152	$ -	$ 8,410,125

NOTE 5 – LONG-TERM LIABILITIES

Changes in long-term liabilities

The following is a summary of long-term liabilities activity for the fiscal year ended June 30, 2023:

	Balance July 1	Additions	Reductions	Balance June 30	Due Within One Year
Governmental activities:					
Compensated absences	$ 41,942	$ 16,831	$ 12,058	$ 46,715	$ 4,672
OPEB liability	409,324		70,992	338,332	
Net pension liability	443,351	249,646		692,997	
	$ 894,617	$ 266,477	$ 83,050	$ 1,078,044	$ 4,672

NOTE 6 – PENSION PLAN

A. General Information about the Pension Plan

Plan Description

The District provides pension benefits to eligible employees through cost sharing multiple-employer defined benefit pension plans administered by the Santa Barbara County Employees' Retirement System (SBCERS). Members of the pension plans include all permanent employees working full time, or at least 50% part time for the County, and the following independent special districts: Carpinteria-Summerland Fire Protection District, Mosquito and Vector Management District of Santa Barbara County, Goleta Cemetery District, Santa Maria Cemetery District, Oak Hill Cemetery District, Carpinteria Cemetery District, Summerland Sanitary District, Santa Barbara County Air Pollution Control district, Santa Barbara County Association of Governments, and the Santa Barbara County Superior Court. SBCERS issues publicly available financial reports that may be obtained at http://cosb.countyofsb.org/sbcers/default.aspx?id=19040.

NOTE 6 – PENSION PLAN (Continued)

A. General Information about the Pension Plan (Continued)

Plan Description (Continued)

SBCERS was established on January 1, 1944, and is administered by the Board of Retirement to provide service retirement, disability, death, and survivor benefits for employees of the County and participating districts. The Santa Barbara County Board of Supervisors and the governing boards of the participating districts adopt resolutions, as permitted by the California State Government Code §31450 (County Employees' Retirement Law of 1937 (CERL)), which affect the benefits of the SBCERS members. SBCERS is governed by the California Constitution; CERL; and the bylaws, policies and procedures adopted by the SBCERS' Board of Retirement.

SBCERS administers six County pension plans. With the passage of the Public Employees Pension Reform Act ("PEPRA"), the County established a new pension plan, Plan 8, with two rate tiers – one for safety and one for general members. As of January 1, 2013, Plan 8 is the only pension plan available to new employees. PEPRA made several changes to the pension benefits that may be offered to employees hired on or after January 1, 2013, including increasing minimum retirement ages, increasing the percentage required for member contributions, and excluding certain types of compensation as pensionable. PEPRA has also created limits on pensionable compensation tied to the Social Security taxable wage base. The cumulative effect of these PEPRA changes will ultimately reduce the District's retirement costs.

Summary of Plans and Eligible Participants

Open for New Enrollment:

General Plan 8	General members hired on or after January 1, 2013 may continue in plan.

Closed to New Enrollment:

General Plan 5A	General members hired before June 25, 2012 may continue in plan.

Benefits Provided

All pension plans provide benefits, in accordance with CERL regulations, upon retirement, disability or death of members. Retirement benefits are based on years of service, final average compensation, and retirement age. Employees terminating before accruing 5 years (or 10 years for Plan) of retirement service credit (5 or 10-year vesting) forfeit the right to receive retirement benefits unless they establish reciprocity with another public agency within the prescribed time period. Non-vested employees who terminate service are entitled to withdraw their accumulated contributions plus accrued interest. Employees who terminate service after earning 5 or 10 years of retirement service credit may leave their contributions on deposit and elect to take a deferred retirement. Differences between expected or actual experience for vested and non-vested benefits may result in an increase or decrease to pension expense and net pension liability.

Service related disability benefits are based upon final average compensation or retirement benefits (if eligible). Non-service related disability benefits are based on 1) years of service and final average compensation or 2) retirement benefits (if eligible). General Plan 2 participants receive disability benefits through a long-term insurance policy. Death benefits are based upon a variety of factors including whether the participant was retired or not.

Annual cost-of-living adjustments (COLAs) after retirement are provided in all plans except General Plan 2. COLAs are granted to eligible retirement members each April based upon the Bureau of Labor Statistics Average Consumer Price Index (CPI) for All Urban Consumers for the Los Angeles-Riverside-Orange County area as the preceding January 1 and are subject to an annual maximum dependent upon the provisions of the pension plans.

Specific details for the retirement, disability or death benefit calculations and COLA maximums for each of the pension plans are available in the SBCERS' Annual Comprehensive Financial Report (ACFR). The SBCERS' ACFR is available online at http://cosb.countyofsb.org/sbcers/default.aspx?id=19040.

NOTE 6 – PENSION PLAN (Continued)

A. **General Information about the Pension Plan (Continued)**

Contributions

Per Article 16 of the Constitution of the State of California, contribution requirements of the active employees and the participating employers are established and may be amended by the SBCERS Board of Retirement. Depending upon the applicable plan, employees are required to contribute a certain percent of their annual pay. For each of the plans, the County's contractually required contributions (formerly known as the actuarially required contribution (ARC)) rate for the year ended June 30, 2023, was a specified percent of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Additional amounts required to finance any unfunded accrued liability are the responsibility of the plan sponsors. Contributions to the pension plan from the District were $137,862 for the year ended June 30, 2023. Active members are plan members who are currently accruing benefits and/or paying contributions into the applicable plan.

Employer and employee contribution rates and active members for each plan are as follows:

	Employer Contribution Rates	Employee Contribution Rates	Active Members
General Plan 5A	39.28%	3.01-6.12%	2
General Plan 8	32.95%	8.36%	5

NOTE 6 – PENSION PLAN (Continued)

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

At June 30, 2023, the District reported a liability of $692,997 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures.

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, actuarially determined. The District's proportionate share of net pension liability for the plan as of June 30, 2022 was 0.0931%, which was an decrease of 0.0008% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of $86,776. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	$ 137,862	$ -
Differences between expected and actual experience	36,312	1,641
Changes in assumptions	10,683	2,776
Net difference between projected and actual earnings on retirement plan investments		4,319
Adjustment due to differences in proportions	8,944	16,956
Changes in actual contributions and proportionate share of contributions	2,265	2,746
	$ 196,066	$ 28,438

NOTE 6 – PENSION PLAN (Continued)

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

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner. $137,862 reported as 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 fiscal year ended June 30, 2024.

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

Fiscal Year Ending June 30,	Amount
2024	$ 1,665
2025	2,173
2026	(36,795)
2027	62,723
	$ 29,766

Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions. Total pension liability represents the portion of the actuarial present value of projected benefit payments attributable to past periods of service for current and inactive employees.

Inflation	2.75%
Salary increases	3.00% plus merit component
COLA increases	2.60% for those with a 3.00% COLA cap; 1.90% for those with a 2.00% COLA cap
Investment rate of return	7.00% net of investment expense
Post-retirement Benefit Increases	Sex distinct CalPERS Healthy Annuitant Mortality Tables adjusted by 0.95 for males and 0.90 for females, with Generational improvement using Projection Scale MP-2016 from a base year of 2009

The long-term expected rate of return of pension plan investments (7.0 percent) was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Bond US Equity	19%	3.30%
Developed market non-U.S. equity	11%	5.00%
Emerging markets equity	7%	7.75%
Core fixed income	17%	0.00%
Custom non-core fixed income	11%	3.13%
Custom real return	15%	3.73%
Custom real estate	10%	4.50%
Private equity	10%	6.50%
Cash	0%	-1.00%
Total	100%	

NOTE 6 – PENSION PLAN (Continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension fund's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. In theory, the discount rate may differ from the long-term expected rate of return discussed previously. However, based on the projected availability of the pension fund's fiduciary net position, the discount rate is equal to the long-term expected rate of return on pension plan investments, and was applied to all period of projected benefit payments to determine the total pension liability.

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

The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0 percent) or 1- percentage point higher (8.0 percent) than the current rate:

	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension plan liability	$ 1,294,068	$ 692,997	$ 201,262

Pension Plan Fiduciary Net Position

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

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The District's defined benefit postemployment healthcare plan (OPEB) provides medical benefits to eligible retired District employees and their beneficiaries pursuant to California Government Code Section 31694 et. Seq. The District OPEB Plan is administered by the Santa Barbara County Employees Retirement System (Retirement System). Members of the OPEB Plan include retirees of the County and of other employer plan sponsors, as well as their eligible dependents. The District is considered a plan sponsor in the Retirement System.

In September 2008, the District and the Retirement System adopted an Internal Revenue Code (IRC) Section 401(h) account that provide for these benefits. Under GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* and GASB Statement No. 75, the liability related to the plan is required to be determined for both retirement systems and employers. GASB Statements No. 45 and No. 75 are not limited to the reporting of vested benefits.

Benefits Provided

The County negotiates health care contracts with providers for both its active employees and the participating retired members of the Retirement System. Retirees are offered the same health plans as active County employees, as well as enhanced senior plans for retirees on Medicare. Retiree premiums are rated separately from active County employees; as such the County does not have a retiree premium implicit rate subsidy.

Pursuant to the OPEB Plan, the County Board of Supervisors has determined to provide a monthly insurance premium subsidy from the 401(h) Account for Eligible Retired Participants participating in the District sponsored health insurance plan in the amount of $15 (whole dollars) per year of credited service. The monthly insurance premiums subsidy shall be applied directly by the Retirement System to pay the premium and shall not be paid to the retiree or other party.

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Benefits Provided (Continued)

The maximum amount paid in any month shall not exceed the premium; any amount in excess of the premium shall be forfeited. If any Eligible Retired Participant does not participate in the District sponsored health insurance plan, then the Retirement System shall reimburse the Eligible Retired Participant for other medical care expenses. The maximum monthly amount paid shall be $4 (whole dollars) per year of credited services by the retiree.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with the past expectations and new estimates are made about the future.

Employees Covered

As of June 30, 2021, actuarial valuation, the following current and former employees were covered by the benefit terms under the District's Plan:

Active plan members	2
Inactive employees or beneficiaries currently receiving benefits	10
Total	12

The District currently finances benefits on a pay-as-you-go basis. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Actuarial Methods and Assumptions

The total OPEB liability measured as of June 30, 2021 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increase rate	3% plus an additional longevity and promotion increase compounded based on years of service
Discount rate	2.16%
Healthcare cost trend rates	The Healthcare Cost Trend Rate is not applicable because the total cost of health benefits is not valued. Only the monthly benefit provided is valued using the assumption that no future increase will be granted to the amount
Future retiree plan election	55% - monthly subsidy of $15 per year of service; 45% - $4 cash benefit option
Mortality rates	Healthy Lives: 0.95 for males and 0.90 for females, with Generational improvement using Projection Scale MP-2016 from base year of 2009. Non-Duty related mortality rates for active members are based on the sex distinct CalPERS Preretirement Non-Industrial Mortality Table, with no adjustment, with Generational improvement using Projection Scale MP-2016 from a base year of 2009. Safety members are also subject to the CalPERS Preretirement Industrial Mortality Table for Duty Related deaths, with the same Generational improvements applied.

NOTE 7 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Actuarial Methods and Assumptions (Continued)

Mortality rates	Disabled Lives: Mortality rates for disabled retirees are based on CalPERS Industrial Disabled Annuitant Mortality, with no adjustment (Safety only), CalPERS Non-Industrial Disabled Annuitant Mortality, with no adjustment (General only), with Generational improvement using Projection Scale MP-2016 from a base year of 2009.

The actuarial assumptions used in the valuation as of June 30, 2021, updated to June 30, 2022, were based on 1) the demographic assumptions determined in the actuarial experience study on July 1, 2016 – June 30, 2019 for the Pension Plan, and 2) current experience for OPEB Plan election by retirees. As the benefit for the OPEB plan is a fixed payment per year of service that is currently lower than the premiums paid for coverage, and expected to remain so into the future, no age-related costs are required to be developed.

Change in Assumptions

The discount rate increased from 2.16% to 3.54%.

Discount Rate

Discount rate. GASB 75 requires a discount rate that reflects the following:

a) The long-term expected rate of return on OPEB plan investments — to the extent that the OPEB plan's fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher — to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the District's total OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Municipal 20 Year High Grade Rate Index	Discount Rate
June 30, 2022	June 30, 2021	2.16%	2.16%
June 30, 2023	June 30, 2022	3.54%	3.54%

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Changes in the OPEB Liability

The table below shows the changes in the total OPEB liability during the measurement period ending on June 30, 2022 for the District's proportionate share:

	Total OPEB Liability
Balance at June 30, 2022 ıluation Date June 30, 2021)	$ 409,324
Changes recognized for the measurement period:	
Service cost	7,532
Interest	8,736
Difference between expected and actual experience	(9,700)
Changes of assumptions	(60,531)
Benefit payments	(17,029)
Net Changes	(70,992)
Balance at June 30, 2023 (Measurement Date June 30, 2022)	$ 338,332

Sensitivity of the OPEB Liability to Changes in the Discount Rate

The following presents the OPEB liability, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.54 percent) or 1-percentage-point higher (4.54 percent) than the current discount rate:

	1% Decrease 2.54%	Discount Rate 3.54%	1% Increase 4.54%
OPEB liability	$ 380,677	$ 338,332	$ 302,855

Sensitivity of the OPEB Liability to Changes in the Healthcare Cost Trend Rates

According to the actuary, since the dollar amount of the benefits provided are not expected to increase and are below the current premiums for health benefits, no trend assumptions are used in calculating the OPEB liabilities. Therefore, the results are not affected by any increase or decrease in the healthcare trend rates that may apply to the underlying benefit premiums in the future.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For fiscal year ended June 30, 2023, the District recognized OPEB expense of $(62,542). OPEB expense represents the change in the OPEB liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, and actuarial assumptions or methods. For fiscal year ended June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions subsequent to the measurement date	$ 16,244	$ -
Differences between expected and actual experience		6,270
Net difference between projected and actual earnings on plan investments		10
Changes in assumptions	24,188	30,266
	$ 40,432	$ 36,546

The $16,244 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2022 measurement date will be recognized as a reduction of the OPEB liability during the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Amount
2024	$ (12,351)
2025	(3)
2026	(2)
2027	(2)
	$ (12,358)

NOTE 8 – NET POSITION

The government-wide financial statements utilize a net position presentation. GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

Restricted Net Position– 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.

Unrestricted Net Position– This category represents net position of the District, not restricted for any project or other purpose.

NOTE 9 - INTERFUND TRANSACTIONS

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Due From/Due To Other Funds

Individual fund interfund receivable and payable balances at June 30, 2023, are as follows:

Fund	Interfund Receivables	Interfund Payables
Major Governmental Funds:		
General Fund	$ -	$ 72,986
Permanent Fund	72,986	
	$ 72,986	$ 72,986

NOTE 10 – COMMITMENTS AND CONTINGENCIES

State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under the terms of the grants, it is believed that any required reimbursements will not be material.

Litigation

According to the District's staff and attorney, no contingent liabilities are outstanding and no lawsuits are pending of any real financial consequence.

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REQUIRED SUPPLEMENTARY INFORMATION

SANTA MARIA CEMETERY DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Taxes - Property	$ 918,700	$ 918,700	$ 1,027,902	$ 109,202
Intergovernmental	3,700	3,700	3,808	108
Investment income (loss)	100,000	100,000	(37,991)	(137,991)
Burial rights	600,000	600,000	519,639	(80,361)
Charges for services	709,800	709,800	803,823	94,023
Rental income	15,000	15,000	41,500	26,500
Miscellaneous	500	500	5,657	5,157
Settlement			175,000	175,000
Total revenues	2,347,700	2,347,700	2,539,338	191,638
Expenditures:				
Salaries and benefits	933,700	933,700	780,633	153,067
Services and supplies	764,000	764,000	796,231	(32,231)
Capital outlay	650,000	650,000	767,195	(117,195)
Total expenditures	2,347,700	2,347,700	2,344,059	3,641
Net changes in fund balance			195,279	195,279
Fund balance, July 1	1,656,292	1,656,292	1,656,292	
Fund balance, June 30	$ 1,656,292	$ 1,656,292	$ 1,851,571	$ 195,279

SANTA MARIA CEMETERY DISTRICT
SCHEDULE OF CHANGES IN THE OPEB LIABILITY AND RELATED RATIOS
Last 10 Years *
As of June 30, 2023

Measurement Period	2023	2022	2021	2020	2019
Total OPEB Liability					
Service cost	$ 7,532	$ 6,874	$ 10,628	$ 9,369	$ 9,670
Interest on the total OPEB liability	8,736	11,695	15,571	16,126	15,208
Actual and expected experience difference	(9,700)	(129,514)	(5,249)	(541)	(496)
Changes in assumptions	(60,531)	2,738	81,324	19,288	(14,922)
Net investment income			587		
Benefit payments	(17,029)	(16,395)	(16,500)	(17,299)	(17,299)
Net change in total OPEB Liability	(70,992)	(124,602)	86,361	26,943	(7,839)
Total OPEB liability- beginning	409,324	533,926	447,565	420,622	428,461
Total OPEB liability- ending	$ 338,332	$ 409,324	$ 533,926	$ 447,565	$ 420,622
Covered payroll:	$ 132,641	$ 192,128	$ 390,769	$ 386,901	$ 383,916
Total OPEB liability as a percentage of covered payroll:	255.07%	213.05%	136.63%	115.68%	109.56%

Measurement Period	2018
Total OPEB Liability	
Service cost	$ 10,190
Interest on the total OPEB liability	13,123
Actual and expected experience difference	
Changes in assumptions	(41,535)
Net investment income	
Benefit payments	(17,299)
Net change in total OPEB Liability	(35,521)
Total OPEB liability- beginning	463,982
Total OPEB liability- ending	$ 428,461
Covered payroll:	$ 343,598
Total OPEB liability as a percentage of covered payroll:	124.70%

Note to Schedule:

Change in Assumptions:
For the fiscal year ended June 30, 2023, the discount rate was increased from 2.16% to 3.54%.

*- Fiscal year 2018 was the 1st year of implementation, therefore only six years are shown.

SANTA MARIA CEMETERY DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS
Last 10 Years *
As of June 30, 2023

The District's contribution for the fiscal year ended June 30, 2023 was $16,244. The District did not have an actuary calculate the Actuarily Determined Contribution for the fiscal year ended June 30, 2023, therefore the District does not need to comply with GASB 75's Required Supplementary Information requirements.

The District's contribution for the fiscal year ended June 30, 2022 was $17,029. The District did not have an actuary calculate the Actuarily Determined Contribution for the fiscal year ended June 30, 2022, therefore the District does not need to comply with GASB 75's Required Supplementary Information requirements.

The District's contribution for the fiscal year ended June 30, 2021 was $15,584. The District did not have an actuary calculate the Actuarily Determined Contribution for the fiscal year ended June 30, 2021, therefore the District does not need to comply with GASB 75's Required Supplementary Information requirements.

The District's contribution for the fiscal year ended June 30, 2020 was $17,299. The District did not have an actuary calculate the Actuarily Determined Contribution for the fiscal year ended June 30, 2020, therefore the District does not need to comply with GASB 75's Required Supplementary Information requirements.

The District's contribution for the fiscal year ended June 30, 2019 was $17,299. The District did not have an actuary calculate the Actuarily Determined Contribution for the fiscal year ended June 30, 2019, therefore the District does not need to comply with GASB 75's Required Supplementary Information requirements.

The District's contribution for the fiscal year ended June 30, 2018 was $17,299. The District did not have an actuary calculate the Actuarily Determined Contribution for the fiscal year ended June 30, 2018, therefore the District does not need to comply with GASB 75's Required Supplementary Information requirements.

*- Fiscal year 2018 was the 1st year of implementation, therefore only six years are shown.

SANTA MARIA CEMETERY DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
Last 10 Years*
As of June 30, 2023

The following table provides required supplementary information regarding the District's Pension Plan.

	2023	2022	2021	2020	2019
Proportion of the net pension liability	0.0931%	0.0939%	0.0922%	0.0949%	0.0968%
Proportionate share of the net pension liability	$ 692,997	$ 443,351	$ 973,392	$ 809,694	$ 836,496
Covered payroll	$ 458,785	$ 436,041	$ 432,128	$ 416,374	$ 402,235
Proportionate share of the net pension liability as percentage of covered payroll	151.05%	101.68%	225.26%	194.46%	207.96%
Plan's total pension liability	$ 4,641,199,825	$ 4,463,050,962	$ 4,249,671,331	$ 4,051,341,557	$ 3,866,167,644
Plan's fiduciary net position	$ 3,896,842,594	$ 3,990,898,759	$ 3,193,931,965	$ 3,198,134,055	$ 3,002,018,510
Plan fiduciary net position as a percentage of the total pension liability	83.96%	89.42%	75.16%	78.94%	77.65%

	2018	2017	2016	2015
Proportion of the net pension liability	0.0854%	0.0877%	0.0930%	0.0987%
Proportionate share of the net pension liability	$ 803,417	$ 737,306	$ 676,694	$ 602,404
Covered payroll	$ 375,402	$ 336,886	$ 347,004	$ 357,827
Proportionate share of the net pension liability as percentage of covered payroll	214.02%	218.86%	195.01%	168.35%
Plan's total pension liability	$ 3,742,076,485	$ 3,395,252,229	$ 3,260,156,781	$ 3,123,968,401
Plan's fiduciary net position	$ 2,801,306,795	$ 2,554,538,523	$ 2,532,528,974	$ 2,513,629,759
Plan fiduciary net position as a percentage of the total pension liability	74.86%	75.24%	77.68%	80.46%

Notes to Schedule:

Changes in assumptions:
There no change in assumptions for the fiscal year ended June 30, 2023.

*- Fiscal year 2015 was the 1st year of implementation, therefore only nine years are shown.

SANTA MARIA CEMETERY DISTRICT
SCHEDULE OF PENSION CONTRIBUTIONS
Last 10 Years*
As of June 30, 2023

The following table provides required supplementary information regarding the District's Pension Plan.

	2023	2022	2021	2020	2019
Contractually required contribution (actuarially determined)	$ 137,862	$ 147,056	$ 135,661	$ 133,033	$ 132,762
Contribution in relation to the actuarially determined contributions	(137,862)	(147,056)	(135,661)	(133,033)	(132,762)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 446,276	$ 458,785	$ 436,041	$ 432,128	$ 416,374
Contributions as a percentage of covered payroll	30.89%	32.05%	31.11%	30.79%	31.89%

	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	$ 125,502	$ 107,330	$ 102,183	$ 111,766
Contribution in relation to the actuarially determined contributions	(125,502)	(107,330)	(102,183)	(111,766)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 402,235	$ 375,402	$ 336,886	$ 347,004
Contributions as a percentage of covered payroll	31.20%	28.59%	30.33%	32.21%

Notes to Schedule

There no change in assumptions for the fiscal year ended June 30, 2023.

*- Fiscal year 2015 was the 1st year of implementation, therefore only nine years are shown.