



**Santa Maria Public Airport District**  
Santa Maria, California

**Comprehensive Annual Financial Report**  
For the Fiscal Years Ending June 30, 2020 and 2019



## Our Mission Statement

*"To provide a safe, friendly, attractive and economically sound airport through integrity and efficiency."*

### **Santa Maria Public Airport District Board of Directors as of June 30, 2020**

<u>Name</u>	<u>Title</u>	<u>Elected/ Appointed</u>	<u>Current Term</u>
Chuck Adams	President	Elected	12/16 - 11/20
Steve Brown	Vice President	Elected	12/18 - 12/20
Hugh Rafferty	Secretary	Appointed	12/18 - 12/20
Carl Engel, Jr.	Vice Secretary	Elected	12/18 - 11/20
David Baskett	Director	Elected	12/18 - 11/20

**Santa Maria Public Airport District  
Chris Hastert, General Manager  
3217 Terminal Drive,  
Santa Maria, CA 93455 • (805) 922-1726  
[www.santamariaairport.com](http://www.santamariaairport.com)**



**Comprehensive Annual Financial Report**  
**For the Fiscal Years Ending**  
**June 30, 2020 and 2019**

**SANTA MARIA PUBLIC AIRPORT DISTRICT**  
3217 Terminal Drive  
Santa Maria, California 93455

Prepared by:  
Finance Department  
*Veroneka Reade, Manager of Finance and Administration*

**Santa Maria Public Airport District  
Comprehensive Annual Financial Report  
For the Fiscal Years Ended June 30, 2020 and 2019**

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# **Introductory Section**





December 16, 2020

Board of Directors  
Santa Maria Public Airport District

State law requires that every general-purpose government publish a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal years ended June 30, 2020 and 2019.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Fedak & Brown LLP, have issued an unmodified (“clean”) opinion on the Santa Maria Public Airport District’s financial statements for the years ended June 30, 2020 and 2019. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

### **Profile of Government**

The District is a special district that was established in 1964. The District encompasses an area of 400 square miles extending from the Cuyama River at the north to a point three miles south of the community of Los Alamos at the south. Then in an east-west direction, the District commences at Point Sal at the Pacific Ocean and extends eastward a distance of 30 miles, or 10 miles east of the dam at Twitchell Reservoir. The District’s approximately 2,598 acres includes two active runways and provides facilities for one regional airline (Allegiant Airlines) and serves as home base for over 200 general aviation aircraft.

The District is governed by a five-member Board of Directors who serve four-year terms and are elected at large. The District’s Board of Directors meets on the second and fourth Thursday of each month. Meetings are publicly noticed and citizens are encouraged to attend. The directors entrust the responsibility for the efficient execution of airport policies to their designated representative, the General Manager. The District currently has thirteen employees.

In the early 1940's, during World War II, the U. S. Army Corps of Engineers constructed what was then known as Santa Maria Army Base to provide training facilities for crews of B-25 aircraft. A few years later the B-25 groups left and the facility became a training field for P-38 pilots and ground crews.

In 1946, following the war's end, the County of Santa Barbara acquired the property by means of an interim permit issued by the War Assets Administration. The County retained control of the facility until 1949, at which time the City of Santa Maria obtained an undivided one-half interest. This dual ownership/management proved cumbersome to administer, and in March of 1964 transfer of the airport to the newly formed Santa Maria Public Airport District was accomplished.

## **Profile of Government, continued**

Since formation of the District, numerous projects have been accomplished which directly and indirectly benefit each person in the District. Examples of these projects include the design and construction of Skyway Drive from Betteravia Road to the Orcutt Expressway, design and construction of the planned industrial park east of Skyway Drive, and construction of the new airport terminal building, crash/fire/rescue station, air traffic control tower, new owner built hangars area, and other facilities adjacent to the primary runway. The District has lengthened the runway 12/30 by 1,700 additional feet which allows for more general aviation activities at the District.

The District's Board of Directors annually adopts an operating and capital budget prior to the new fiscal year. The budget authorizes and provides the basis for reporting and control of financial operations and accountability for the District's enterprise operations and capital projects. The budget and reporting treatment applied to the District is consistent with the accrual basis of accounting and the financial statement basis. Each year the District adopts a balanced budget.

## **Local Economy**

The District office is located in the City of Santa Maria in Santa Barbara County. The City of Santa Maria is considered a premiere city in the Central Coast communities of California. The community is located approximately eighty miles northwest of Santa Barbara and 180 miles northwest of downtown Los Angeles.

The COVID 19 pandemic has had a severely negative economic impact on the State, according to the Legislative Analyst's Office's California Spring Fiscal Outlook. Late in the 1<sup>st</sup> quarter of 2020 an economic shutdown was employed in response to the pandemic. Businesses closed in the later half of March, April and May causing unemployment rates to soar to 15.5% from 3.7% in comparison to the December 2019 unemployment rates in Santa Barbara County. Retail Sales plummeted by 25% in just two months.

Government stimulus packages aided assisted business owners, taxpayers and employees generating cash within the economy. By the middle of May many public health mandates were relaxed allowing many businesses to reopen. Data indicated a rebound was taking place with decreased unemployment rates and consumer spending on the rise. As a result, some economists were calling for a rapid recovery in the latter half of 2020 believing a "V" shape recovery was already taking place. Others were calling for a weaker bounce producing "U" or "Nike-swoosh" type recoveries. However, as COVID19 infection rates again began to rise, reopening plans in many areas were paused or reversed.

The UCSB Economic Forecast Project, May 2020 data show an unparalleled decrease in the Leisure/Hospitality and Retail industries. Leisure/Hospitality employment decreased by 44.6% over the prior year and the retail industries employment shrunk by 17.9%. Retail sales are estimated to decrease 5.7% to \$7.45 billion and room sales will be reduced by 19% to \$417.1 million. However, the real estate market continues on an upward trend with inventories dropping and local realtors reporting multiple offers on properties as the pandemic continues.

## **Long-term Financial Planning**

The District's financial plan includes the establishment of designated funds in accordance with long-term contingencies and goals. Restricted and designated funds are set to ensure the continued orderly operation of the District and the provision of services to customers at established levels. The District has committed to the following funds and objectives:

1. Proceeds from land sales are held for improvements to the airport.



## Relevant Financial Policies

The District continues its practice of developing a long-term funding strategy to pay for future capital projects identified in its planning efforts. All projects are currently handled on a pay-as-you-go basis; no debt burden has been added to finance capital projects. The funds for these projects will come from the excess operating net revenues, operating reserves and grants from the Federal Aviation Administration.

### *Internal Control Structure*

District management is responsible for the establishment and maintenance of the internal control structure that ensures that the assets of the District are protected from loss, theft, or misuse. The internal control structure also ensures that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The District's internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

### *Investment Policy*

The Board of Directors annually adopt an investment policy that conforms to state law, District ordinances and resolutions, prudent money management, and the "prudent person" standards. The objective of the Investment Policy is safety, liquidity, and yield. District reserve funds are invested in the State of California's Local Agency Investment Fund.

## Major Initiatives

The activities of the Board and staff of the District are driven by its Mission Statement: "To provide a safe, friendly, attractive and economically sound airport through integrity and efficiency".

The District has completed the update of the 2007 Master Plan project and Phase Two of the terminal apron project.

## Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. This was the thirteenth year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental entity must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Preparation of this report was accomplished by the combined efforts of District staff. We appreciate the dedicated efforts and professionalism that our staff members bring to the District. We would also like to thank the members of the Board of Directors for their continued support in the planning and implementation of the Santa Maria Public Airport District's fiscal policies.

Respectfully submitted,

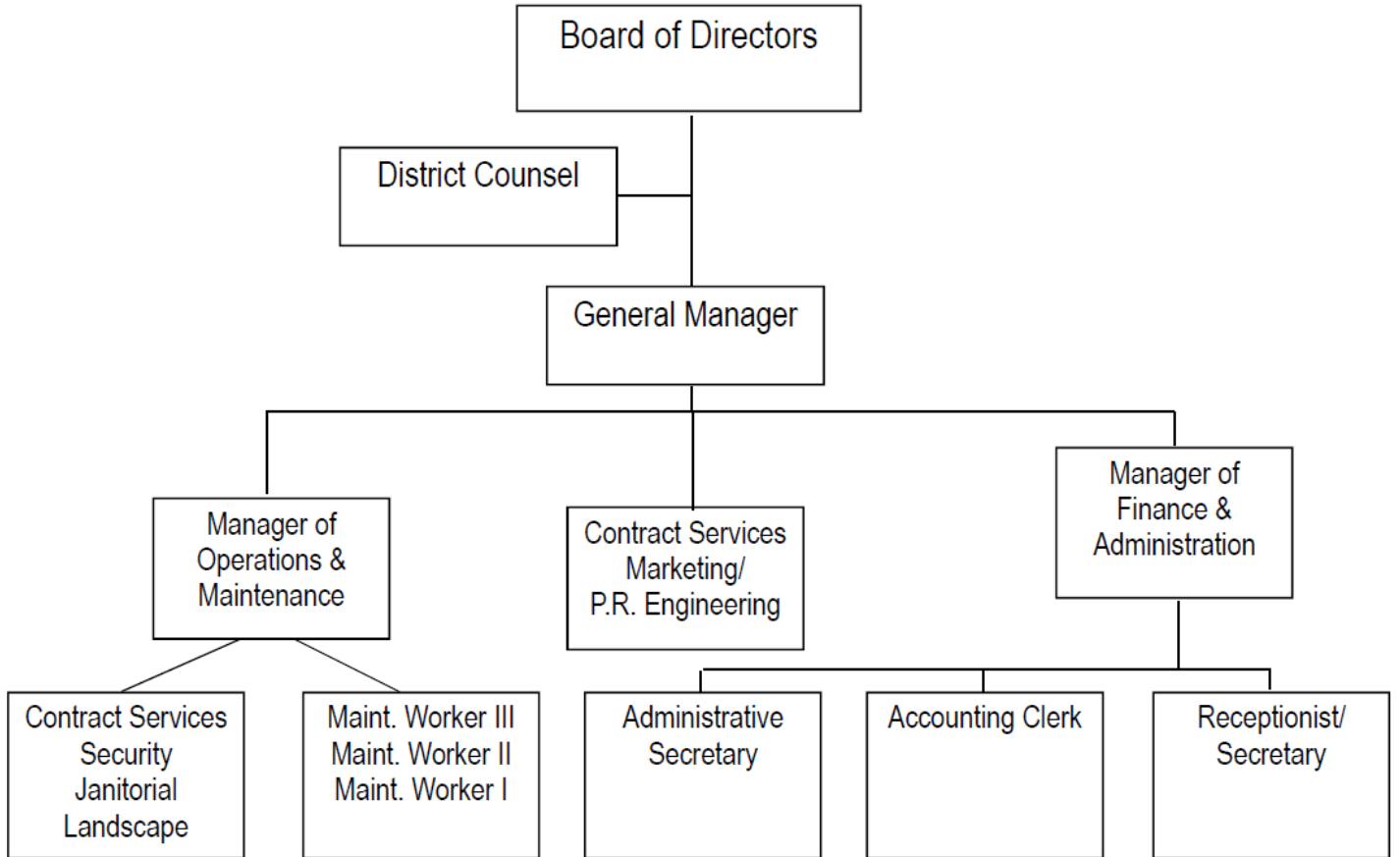


Chris Hastert  
General Manager



Veroneka Reade  
Manager of Finance and Administration

SANTA MARIA PUBLIC AIRPORT DISTRICT  
Organizational Chart  
June 2020





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Santa Maria Public Airport District  
California**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morill*

Executive Director/CEO

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# **Financial Section**





Charles Z. Fedak, CPA, MBA  
Christopher J. Brown, CPA, CGMA  
Andy Beck, CPA

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### Independent Auditor's Report

Board of Directors  
Santa Maria Public Airport District  
Santa Maria, California

#### Report on the Financial Statements

We have audited the accompanying financial statements of the Santa Maria Public Airport District (District), which comprises the statements of net position as of June 30, 2020 and 2019 and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

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

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

#### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Santa Maria Public Airport District as of June 30, 2020 and 2019, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Independent Auditor's Report, continued**

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 8 through 13, and the required supplementary information on pages 51 through 53, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.

### ***Other Matters***

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The introductory section on pages 1 through 5, the supplementary information on pages 54 through 57, and the statistical section on pages 58 through 75 are presented for purposes of additional analysis and are not required parts of the basic financial statements. The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated December 16, 2020, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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. This report can be found on pages 76 and 77.

*Fedak & Brown LLP*

**Fedak & Brown LLP**

Cypress, California

December 16, 2020



**Santa Maria Public Airport District**  
**Management's Discussion and Analysis**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Santa Maria Public Airport District (District) provides an introduction to the financial statements of the District for the fiscal years ended June 30, 2020 and 2019. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

**Financial Highlights**

- In fiscal year 2020, the District's net position decreased 3.0% or \$1,107,174 to \$36,008,917 due to a decrease in net position of \$2,111,360 from ongoing operations which was offset by \$1,004,186 from capital contributions. In fiscal year 2019, the District's net position increased 9.0% or \$3,059,415 to \$37,116,091 due to the change in net position of \$835,814 from ongoing operations and \$2,223,601 from capital contributions.
- In fiscal year 2020, operating revenues increased 1.1% or \$34,440 to \$3,290,183. In fiscal year 2019, operating revenues decreased 1.2% or \$38,875 to \$3,255,743.
- In fiscal year 2020, operating expenses before depreciation expense increased 4.1% or \$189,244 to \$4,749,934. In fiscal year 2019, operating expenses before depreciation expense increased 9.7% or \$404,365 to \$4,560,690.

**Required Financial Statements**

This annual report consists of a series of financial statements. The Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Statement of Net Position includes all of the District's investments in resources (assets) and deferred outflows of resources, and the obligations to creditors (liabilities) and deferred inflows of resources. It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

**Financial Analysis of the District**

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the District in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

**Santa Maria Public Airport District**  
**Management's Discussion and Analysis**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**Financial Analysis of the District, continued**

These two statements report the District's *net position* and changes in net position. One can think of the District's net position – the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources – as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position are one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning, new or changed government legislation and leisure activities.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 18 through 50.

**Statements of Net Position**

<b>Condensed Statements of Net Position</b>					
<b>Assets:</b>	<b>2020</b>	<b>2019</b>	<b>Change</b>	<b>2018</b>	<b>Change</b>
Current assets	\$ 7,364,702	9,570,271	(2,205,569)	4,064,501	5,505,770
Non-current assets	148,755	138,179	10,576	128,934	9,245
Capital assets, net	<u>31,401,828</u>	<u>31,142,380</u>	<u>259,448</u>	<u>32,355,141</u>	<u>(1,212,761)</u>
<b>Total assets</b>	<u>38,915,285</u>	<u>40,850,830</u>	<u>(1,935,545)</u>	<u>36,548,576</u>	<u>4,302,254</u>
<b>Deferred outflows of resources:</b>	<u>419,271</u>	<u>399,029</u>	<u>20,242</u>	<u>478,113</u>	<u>(79,084)</u>
<b>Liabilities:</b>					
Current liabilities	871,179	2,008,974	(1,137,795)	765,139	1,243,835
Long-term liabilities	<u>2,333,857</u>	<u>2,015,255</u>	<u>318,602</u>	<u>2,031,318</u>	<u>(16,063)</u>
<b>Total liabilities</b>	<u>3,205,036</u>	<u>4,024,229</u>	<u>(819,193)</u>	<u>2,796,457</u>	<u>1,227,772</u>
<b>Deferred inflows of resources:</b>	<u>120,603</u>	<u>109,539</u>	<u>11,064</u>	<u>178,148</u>	<u>(68,609)</u>
<b>Net position:</b>					
Net investment in capital assets	31,254,843	31,134,708	120,135	32,334,335	(1,199,627)
Restricted for capital projects	5,081,682	5,573,255	(491,573)	1,805,459	3,767,796
Unrestricted	<u>(327,608)</u>	<u>408,128</u>	<u>(735,736)</u>	<u>(83,118)</u>	<u>491,246</u>
<b>Total net position</b>	<u>\$ 36,008,917</u>	<u>37,116,091</u>	<u>(1,107,174)</u>	<u>34,056,676</u>	<u>3,059,415</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of the District exceeded liabilities and deferred inflows by \$36,008,917 and \$37,116,091 as of June 30, 2020 and 2019, respectively.

By far the largest portion of the District's net position (87% and 84% as of June 30, 2020 and 2019, respectively) reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are *not* available for future spending.

**Santa Maria Public Airport District**  
**Management's Discussion and Analysis**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**Statements of Revenues, Expenses and Changes in Net Position**

**Condensed Statements of Revenues, Expenses and Changes in Net Position**

<b>Revenues:</b>	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>2018</u>	<u>Change</u>
Operating revenues	\$ 3,290,183	3,255,743	34,440	3,294,618	(38,875)
Non-operating revenues	<u>1,978,846</u>	<u>4,453,587</u>	<u>(2,474,741)</u>	<u>1,726,497</u>	<u>2,727,090</u>
<b>Total revenues</b>	<u>5,269,029</u>	<u>7,709,330</u>	<u>(2,440,301)</u>	<u>5,021,115</u>	<u>2,688,215</u>
<b>Expenses:</b>					
Operating expenses	4,749,934	4,560,690	189,244	4,156,325	404,365
Depreciation and amortization	2,300,323	2,102,526	197,797	2,263,682	(161,156)
Non-operating expenses	<u>330,132</u>	<u>210,300</u>	<u>119,832</u>	<u>185,736</u>	<u>24,564</u>
<b>Total expenses</b>	<u>7,380,389</u>	<u>6,873,516</u>	<u>506,873</u>	<u>6,605,743</u>	<u>267,773</u>
<b>Net income (loss) before capital contributions</b>	(2,111,360)	835,814	(2,947,174)	(1,584,628)	2,420,442
<b>Capital contributions</b>	<u>1,004,186</u>	<u>2,223,601</u>	<u>(1,219,415)</u>	<u>1,300,824</u>	<u>922,777</u>
<b>Change in net position</b>	<u>(1,107,174)</u>	<u>3,059,415</u>	<u>(4,166,589)</u>	<u>(283,804)</u>	<u>3,343,219</u>
<b>Net position, beginning of year</b>	37,116,091	34,056,676	3,059,415	34,361,677	(305,001)
<b>Prior period adjustment</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(161,374)</u>	<u>161,374</u>
<b>Net position, beginning of year – as restated</b>	<u>37,116,091</u>	<u>34,056,676</u>	<u>3,059,415</u>	<u>34,340,480</u>	<u>(283,804)</u>
<b>Net position, end of year</b>	<u>\$ 36,008,917</u>	<u>37,116,091</u>	<u>(1,107,174)</u>	<u>34,056,676</u>	<u>3,059,415</u>

The statement of revenues, expenses and changes in net position shows how the District's net position changed during the fiscal year. In the case of the District, net position decreased 3.0% or \$1,107,174 to \$36,008,917 due to a decrease in net position of \$2,111,360 from ongoing operations which was offset by \$1,004,186 from capital contributions. In fiscal year 2019 the District's, net position increased 9.0% or \$3,059,415 to \$37,116,091 due to the change in net position of \$835,814 from ongoing operations and \$2,223,601 from capital contributions.

In fiscal year 2020, the District's total revenues (excluding capital contributions) decreased by 31.7% or \$2,440,301 to \$5,269,029, due primarily to a decrease of \$2,474,741 in non-operating revenues due to a prior year gain on sale of land, which was offset by an increase of \$34,440 in operating revenue for the year.

In fiscal year 2019, the District's total revenue (excluding capital contributions) increased by 53.5% or \$2,688,215 to \$7,709,330, due primarily to an increase of \$2,727,089 in non-operating revenues due to a gain on sale of land which was offset by a decrease of \$38,875 in operating revenue for the year.

In fiscal year 2020, the District's total expenses including depreciation increased by 7.4% or \$506,873 to \$7,380,389, due primarily to increases of \$197,797 in depreciation expense, \$189,244 in operating expenses and \$119,832 in non-operating expenses for the year.

In fiscal year 2019, the District's total expenses including depreciation increased by 4.1% or \$267,773 to \$6,873,516, due primarily to increases of \$404,365 in operating expenses and \$24,564 in non-operating expenses, which were offset by a decrease of \$161,156 in depreciation expense for the year.

**Santa Maria Public Airport District**  
**Management's Discussion and Analysis**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**Statements of Revenues, Expenses and Changes in Net Position, continued**

In fiscal year 2020, the District's capital contributions decreased by 54.8% or \$1,219,415 to \$1,004,186 due primarily to an decrease of \$1,185,848 in federal capital grants.

In fiscal year 2019, the District's capital contributions increased by 70.9% or \$922,777 to \$2,223,601 due primarily to an increase of \$922,777 in federal capital grants.

**Operating and Non-Operating Revenues**

<b>Operating revenues:</b>	<b>2020</b>	<b>2019</b>	<b>Change</b>	<b>2018</b>	<b>Change</b>
Landing area usage	\$ 127,015	119,890	7,125	165,798	(45,908)
Hangar area usage	676,435	657,934	18,501	634,733	23,201
Main hangar and F.B.O.	600,496	576,634	23,862	582,949	(6,315)
Terminal area usage	347,279	387,435	(40,156)	423,074	(35,639)
Land usage	1,521,197	1,488,181	33,016	1,452,920	35,261
Operating grant revenue	10,140	9,840	300	16,540	(6,700)
Other charges and fees	7,621	15,829	(8,208)	18,604	(2,775)
<b>Total operating revenues</b>	<b>3,290,183</b>	<b>3,255,743</b>	<b>34,440</b>	<b>3,294,618</b>	<b>(38,875)</b>
<b>Non-operating revenues:</b>					
Property taxes	1,794,941	1,713,791	81,150	1,663,981	49,810
Interest earnings	183,905	128,533	55,372	56,218	72,315
Gain on disposal of assets	-	-	-	1,850	(1,850)
Gain on land sale	-	2,611,263	(2,611,263)	-	2,611,263
Other	-	-	-	4,448	(4,448)
<b>Total non-operating revenues</b>	<b>1,978,846</b>	<b>4,453,587</b>	<b>(2,474,741)</b>	<b>1,726,497</b>	<b>2,727,090</b>
<b>Total revenues</b>	<b>\$ 5,269,029</b>	<b>7,709,330</b>	<b>(2,440,301)</b>	<b>5,021,115</b>	<b>2,688,215</b>

A closer examination of the District's revenues reveals that:

In fiscal year 2020, the District's total revenues decreased by 31.7% or \$2,440,301 to \$5,269,029. The District's operating revenues increased 1.1% or \$34,440 to \$3,290,183, due primarily to increases of \$33,016 in land usage, \$23,862 in main hangar and fixed base operations and \$18,501 in hangar area usage revenues, which were offset by a decrease of \$40,156 in terminal area usage revenue as compared to the prior year.

In fiscal year 2019, the District's total revenues increased by 53.5% or \$2,688,215 to \$7,709,330. The District's operating revenues decreased 1.2% or \$38,875 to \$3,255,743, due primarily to decreases of \$45,908 in landing area usage and \$35,639 in terminal area usage revenue, which were offset by increases of \$35,261 in land usage revenues and \$23,201 in hangar area usage.

In fiscal year 2020, the District's non-operating revenues decreased by 55.6% or \$2,474,741 to \$1,978,846 due primarily to a decrease of \$2,611,263 in gain on land sale from the prior year, which was offset by increases of \$80,221 in property taxes and \$55,372 in interest and investment earnings.

In fiscal year 2019, the District's non-operating revenues increased by 158.0% or \$2,727,090 to \$4,453,587 due primarily to increases of \$2,611,263 in gain on land sale, \$49,810 in property taxes and \$72,315 in interest and investment earnings.

**Santa Maria Public Airport District**  
**Management's Discussion and Analysis**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**Operating and Non-operating Expenses**

<b>Operating expenses:</b>	<b>2020</b>	<b>2019</b>	<b>Change</b>	<b>2018</b>	<b>Change</b>
Landing area usage	\$ 872,122	916,249	(44,127)	712,196	204,053
Hangar area usage	68,149	66,917	1,232	68,880	(1,963)
Main hangar and F.B.O.	91,529	72,334	19,195	62,767	9,567
Terminal area usage	293,515	330,312	(36,797)	310,253	20,059
Land usage	375,752	335,591	40,161	342,706	(7,115)
Public administration	3,048,867	2,839,287	209,580	2,659,523	179,764
<b>Total operating expenses</b>	<b>4,749,934</b>	<b>4,560,690</b>	<b>189,244</b>	<b>4,156,325</b>	<b>404,365</b>
<b>Depreciation</b>	<b>2,300,323</b>	<b>2,102,526</b>	<b>197,797</b>	<b>2,263,682</b>	<b>(161,156)</b>
<b>Non-operating expenses:</b>					
Airshow expense, net	330,132	210,108	120,024	1,133	208,975
Revenue guarantee expense	-	-	-	184,603	(184,603)
Other	-	192	(192)	-	192
<b>Total non-operating expenses</b>	<b>330,132</b>	<b>210,300</b>	<b>119,832</b>	<b>185,736</b>	<b>24,564</b>
<b>Total expenses</b>	<b>\$ 7,380,389</b>	<b>6,873,516</b>	<b>506,873</b>	<b>6,605,743</b>	<b>267,773</b>

A closer examination of the District's expenses reveals that:

In fiscal year 2020, the District's total expenses including depreciation increased by 7.4% or \$506,873 to \$7,380,389. The District's operating expenses, increased 4.1% or \$189,244 to \$4,749,934, due primarily to increases of \$209,580 in public administration, \$40,161 in land usage, \$19,195 in main hangar and fixed base operations expenses, which were offset by decrease of \$44,127 in landing area usage and \$36,797 in terminal area usage expenses as compared to the prior year.

In fiscal year 2019, the District's total expenses including depreciation increased by 4.1% or \$267,773 to \$6,873,516. The District's operating expenses increased 9.7% or \$404,365 to \$4,560,690, due primarily to increases of \$179,764 in public administration, \$204,053 in landing area usage, \$20,059 in terminal area usage.

In fiscal year 2020, the District's depreciation increased by 9.4% or \$197,797 to \$2,300,323 due primarily to prior year asset additions beginning the depreciation process in the current year.

In fiscal year 2019, the District's depreciation decreased by 7.1% or \$161,156 to \$2,102,526 due primarily to maturing of existing capital assets depreciation.

In fiscal year 2020, the District's non-operating expenses increased by 57.0% or \$119,832 to \$330,132 due primarily to an increase of \$120,024 in airshow expense, net.

In fiscal year 2019, the District's non-operating expenses increased by 13.2% or \$24,564 to \$210,300 due primarily to an increase of \$208,975 in airshow expense, net, which was offset by a decrease of \$184,603 in revenue guarantee expense.

**Santa Maria Public Airport District**  
**Management's Discussion and Analysis**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**Capital Asset Administration**

Changes in capital asset amounts for 2020 were as follows:

Capital assets:	<u>Balance 2019</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2020</u>
Non-depreciable assets	\$ 9,269,879	2,594,397	(4,979,082)	6,885,194
Depreciable assets	77,948,622	4,944,456	(16,876)	82,876,202
Accumulated depreciation	<u>(56,076,121)</u>	<u>(2,300,323)</u>	<u>16,876</u>	<u>(58,359,568)</u>
Total capital assets, net	<u>\$ 31,142,380</u>	<u>5,238,530</u>	<u>(4,979,082)</u>	<u>31,401,828</u>

Changes in capital asset amounts for 2019 were as follows:

Capital assets:	<u>Balance 2018</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2019</u>
Non-depreciable assets	\$ 12,606,366	2,546,262	(5,882,749)	9,269,879
Depreciable assets	73,722,370	4,226,252	-	77,948,622
Accumulated depreciation	<u>(53,973,595)</u>	<u>(2,102,526)</u>	<u>-</u>	<u>(56,076,121)</u>
Total capital assets, net	<u>\$ 32,355,141</u>	<u>4,669,988</u>	<u>(5,882,749)</u>	<u>31,142,380</u>

At the end of fiscal years 2020 and 2019, the District's investment in capital assets amounted to \$31,401,828 and \$31,142,380 (net of accumulated depreciation), respectively. This investment in capital assets includes land, landing area, revenue generating land, owner-builder area, T-hangars, Fixed Based Operations, terminal, administration and equipment and construction-in-process, etc. Major capital assets additions during the years included terminal and revenue generating land improvements. See note 5 to the basic financial statements for further analysis.

**Conditions Affecting Current Financial Position**

The COVID-19 pandemic in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. However, the related financial impact on the District and the duration cannot be estimated at this time.

Management is unaware of any other conditions, which could have a significant impact on the District's current financial position, net position or operating results in terms of past, present and future.

**Requests for Information**

This financial report is designed to provide the District's funding sources, customers, stakeholders and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's Manager of Finance and Administration at 3217 Terminal Drive, Santa Maria, California 93455-1899 or by phone (805) 922-1726.

# **Basic Financial Statements**

**Santa Maria Public Airport District**  
**Statements of Net Position**  
**June 30, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>Current assets:</b>		
Cash and cash equivalents (note 2)	\$ 1,953,584	2,511,234
Restricted – cash and cash equivalents (note 2)	5,081,682	5,573,255
Certificate-of-deposit (note 2)	8,000	8,000
Accrued interest receivable	13,626	26,454
Accounts receivable – customers and tenants, net (note 3)	95,405	109,261
Accounts receivable – federal capital grants	-	1,182,803
Note receivable (note 4)	2,400	2,400
Prepaid expenses and deposits	210,005	156,864
Total current assets	7,364,702	9,570,271
<b>Non-current assets:</b>		
Note receivable (note 4)	148,755	138,179
Capital assets, not being depreciated (note 5)	6,885,194	9,269,879
Depreciable capital assets (note 5)	24,516,634	21,872,501
Total non-current assets	31,550,583	31,280,559
<b>Total assets</b>	38,915,285	40,850,830
<b>Deferred outflows of resources:</b>		
Deferred other post-employment benefits outflows (note 8)	8,387	6,434
Deferred pension outflows (note 9)	410,884	392,595
Total deferred outflows of resources	419,271	399,029
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	471,888	1,647,127
Accrued wages and related payables	26,759	21,560
Unearned revenue – hanger and other rentals	139,705	141,542
Hangar and other deposits	112,176	114,687
Long-term liabilities – due in one year:		
Compensated absences (note 6)	99,600	82,732
Land improvements payable (note 7)	21,051	1,326
Total current liabilities	871,179	2,008,974
<b>Long-term liabilities – due in more than one year:</b>		
Compensated absences (note 6)	33,200	27,578
Land improvements payable (note 7)	125,934	6,346
Total other post-employment benefits liability (note 8)	279,903	251,493
Net pension liability (note 9)	1,894,820	1,729,838
Total long-term liabilities	2,333,857	2,015,255
<b>Total liabilities</b>	3,205,036	4,024,229
<b>Deferred inflows of resources:</b>		
Deferred OPEB inflows (note 8)	1,046	11,667
Deferred pension inflows (note 9)	119,557	97,872
Total deferred inflows of resources	120,603	109,539
<b>Net position: (note 10)</b>		
Net investment in capital assets	31,254,843	31,134,708
Restricted for capital projects	5,081,682	5,573,255
Unrestricted (deficit)	(327,608)	408,128
<b>Total net position</b>	\$ 36,008,917	37,116,091

See accompanying notes to the basic financial statements



**Santa Maria Public Airport District**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>Operating revenues:</b>		
Landing area usage	\$ 127,015	119,890
Hangar area usage	676,435	657,934
Main hangar and Fixed Base Operations (FBO)	600,496	576,634
Terminal area usage	347,279	387,435
Land usage	1,521,197	1,488,181
Operating grant revenue	10,140	9,840
Other charges and fees	7,621	15,829
<b>Total operating revenues</b>	<b>3,290,183</b>	<b>3,255,743</b>
<b>Operating expenses:</b>		
Landing area usage	872,122	916,249
Hangar area usage	68,149	66,917
Main hangar and Fixed Base Operations (FBO)	91,529	72,334
Terminal area usage	293,515	330,312
Land usage	375,752	335,591
Public administration	3,048,867	2,839,287
<b>Total operating expenses before depreciation</b>	<b>4,749,934</b>	<b>4,560,690</b>
Operating loss before depreciation expense	(1,459,751)	(1,304,947)
Depreciation expense – capital recovery	(2,300,323)	(2,102,526)
<b>Operating loss</b>	<b>(3,760,074)</b>	<b>(3,407,473)</b>
<b>Non-operating revenue (expense):</b>		
Property taxes	1,762,955	1,682,734
Redevelopment agency property tax increment	31,986	31,057
Interest and investment earnings	183,905	128,533
Airshow income (expense), net	(330,132)	(210,108)
Gain on land sale	-	2,611,263
Other non-operating income (expense), net	-	(192)
<b>Total non-operating revenues, net</b>	<b>1,648,714</b>	<b>4,243,287</b>
<b>Net (loss) income before capital contributions</b>	<b>(2,111,360)</b>	<b>835,814</b>
<b>Capital contributions:</b>		
Federal capital grants	928,769	2,114,617
Passenger facility charges	75,417	108,984
<b>Capital contributions</b>	<b>1,004,186</b>	<b>2,223,601</b>
<b>Change in net position</b>	<b>(1,107,174)</b>	<b>3,059,415</b>
<b>Net position, beginning of year</b>	<b>37,116,091</b>	<b>34,056,676</b>
<b>Net position, end of year</b>	<b>\$ 36,008,917</b>	<b>37,116,091</b>

See accompanying notes to the basic financial statements

**Santa Maria Public Airport District**  
**Statement of Cash Flows**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities:</b>		
Cash receipts from customers and tenants	\$ 4,476,702	3,200,277
Cash receipts from federal operating grants	10,140	9,840
Cash paid to vendors for materials and services	(4,856,675)	(3,433,772)
Cash paid to employees for salaries	(926,860)	(926,860)
Net cash used in operating activities	(1,296,693)	(1,150,515)
<b>Cash flows from non-capital financing activities:</b>		
Proceeds from property taxes	1,762,955	1,682,734
Proceeds from redevelopment agency property tax increment	31,986	31,057
Net cash provided by non-capital financing activities	1,794,941	1,713,791
<b>Cash flows from capital and related financing activities:</b>		
Acquisition and construction of capital assets	(2,745,252)	(1,099,873)
Proceeds from federal capital grants	928,769	2,114,617
Proceeds from passenger facility charges	75,417	108,984
Proceeds from land sale	-	2,611,263
Payments for land improvements payable	(5,338)	(13,134)
Net cash (used in) provided by capital and related financing activities	(1,746,404)	3,721,857
<b>Cash flows from investing activities:</b>		
Proceeds from note receivable	2,200	2,200
Interest received on cash and cash equivalents	196,733	102,296
Net cash provided by investing activities	198,933	104,496
<b>Net (decrease) increase in cash and cash equivalents</b>	(1,049,223)	4,389,629
Cash and cash equivalents, beginning of year	8,084,489	3,694,860
Cash and cash equivalents, end of year	\$ 7,035,266	8,084,489
<b>Reconciliation of cash and cash equivalents to statement of net position:</b>		
Cash and cash equivalents	\$ 1,953,584	2,511,234
Restricted assets – cash and cash equivalents	5,081,682	5,573,255
Total cash and cash equivalents	\$ 7,035,266	8,084,489

*Continued on next page*

See accompanying notes to the basic financial statements

**Santa Maria Public Airport District**  
**Statement of Cash Flows, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

	<b>2019</b>	<b>2018</b>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>		
<b>Operating loss</b>	\$ (3,760,074)	(3,407,473)
<b>Adjustments to reconcile operating loss to net cash used in operating activities:</b>		
Depreciation and amortization	2,300,323	2,102,526
Other non-operating (expenses) revenue	-	(192)
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
(Increase)Decrease in assets:		
Accounts receivable – customers and tenants, net	13,856	(45,626)
Accounts receivable – federal capital grants	1,182,803	(1,014,887)
Prepaid expenses and deposits	(53,141)	(29,391)
Note receivable	(12,776)	(11,445)
(Increase)Decrease in deferred outflows of resources:		
Deferred other post-employment benefits outflows	(1,953)	(170)
Deferred pension outflows	(18,289)	79,254
Increase(Decrease) in liabilities:		
Accounts payable and accrued expenses	(1,175,239)	1,263,891
Accrued wages and related liabilities	5,199	116
Compensated absences	22,490	(8,898)
Unearned revenue	(1,837)	(3,166)
Hangar and other deposits	(2,511)	1,587
Total other post-employment benefits liability	28,410	3,698
Net pension liability	164,982	(16,322)
Increase(Decrease) in deferred inflows of resources:		
Deferred other post-employment benefits inflows	(10,621)	11,667
Deferred pension inflows	21,685	(75,684)
Total adjustments	2,463,381	2,256,958
Net cash used in operating activities	\$ (1,296,693)	(1,150,515)
<b>Non-cash investing, capital and financing transactions:</b>		
Change in fair value of funds deposited with LAIF	\$ 16,379	7,961
Change in capital contributions – federal capital grants	\$ 1,182,803	(1,014,877)

See accompanying notes to the basic financial statements

**Santa Maria Public Airport District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(1) Reporting Entity and Summary of Significant Accounting Policies**

**A. Organization and Operations of the Reporting Entity**

Santa Maria Public Airport District (District) encompasses an area of 400 square miles extending from the Santa Maria/Cuyama River at the north to a point three miles south of the community of Los Alamos at the south. Then an east-west direction, the District commences at Point Sal at the Pacific Ocean and extends eastward a distance of 30 miles, or 10 miles east of the dam at Twitchell Reservoir. The District's approximately 2,598 acres includes two active runways and provides facilities for one regional airline (Allegiant Airlines) and serves as home base for over 200 general aviation aircraft. The District is governed by a five-member Board of Directors who serve four-year terms and are elected at large. The directors entrust the responsibility for the efficient execution of airport policies to their designated representative, the General Manager.

**B. Basis of Accounting and Measurement Focus**

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges, capital and operating grants and similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Operating revenues and expenses are generated and incurred through the general airport activities of the District's tenants and transporting the general public and other goods on commercial aircraft; operating expenses include the repairs and maintenance of the airport facilities and infrastructure, security, airport promotion and fixed based operations. Public administration expenses of the airport and depreciation expense are also considered and classified as operating expenses. Other revenues, such as property taxes and investment income, and expenses not included in the above categories are reported as non-operating revenues and expenses.

**C. Financial Reporting**

The District's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District solely operates as a special-purpose government which means it is only engaged in business-type activities; accordingly, activities are reported in the District's proprietary fund.

The District has adopted the following GASB pronouncements in the current year:

*Governmental Accounting Standards Board Statement No. 95*

In May 2020, the GASB issued Statement No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

**Santa Maria Public Airport District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position**

**1. Use of Estimates**

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

**2. Uncertainty**

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. However, the related financial impact on District and the duration cannot be estimated at this time.

**3. Cash and Cash Equivalents**

Substantially all of the District's cash is invested in interest bearing accounts. The District considers all highly liquid investments with a maturity of three months or less at time of purchase to be cash equivalents.

**4. Investments and Investment Policy**

The District has adopted an investment policy directing the Manager of Finance and Administration to deposit funds in financial institutions. Investments are to be made in the following areas:

- a. Securities of the U.S. government or its agencies
- b. Federal agency obligations
- c. Local agency bonds and notes
- d. State registered warrants, notes and bonds
- e. Banker's acceptances
- f. Medium-term corporate notes and mortgage pass-through securities
- g. Certificates of deposit (negotiable and placed)
- h. Commercial paper (prime)
- i. Money market mutual funds and mutual fund accounts
- j. Passbook savings and demand deposit accounts (collateralized)
- k. State of California Local Agency Investment Fund (LAIF)

Changes in fair value that occur during a fiscal year are recognized as unrealized gains or losses and reported for that fiscal year. Investment income comprises interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

**5. Fair Value Measurements**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset, as follows:

- **Level 1** – This valuation level is based on quoted prices in active markets for identical assets.
- **Level 2** – This valuation level is based on directly observable and indirectly observable inputs. These inputs are derived principally from or corroborated by observable market data through correlation or market-corroborated inputs. The concept of market-corroborated inputs incorporates observable market data such as interest rates and yield curves that are observable at commonly quoted intervals.

**Santa Maria Public Airport District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position, continued**

**5. Fair Value Measurements, continued**

- **Level 3** – This valuation level is based on unobservable inputs where assumptions are made based on factors such as prepayment rates, probability of defaults, loss severity and other assumptions that are internally generated and cannot be observed in the market.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques attempt to maximize the use of observable inputs and minimize the use of unobservable inputs.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the District believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurement at the reporting date.

**6. Accounts Receivable and Allowance for Uncollectible Accounts**

The District extends credit to customers in the normal course of operations. When management deems customer accounts uncollectible, the District uses the allowance method for the reservation and write-off of those accounts.

**7. Federal Capital and Operating Grants**

When a grant agreement is approved and eligible expenditures are incurred, the amount is recorded as a federal capital or operating grant receivable on the statement of net position and as capital grant contribution or operating grant revenue, as appropriate, on the statement of revenues, expenses and changes in net position.

**8. Prepaids**

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

**9. Capital Assets**

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at acquisition value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. No depreciation is provided for construction work in process until construction is completed and/or the asset is placed into service. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

- Landing area – 4 to 50 years
- Revenue generating land – 5 to 30 years
- Owner-Builder area – 10 years
- T-Hangars – 5 to 20 years
- Fixed Based Operations (FBO) – 5 to 20 years
- Terminal – 5 to 25 years
- Administration and equipment – 3 to 20 years

**Santa Maria Public Airport District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position, continued**

**10. Deferred Outflows of Resources**

The statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of resources applicable to future periods and therefore will *not* be recognized as an outflow of resources (expenditure) until that time. The District has the following items that qualify for reporting in this category:

*Post-Employment Benefits Other Than Pensions (OPEB)*

- Deferred outflow which is equal to the employer contributions made after the measurement date of the total OPEB liability. This amount will be amortized-in-full against the total OPEB liability in the next fiscal year.
- Deferred outflow for the changes in assumptions which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with other post-employment benefits through the Plan.

*Pensions*

- Deferred outflow which is equal to the employer contributions made after the measurement date of the net pension liability. This amount will be amortized-in-full against the net pension liability in the next fiscal year. Deferred outflow for the net differences between the actual and expected experience which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.
- Deferred outflow for the net differences between the actual and expected experience which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.
- Deferred outflow for the net changes in assumptions which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.
- Deferred outflow for the net change due to differences in the changes in proportions of the net pension liability which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

**11. Unearned Revenue**

Unearned revenue consists of agricultural land, terminal, hangar, and concessionaire rentals and payments received in advance, which will be amortized to revenue on a straight-line basis over the applicable period.

**12. Compensated Absences**

The District's policy is to permit employees to accumulate earned vacation and sick leave. Sick leave that is not used shall accumulate during subsequent years up to 960 hours per employee. Payment of unused sick leave is payable to an employee only upon termination or retirement of employment.

**Santa Maria Public Airport District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position, continued**

**13. Post-Employment Benefits Other Than Pensions (OPEB)**

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

GASB 75 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

- Valuation Dates: June 30, 2019 and June 30, 2018
- Measurement Dates: June 30, 2019 and June 30, 2018
- Measurement Periods: July 1, 2018 to June 30, 2019 and July 1, 2017 to June 30, 2018

**14. Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans (Plans) and addition to/deduction from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

- Valuation Dates: June 30, 2018 and June 30, 2017
- Measurement Dates: June 30, 2019 and June 30, 2018
- Measurement Periods: July 1, 2018 to June 30, 2019 and July 1, 2017 to June 30, 2018

**15. Deferred Inflows of Resources**

The statement of net position will sometimes report a separate section for deferred inflows of resources. This financial statement element, deferred inflows of resources, represents an acquisition of resources applicable to future periods and therefore will not be recognized as an inflow of resources (revenue) until that time. The District has the following items that qualify for reporting in this category:

*Post-Employment Benefits Other Than Pensions (OPEB)*

- Deferred inflow for the net differences between the actual and expected experience which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with other post-employment benefits through the Plan.

*Pensions*

- Deferred inflow for the net difference in projected and actual earnings on investments of the pension plans fiduciary net position. This amount is amortized over a 5 year period.
- Deferred inflow for the net difference between the actual and proportionate share of contributions which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.



**Santa Maria Public Airport District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position, continued**

**16. Net Position**

The financial statements utilize a net position presentation. Net position is categorized as follows:

- **Net Investment in Capital Assets** – This component of net position consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt applicable to the acquisition, construction or improvement of those assets.
- **Restricted Net Position** – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – This component of net position consists of net position that does not meet the definition of *restricted* or *net investment in capital assets*.

During the fiscal year ended June 30, 2020, the Authority incurred a negative unrestricted net position balance in the District's enterprise funds of \$327,608 due to current year operating costs exceeding operating revenue. The District intends to reduce the negative unrestricted net position balance through the collection of operating usage revenue and main hangar and fixed base operations revenue in future periods.

**17. Property Taxes**

The County of Santa Barbara Assessor's Office assesses all real and personal property within the County each year. The County of Santa Barbara Tax Collector's Offices bills and collects the District's share of property taxes. The County of Santa Barbara Treasurer's Office remits current and delinquent property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations.

Property tax revenue at year-end is related to property taxes collected by the County of Santa Barbara, which have not been transferred to the District as of June 30. The property tax calendar is as follows:

Lien date	March 1
Levy date	July 1
Due dates	November 1 and March 1
Collection dates	December 10 and April 10

**18. Capital Contributions**

Capital contributions represent cash and capital asset additions contributed to the District by granting agencies or tenants desiring services that require capital items.

**19. Budgetary Policies**

The District adopts an annual non-appropriated budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period. Encumbrance accounting is not used to account for commitments related to unperformed contracts for construction and services.

**20. Reclassification**

The District has reclassified certain prior year information to conform with current year presentations.

**Santa Maria Public Airport District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(2) Cash, Cash Equivalents and Investments**

Cash and cash equivalents as of June 30 are classified in the accompanying financial statements as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,953,584	2,511,234
Restricted cash and cash equivalents	5,081,682	5,573,255
Certificate-of-deposit	<u>8,000</u>	<u>8,000</u>
Total cash and investments	<u>\$ 7,043,266</u>	<u>8,092,489</u>

Cash and cash equivalents as of June 30 consist of the following:

	<u>2020</u>	<u>2019</u>
Cash on hand	\$ 1,350	1,350
Deposits with financial institutions	13,248	264,505
Investments	<u>7,028,668</u>	<u>7,826,634</u>
Total cash and investments	<u>\$ 7,043,266</u>	<u>8,092,489</u>

As of June 30, the District's authorized deposits had the following maturities:

	<u>2020</u>	<u>2019</u>
Certificate-of-deposit held with a financial institution	May 2021	May 2020
Deposits with California Local Agency Investment Fund (LAIF)	<u>191 days</u>	<u>173 days</u>

***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. 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 (such as LAIF).

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 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 District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Of the bank balances, up to \$250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

**Santa Maria Public Airport District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(2) Cash, Cash Equivalents and Investments, continued**

***Investment in State Investment Pool***

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The pool portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by GASB 79 for external investments pools that elect to measure, for financial reporting purposes, investments at amortized cost. LAIF does not have any legally binding guarantees of share values. LAIF does not impose liquidity fees or redemption gates on participant withdrawals.

***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 matures or comes close to maturity evenly over time as necessary to provide requirements for 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 date:

Investments at June 30, 2020, consisted of the following:

<u>Investment Type</u>	<u>Amount</u>	<u>Remaining Maturity (in Months)</u> <u>12 months or less</u>
Certificates-of-deposit	\$ 8,000	8,000
Local Agency Investment Fund	3,786,229	3,786,229
Money Market Savings Account	3,234,439	3,234,439
Total	\$ <u>7,028,668</u>	<u>7,028,668</u>

Investments at June 30, 2019, consisted of the following:

<u>Investment Type</u>	<u>Amount</u>	<u>Remaining Maturity (in Months)</u> <u>12 months or less</u>
Certificates-of-deposit	\$ 8,000	8,000
Local Agency Investment Fund	4,658,779	4,658,779
Money Market Savings Account	3,159,855	3,159,855
Total	\$ <u>7,826,634</u>	<u>7,826,634</u>

**Santa Maria Public Airport District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(2) Cash, Cash Equivalents and Investments, continued**

***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. 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 year-end for each investment type.

Credit ratings at June 30, 2020, consisted of the following:

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Ratings AAA</u>
Certificates-of-deposit	\$ 8,000	N/A	8,000	-
Local Agency Investment Fund	3,786,229	N/A	3,786,229	-
Money Market Savings Account	<u>3,234,439</u>	AAA	-	<u>3,234,439</u>
Total	<u>\$ 7,028,668</u>		<u>3,794,229</u>	<u>3,234,439</u>

Credit ratings at June 30, 2019, consisted of the following:

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Ratings AAA</u>
Certificates-of-deposit	\$ 8,000	N/A	8,000	-
Local Agency Investment Fund	4,658,779	N/A	4,658,779	-
Money Market Savings Account	<u>3,159,855</u>	AAA	-	<u>3,159,855</u>
Total	<u>\$ 7,826,634</u>		<u>4,666,779</u>	<u>3,159,855</u>

***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 are no investments in any one issuer that represent 5% or more of total District investments.

**Santa Maria Public Airport District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(2) Cash, Cash Equivalents and Investments, continued**

***Fair Value Measurements***

Investments measured at fair value on a recurring and non-recurring basis, are as follows:

**Investments at June 30, 2020:**

<u>Investment Type</u>	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Certificates-of-deposit	\$ 8,000	-	8,000	-
Money Market Savings Account	3,234,439	3,234,439	-	-
Total investments measured at fair value	3,242,439	<u>3,234,439</u>	<u>8,000</u>	<u>-</u>
Investments measured at amortized cost:				
Local Agency Investment Fund (LAIF)	3,786,229			
Total	\$ <u>7,028,668</u>			

Investments measured at fair value on a recurring and non-recurring basis, are as follows:

**Investments at June 30, 2019:**

<u>Investment Type</u>	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Certificates-of-deposit	\$ 8,000	-	8,000	-
Money Market Savings Account	3,159,855	3,159,855	-	-
Total investments measured at fair value	3,167,855	<u>3,159,855</u>	<u>8,000</u>	<u>-</u>
Investments measured at amortized cost:				
Local Agency Investment Fund (LAIF)	4,658,779			
Total	\$ <u>7,826,634</u>			

**(3) Accounts Receivable – Customers and Tenants, Net**

The balance as of June 30 consists of the following:

	<u>2020</u>	<u>2019</u>
Accounts receivable – customers and tenants	\$ 102,165	113,186
Allowance for uncollectible accounts	<u>(6,760)</u>	<u>(3,925)</u>
Accounts receivable – customers and tenants, net	<u>\$ 95,405</u>	<u>109,261</u>

**Santa Maria Public Airport District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(4) Note Receivable**

In June 14, 2000, the Board authorized a loan guarantee of \$150,000 in the form of a certificate-of-deposit with Santa Barbara Bank and Trust for Pacific Skyway, Inc. (Pacific Skyway), an airline start-up, owned by an individual, David Baskett (Mr. Baskett). Subsequently, Pacific Skyway went out of business and filed for bankruptcy protection in 2001. As a result of the bankruptcy filing, Pacific Skyway defaulted on its loan and the certificate-of-deposit was forfeited and recognized as a loss by the District.

On October 1, 2001, the amount in default was recorded as a note receivable between the District and Mr. Baskett. On August 29, 2002, a note agreement was signed by the District and Mr. Baskett. Terms of the note called for an 8% annual interest rate and monthly payments of \$7,507, beginning on January 1, 2003.

In fiscal year 2005, the loan went into default. During the fiscal year ended June 30, 2006, the District had determined that the note was uncollectible and set up an allowance in the amount \$111,272.

In December 2012, Mr. Baskett was elected to the Board. The note receivable became a related party transaction. On February 21, 2013, the District entered into a new promissory note agreement with Mr. Baskett. Terms of the agreement called for a 4% annual interest rate and monthly payments of \$200, until the loan is repaid in full. The agreements terms provide that District retain all subsequent Director's fees to assist in satisfying the obligation.

During the fiscal year ended June 30, 2017, the District filed suit with the Santa Barbara County Court to recover the outstanding balance of \$122,788 and additional legal fees. On August 31, 2017, a summary judgement was granted in favor of the District.

The balance at June 30 consists of the following:

	<u>2019</u>	<u>Additions</u>	<u>Payments Received</u>	<u>2020</u>
Note receivable	\$ 140,579	12,776	(2,200)	151,155
Note receivable	140,579	<u>12,776</u>	<u>(2,200)</u>	151,155
Less: current portion	<u>(2,400)</u>			<u>(2,400)</u>
Total non-current	<u>\$ 138,179</u>			<u>148,755</u>

The balance at June 30 consists of the following:

	<u>2018</u>	<u>Additions</u>	<u>Payments Received</u>	<u>2019</u>
Note receivable	\$ 131,334	11,445	(2,200)	140,579
Note receivable	131,334	<u>11,445</u>	<u>(2,200)</u>	140,579
Less: current portion	<u>(2,400)</u>			<u>(2,400)</u>
Total non-current	<u>\$ 128,934</u>			<u>138,179</u>

**Santa Maria Public Airport District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(5) Capital Assets**

Changes in capital assets for 2020 were as follows:

	<u>Balance 2019</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2020</u>
Non-depreciable assets:				
Land and land rights	\$ 6,394,133	-	-	6,394,133
Construction-in-process	<u>2,875,746</u>	<u>2,594,397</u>	<u>(4,979,082)</u>	<u>491,061</u>
Total non-depreciable assets	<u>9,269,879</u>	<u>2,594,397</u>	<u>(4,979,082)</u>	<u>6,885,194</u>
Depreciable assets:				
Landing area	42,902,621	4,712,180	-	47,614,801
Revenue generating land	7,619,363	-	-	7,619,363
Owner-Builder area	34,664	-	-	34,664
T-Hangars	6,549,853	-	-	6,549,853
Fixed Based Operations (F.B.O.)	2,550,946	-	-	2,550,946
Terminal	15,077,570	167,064	-	15,244,634
Administration and equipment	<u>3,213,605</u>	<u>65,212</u>	<u>(16,876)</u>	<u>3,261,941</u>
Total depreciable assets	<u>77,948,622</u>	<u>4,944,456</u>	<u>(16,876)</u>	<u>82,876,202</u>
Accumulated depreciation:				
Landing area	(26,111,294)	(1,329,238)	-	(27,440,532)
Revenue generating land	(4,967,330)	(245,698)	-	(5,213,028)
Owner-Builder area	(34,665)	-	-	(34,665)
T-Hangars	(6,101,526)	(119,634)	-	(6,221,160)
Fixed Based Operations (F.B.O.)	(2,282,848)	(53,524)	-	(2,336,372)
Terminal	(14,502,528)	(365,767)	-	(14,868,295)
Administration and equipment	<u>(2,075,930)</u>	<u>(186,462)</u>	<u>16,876</u>	<u>(2,245,516)</u>
Total accumulated depreciation	<u>(56,076,121)</u>	<u>(2,300,323)</u>	<u>16,876</u>	<u>(58,359,568)</u>
Total depreciable assets, net	<u>21,872,501</u>	<u>2,644,133</u>	<u>-</u>	<u>24,516,634</u>
Total capital assets, net	\$ <u>31,142,380</u>			<u>31,401,828</u>

Major capital assets additions during the year include landing area improvements, Terminal improvements, and administration equipment acquisitions. Major capital asset deletions during the year included disposals of administration and equipment which were replaced at June 30.

**Santa Maria Public Airport District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(5) Capital Assets, continued**

Changes in capital assets for 2019 were as follows:

	<u>Balance 2018</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2019</u>
Non-depreciable assets:				
Land and land rights	\$ 6,435,579	-	(41,446)	6,394,133
Construction-in-process	6,170,787	2,546,262	(5,841,303)	2,875,746
Total non-depreciable assets	<u>12,606,366</u>	<u>2,546,262</u>	<u>(5,882,749)</u>	<u>9,269,879</u>
Depreciable assets:				
Landing area	38,773,265	4,129,356	-	42,902,621
Revenue generating land	7,608,026	11,337	-	7,619,363
Owner-Builder area	34,664	-	-	34,664
T-Hangars	6,544,853	5,000	-	6,549,853
Fixed Based Operations (F.B.O.)	2,550,946	-	-	2,550,946
Terminal	15,011,310	66,260	-	15,077,570
Administration and equipment	3,199,306	14,299	-	3,213,605
Total depreciable assets	<u>73,722,370</u>	<u>4,226,252</u>	<u>-</u>	<u>77,948,622</u>
Accumulated depreciation:				
Landing area	(24,977,736)	(1,133,558)	-	(26,111,294)
Revenue generating land	(4,730,736)	(236,594)	-	(4,967,330)
Owner-Builder area	(34,665)	-	-	(34,665)
T-Hangars	(5,956,581)	(144,945)	-	(6,101,526)
Fixed Based Operations (F.B.O.)	(2,229,244)	(53,604)	-	(2,282,848)
Terminal	(14,146,009)	(356,519)	-	(14,502,528)
Administration and equipment	(1,898,624)	(177,306)	-	(2,075,930)
Total accumulated depreciation	<u>(53,973,595)</u>	<u>(2,102,526)</u>	<u>-</u>	<u>(56,076,121)</u>
Total depreciable assets, net	<u>19,748,775</u>	<u>2,123,726</u>	<u>-</u>	<u>21,872,501</u>
Total capital assets, net	<u>\$ 32,355,141</u>			<u>31,142,380</u>

Major capital assets additions during the year include landing area improvements, T-hangar improvements, and administration equipment acquisitions. Major capital asset deletions during the year included the abandonment of Sunset Ridge expenses in the amount \$1,567,203 from in construction-in-progress at June 30.

***Construction-In-Process***

The District has been involved in various construction projects throughout the year. The balances of the various construction projects that comprise the construction-in-process balances at June 30 are as follows:

The balance at June 30 consists of the following projects:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Landing area improvements	\$ 454,171	2,805,900	536,795
Revenue generating land	36,890	-	1,567,203
Terminal area	-	-	4,066,789
Administration	-	69,846	-
Construction-in-process	<u>\$ 491,061</u>	<u>2,875,746</u>	<u>6,170,787</u>



**Santa Maria Public Airport District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(6) Compensated Absences**

Changes in compensated absences balance at June 30 were as follows:

<u>Balance</u> <u>2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>2020</u>	<u>Due Within</u> <u>One Year</u>	<u>Due in More</u> <u>Than One Year</u>
\$ 110,310	108,860	(86,370)	132,800	99,600	33,200
<u>Balance</u> <u>2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>2019</u>	<u>Due Within</u> <u>One Year</u>	<u>Due in More</u> <u>Than One Year</u>
\$ 119,208	105,417	(114,315)	110,310	82,732	27,578

**(7) Land Improvements Payable**

In April 2014, the District entered into a zero-interest land improvement payable obligation with Pacific Gas & Electric (PG&E), in the amount \$12,266. The purpose of the payable was to provide funds for the acquisition of energy efficient capital equipment. Terms of the obligation call for monthly payments of \$111 maturing in May 2023.

In April 2020, the District entered into a zero-interest land improvement payable obligation with Pacific Gas & Electric (PG&E), in the amount \$144,651. The purpose of the payable was to provide funds for the acquisition of energy efficient terminal lighting upgrades. Terms of the obligation call for monthly payments of \$1,644 maturing in July 2026.

Changes in land improvements payable at June 30 were as follows:

	<u>2019</u>	<u>Additions</u>	<u>Payments</u>	<u>2020</u>
Land improvements payable \$	7,672	144,651	(5,338)	146,985
Less current-portion	(1,326)			(21,051)
Total non-current \$	6,346			125,934

Changes in land improvements payable at June 30 were as follows:

	<u>2018</u>	<u>Additions</u>	<u>Payments</u>	<u>2019</u>
Land improvements payable \$	20,806	-	(13,134)	7,672
Less current-portion	(13,245)			(1,326)
Total non-current \$	7,561			6,346

**Santa Maria Public Airport District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(7) Land Improvements Payable**

Future annual payments are as follows:

Fiscal Year	Annual Payment
2021	\$ 21,051
2022	21,051
2023	21,051
2024	19,725
2025	19,725
2026-2027	44,382
Total	146,985
Less: current	(21,051)
Non-current	\$ 125,934

**(8) Other Post-Employment Benefits (OPEB) Plan**

***General Information about the OPEB Plan***

*Plan Description*

The District's defined benefit OPEB plan (Plan) provides OPEB for all permanent full-time employees. The Plan is a single-employer defined benefit OPEB plan administered by the District. The District's Board of Directors has the authority to establish and amend the benefit terms and financing requirements of the Plan.

*Benefits Provided*

For retirees at age of 50 with a minimum of 5 years of service, the District's contribution toward the CalPERS Medical Program will be 100% of the District's share of the premium amount for the retiree and their dependents.

***Employees Covered by Benefit Terms***

At June 30, the following employees were covered by the benefit terms:

	Measurement Date 2019	Measurement Date 2018
Inactive employees or beneficiaries currently receiving benefit payments	4	4
Inactive employees entitled to but not receiving benefit payments	-	-
Active employees	14	13
Total Plan membership	18	17

***Contributions***

The Plan and its contribution requirements for eligible retired employees of the District are established and may be amended by the Board of Directors. The District pays 100% of its share of the cost of health insurance for retirees under any group plan offered by CalPERS, subject to certain restrictions as determined by the District. The District's cap is \$128 per month which is adjusted for each year in accordance with California Government Code Section 22892. The annual contribution is based on the actuarially determined contribution.

**Santa Maria Public Airport District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(8) Other Post-Employment Benefits (OPEB) Plan, continued**

*Contributions, continued*

As of the fiscal year ended June 30, the contributions were as follows:

	<b>2020</b>	<b>2019</b>
Contributions – employer	\$ 7,434	6,434

As of June 30 2020 and 2019, employer pension contributions of \$7,434 and \$6,434 were reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the fiscal year ended June 30, 2021 and 2020, respectively.

***Total OPEB Liability***

The District’s total OPEB liability was measured as of June 30, 2019 and 2018 and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2019 and 2018, respectively. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

***Actuarial Assumptions***

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	2.75 percent
Discount rate	3.80 and 3.50 percent
Healthcare cost trend rates	4.00 percent per year
Retirees' share of benefit-related costs	100 percent of projected health insurance premiums for retirees at age 50 with a minimum 5 years of service

Notes:

The discount rate was based on the Bond Buyer 20-Year Bond Index.

***Discount Rate***

As of June 30 2020 and 2019, the discount rate used to measure the total OPEB liability was 3.80 and 3.50 percent, respectively. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates.

**Santa Maria Public Airport District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(8) Other Post-Employment Benefits (OPEB) Plan, continued**

*Changes in the Total OPEB Liability*

	<b>Total OPEB Liability 2019-2020</b>	<b>Total OPEB Liability 2018-2019</b>
<b>Balance at Beginning of Year</b>	\$ 251,493	247,795
<b>Changes for the year:</b>		
Service cost	13,545	13,182
Interest	9,685	9,544
Employer contributions	(6,434)	(6,434)
Employee contributions	-	-
Expected minus actual benefits	(338)	-
Experience (gains)/losses	(804)	-
Assumption changes	12,756	(12,594)
<b>Net changes</b>	<u>28,410</u>	<u>3,698</u>
<b>Balance at End of Year</b>	\$ <u>279,903</u>	<u>251,493</u>

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate*

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.80 and 2.50 percent) or 1-percentage-point higher (4.80 and 4.50 percent) than the current discount rate:

As of June 30, 2020, the discount rate comparison was the following:

	<b>Discount Rate - 1% (2.80%)</b>	<b>Current Discount Rate (3.80%)</b>	<b>Discount Rate + 1% (4.80%)</b>
District's Total OPEB liability	\$ <u>330,102</u>	<u>279,903</u>	<u>240,356</u>

As of June 30, 2019, the discount rate comparison was the following:

	<b>Discount Rate - 1% (2.80%)</b>	<b>Current Discount Rate (3.80%)</b>	<b>Discount Rate + 1% (4.80%)</b>
District's Total OPEB liability	\$ <u>295,755</u>	<u>251,493</u>	<u>215,746</u>

**Santa Maria Public Airport District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(8) Other Post-Employment Benefits (OPEB) Plan, continued**

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.00 percent decreasing to 2.00 percent) or 1-percentage-point higher (5.00 percent decreasing to 4.00 percent) than the current healthcare cost trend rates:

As of June 30, 2020, the healthcare cost trend rate comparison was the following:

	<b>1% Decrease (3.00% decreasing to 2.00%)</b>	<b>Healthcare Cost Trend Rates (4.00% decreasing to 3.00%)</b>	<b>1% Increase (5.00% decreasing to 4.00%)</b>
District's Total OPEB liability	\$ 241,055	279,903	326,998

As of June 30, 2018, the healthcare cost trend rate comparison was the following:

	<b>1% Decrease (3.00% decreasing to 2.00%)</b>	<b>Healthcare Cost Trend Rates (4.00% decreasing to 3.00%)</b>	<b>1% Increase (5.00% decreasing to 4.00%)</b>
District's Total OPEB liability	\$ 213,171	251,493	297,925

For the year ended June 30, 2020 and 2019, the District recognized OPEB expense of \$23,270 and \$21,629, respectively.

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

At June 30, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<b>Description</b>	<b>June 30, 2020</b>		<b>June 30, 2019</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
OPEB contributions subsequent to the measurement date at June 30	\$ 7,434	-	6,434	-
Differences between actual and expected experience	-	(1,046)	-	-
Changes in assumptions	953	-	-	(11,667)
Total	\$ 8,387	(1,046)	6,434	(11,667)

**Santa Maria Public Airport District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(8) Other Post-Employment Benefits (OPEB) Plan, continued**

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, continued***

As a result of the implementation of the GASB 68 at June 30, 2020, the District recognized other amounts reported by the Plan actuarial as deferred outflows of resources and deferred inflows of resources related to the pension liability. Pension related amounts will be recognized as pension expense as follows.

**Actuarially Determined Deferred Outflows and (Inflows) - OPEB Plan**

<u>Fiscal Year</u> <u>Ending June 30:</u>	<u>Net, Changes</u> <u>in Assumptions</u>	<u>Net, Differences</u> <u>between Expected</u> <u>and Actual</u> <u>Experience</u>	<u>Total</u>
2021	\$ 136	(96)	40
2022	136	(96)	40
2023	136	(96)	40
2024	136	(96)	40
2025	136	(96)	40
Thereafter	<u>273</u>	<u>(566)</u>	<u>(293)</u>
Total	\$ <u>953</u>	<u>(1,046)</u>	<u>(93)</u>

At June 30, 2020 and 2019, there were no amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB which are required to be recognized in OPEB expense over future periods, respectively.

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

See page 51 for the Required Supplementary Schedule.

**(9) Defined Benefit Pension Plan**

***Plan Description***

All qualified permanent and probationary employees are eligible to participate in the District's separate Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan is established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website or may be obtained from their executive office: 400 P Street, Sacramento, CA, 95814.

***Benefits Provided***

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

**Santa Maria Public Airport District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(9) Defined Benefit Pension Plan, continued**

***Benefits Provided, continued***

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. The new legislation closed the District's CalPERS 2.0% at 55 Risk Pool Retirement Plan to new employee entrants effective December 31, 2012. All employees hired after January 1, 2013 are eligible for the District's CalPERS 2.0% at 62 Retirement Plan under PEPRA. New employees that have previously participated in the Classic Plan are eligible for the District's CalPERS 2.0% at 55 Retirement Plan.

The Plans' provision and benefits in effect at June 30, 2020 are summarized as follows:

<u>Description</u>	<u>Miscellaneous Plan</u>	
	<u>Tier 1</u>	<u>Tier 2</u>
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	6.906%	6.750%
Required employer contribution rates	10.221%	6.985%

***Contributions***

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates, for all public employers, be determined on an annual basis by the actuary and shall be effective on July 1, following notice of the change in rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30, by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

As of the fiscal year ended June 30, the contributions for the Plan were as follows:

	<u>Miscellaneous Plan</u>	
	<u>2020</u>	<u>2019</u>
Contributions – employer	\$ 188,479	137,310
Contributions – employee (paid by employer)	39,645	43,996
Total employer paid contributions	<u>\$ 228,124</u>	<u>181,306</u>

***Net Pension Liability***

As of the fiscal year ended June 30, the District reported net pension liabilities for its proportionate share of the net pension liability of the Plan were as follows:

	<u>Proportionate Share of Net Pension Liability</u>	
	<u>2020</u>	<u>2019</u>
Miscellaneous Plan \$	<u>1,894,820</u>	<u>1,729,838</u>

**Santa Maria Public Airport District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(9) Defined Benefit Pension Plan, continued**

*Net Pension Liability, continued*

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2019 and 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 and 2017, rolled forward to June 30, 2019 and 2018, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's change in the proportionate share of the pension liability for the Plan as of the fiscal year end June 30, 2020, was as follows:

	<b>Miscellaneous Plan</b>
Proportion – June 30, 2019	0.01795%
Proportion – June 30, 2020	0.01849%
Change – Increase (Decrease)	0.00054%

The District's change in the proportionate share of the pension liability for the Plan as of the fiscal year end June 30, 2019, was as follows:

	<b>Miscellaneous Plan</b>
Proportion – June 30, 2018	0.01761%
Proportion – June 30, 2019	0.01795%
Change – Increase (Decrease)	0.00034%

As a result of the implementation of the GASB 68 pronouncement at June 30, 2020 and 2019, the District recognized pension expense of \$356,857 and \$155,062, respectively.



**Santa Maria Public Airport District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(9) Defined Benefit Pension Plan, continued**

***Deferred Pension Outflows (Inflows) of Resources***

As of June 30, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Description</b>	<b>June 30, 2020</b>		<b>June 30, 2019</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Pension contributions subsequent to the measurement date	\$ 188,479	-	167,814	-
Net differences between actual and expected experience	121,406	-	43,785	-
Net changes in assumptions	58,324	-	148,875	-
Net differences between projected and actual earnings on plan investments	-	(33,127)	8,552	-
Net differences between actual contribution and proportionate share of contribution	-	(86,430)	-	(97,872)
Net adjustment due to differences in proportions of net pension liability	42,675	-	23,569	-
<b>Total</b>	<b>\$ 410,884</b>	<b>(119,557)</b>	<b>392,595</b>	<b>(97,872)</b>

As of June 30 2020 and 2019, employer pension contributions of \$188,479 and \$167,814 were reported as deferred outflows of resources related to contributions subsequent to the measurement date were and will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2021 and 2020, respectively.

***Deferred Pension Outflows (Inflows) of Resources***

As a result of the implementation of the GASB 68 at June 30, 2020, the District recognized other amounts reported by the Plan actuarial as deferred outflows of resources and deferred inflows of resources related to the pension liability. Pension related amounts will be recognized as pension expense as follows.

<b>Fiscal Year Ending June 30:</b>	<b>Deferred Outflows/ (Inflows) of Resources</b>
2021	\$ 92,050
2022	(7,183)
2023	12,375
2024	5,606
2025	-
Thereafter	-

**Santa Maria Public Airport District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(9) Defined Benefit Pension Plan, continued**

***Actuarial Assumptions***

The total pension liability in the June 30, 2018 and 2017, actuarial valuation reports were determined using the following actuarial assumptions:

Valuation dates	June 30, 2018 and 2017
Measurement dates	June 30, 2019 and 2018
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2019 and 2018 – 2.50%
Salary increases	Varies by Entry Age and Service
Investment Rate of Return	7.50 % Net of Pension Plan Investment and Administrative Expenses; includes inflation
Mortality Rate Table*	Derived using CalPERS' Membership Data for all Funds
Period upon which actuarial Experience Survey assumptions were based	2019 and 2018 – 1997–2015
Post Retirement Benefit	2018 – Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

\* The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 Experience Study report. Further details of the Experience Study can be found on the CalPERS website.

***Discount Rate***

The discount rate used to measure the total pension liability was 7.15% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, the amortization and smoothing periods recently adopted by CalPERS were utilized. The crossover test was performed for a miscellaneous agent plan and a safety agent plan selected as being more at risk of failing the crossover test and resulting in a discount rate that would be different from the long-term expected rate of return on pension investments.

Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan.

The long-term expected rate of return on pension plan investments 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.

**Santa Maria Public Airport District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(9) Defined Benefit Pension Plan, continued**

*Discount Rate, continued*

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

As of June 30, 2020, the long-term expected real rate of return by asset class was as follows:

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10*</u>	<u>Real Return Year 11+**</u>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	<u>100.00%</u>		

\* An expected inflation of 2.5% used for this period

\*\* An expected inflation of 3.0% used for this period

As of June 30, 2019, the long-term expected real rate of return by asset class was as follows:

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10*</u>	<u>Real Return Year 11+**</u>
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
Total	<u>100.0%</u>		

\* An expected inflation of 2.5% used for this period

\*\* An expected inflation of 3.0% used for this period

**Santa Maria Public Airport District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(9) Defined Benefit Pension Plan, continued**

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

The following table presents the District's proportionate share of the net position liability for the Plan, calculated using the discount rate, as well as what the District's proportional share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

As of June 30, 2020, the discount rate comparison was the following:

	<b>Discount Rate – 1% (6.15%)</b>	<b>Current Discount Rate (7.15%)</b>	<b>Discount Rate + 1% (8.15%)</b>
District's Net Pension Liability	\$ <u>2,873,035</u>	<u>1,894,820</u>	<u>1,087,373</u>

As of June 30, 2019, the discount rate comparison was the following:

	<b>Discount Rate – 1% (6.15%)</b>	<b>Current Discount Rate (7.15%)</b>	<b>Discount Rate + 1% (8.15%)</b>
District's Net Pension Liability	\$ <u>2,668,010</u>	<u>1,729,838</u>	<u>955,388</u>

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan's fiduciary net position is available in separately issued CalPERS financial reports. See pages 52 through 53 for the Required Supplementary Schedules.

***Payable to the Pension Plan***

As of June 30, 2020 and 2019, the District reported no payables for the outstanding amount of contribution to the pension plan, respectively.

**Santa Maria Public Airport District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(10) Net Position**

Calculation of net position as of June 30, was as follows:

	<b>2020</b>	<b>2019</b>
Net investment in capital assets:		
Capital assets, not being depreciated	\$ 6,885,194	9,269,879
Depreciable capital assets	24,516,634	21,872,501
Current:		
Land improvements payable	(21,051)	(1,326)
Non-current:		
Land improvements payable	(125,934)	(6,346)
Total net investment in capital assets	31,254,843	31,134,708
Restricted net position:		
Restricted – cash and cash equivalents	5,081,682	5,573,255
Total restricted net position	5,081,682	5,573,255
Unrestricted net position:		
Non-spendable net position:		
Prepaid expenses and deposits	210,005	156,864
Total non-spendable net position	210,005	156,864
Spendable net position are designated as follows:		
Total (deficit) spendable net position	(537,613)	251,264
Total (deficit) unrestricted net position	(327,608)	408,128
Total net position	\$ 36,008,917	37,116,091

**(11) Deferred Compensation Savings Plan**

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

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District and are not subject to claims of the District's general creditors. Fair value of all plan assets held in trust by Mass Mutual at June 30, 2020 and 2019, was \$1,423,876 and \$1,257,616, respectively.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statements of net position.

**Santa Maria Public Airport District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(12) Risk Management**

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District, as a member of the Special District Risk Management Authority (SDRMA), has purchased various insurance policies to manage the potential liabilities that may occur from the previously named sources. SDRMA's purpose is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage.

At June 30, 2020, the District participated in the liability and property programs of the SDRMA as follows:

- General and auto liability, public officials and employees' errors and omissions and employment practices liability: Total risk financing limits of \$5.2 billion, combined single limit at \$100 thousand to \$800 million per occurrence, subject to the following deductibles – \$500/\$500,000 per occurrence for third party general liability property damage – 50% co-insurance of cost expended by SDRMA, in excess of \$10,000 up to \$110,000, per occurrence, for employment related claims. However, 100% of the obligation will be waived if certain criteria are met.
- Employee dishonesty coverage up to \$1,000,000 per loss includes public employee dishonesty, forgery or alteration and theft, disappearance and destruction coverages.
- Property loss is paid at the replacement cost for property on file, if replaced within two years after the loss, otherwise paid on an actual cash value basis, to a combined total of \$800 million per occurrence (pool limit), subject to a \$1,000 deductible per occurrence.
- Boiler and machinery coverage for the replacement cost up to \$100 million per occurrence (pool limit), subject to a \$1,000 deductible.
- Comprehensive and collision coverage on selected vehicles, with deductibles of \$250/\$1,000 as elected; ACV limits; fully self-funded by the SDRMA.
- Public officials personal liability up to \$500,000 each occurrence, with an annual aggregate of \$500,000 per each elected/appointed official to which this coverage applies, subject to the terms, conditions and exclusions as provided in the Memorandum of Coverages, deductible of \$500 per claim.
- Workers' compensation insurance up to California statutory limits for all work-related injuries/illnesses covered by California law.

Also, the District has purchased aviation commercial general liability insurance coverage up to \$20 million from a commercial insurance carrier.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ending June 30, 2020, 2019 and 2018. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2020, 2019 and 2018.

**Santa Maria Public Airport District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(13) Governmental Accounting Standards Board Statements**

**Newly Issued Accounting Pronouncements, But Not Yet Effective**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2020, that have effective dates that may impact future financial presentations.

The following pronouncement implementation dates have been delayed due to the COVID-19 pandemic.

***Governmental Accounting Standards Board Statement No. 84***

In January 2017, the GASB issued Statement No. 84 – *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2018; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged.

***Governmental Accounting Standards Board Statement No. 87***

In June 2017, the GASB issued Statement No. 87 – *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2019; however, in light of the COVID-19 pandemic, the effective date has been postponed by 18 months. Earlier application is encouraged.

***Governmental Accounting Standards Board Statement No. 89***

In June 2018, the GASB issued Statement No. 89 – *Accounting for Interest Cost incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

**Santa Maria Public Airport District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(13) Governmental Accounting Standards Board Statements**

**Newly Issued Accounting Pronouncements, But Not Yet Effective**

***Governmental Accounting Standards Board Statement No. 89, continued***

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2019; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

***Governmental Accounting Standards Board Statement No. 90***

In August 2018, the GASB issued Statement No. 90 – *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2018; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.



**Santa Maria Public Airport District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(13) Governmental Accounting Standards Board Statements**

**Newly Issued Accounting Pronouncements, But Not Yet Effective**

***Governmental Accounting Standards Board Statement No. 91***

In May 2019, the GASB issued Statement No. 91 – *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2020; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged.

***Governmental Accounting Standards Board Statement No. 92***

In January 2020, the GASB issued Statement No. 92 – *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

The requirements of this Statement were as follows: (1) The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance; (2) The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2020; (3) The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2020; and (4) The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged and is permitted by topic.

**Santa Maria Public Airport District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(13) Governmental Accounting Standards Board Statements**

**Newly Issued Accounting Pronouncements, But Not Yet Effective**

***Governmental Accounting Standards Board Statement No. 93***

In March 2020, the GASB issued Statement No. 93 – *Replacement of Interbank Offered Rates*. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by: (1) Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment; (2) Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; (3) Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable; (4) Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap; (5) Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap; (6) Clarifying the definition of reference rate, as it is used in Statement 53, as amended; and (7) Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The requirements of this Statement were effective as follows: (1) The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021; and (2) All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020; however, in light of the COVID-19 pandemic, the effective dates have been postponed by one year. Earlier application is encouraged.

***Governmental Accounting Standards Board Statement No. 94***

In March 2020, the GASB issued Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

**Santa Maria Public Airport District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(13) Governmental Accounting Standards Board Statements**

**Newly Issued Accounting Pronouncements, But Not Yet Effective**

***Governmental Accounting Standards Board Statement No. 96***

In May 2020, the GASB issued Statement No. 96 – *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

***Governmental Accounting Standards Board Statement No. 97***

In June 2020, the GASB issued Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 41 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement. The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance.

**Santa Maria Public Airport District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(14) Commitments and Contingencies**

***Construction Contracts***

The District has a variety of agreements with private parties relating to construction contracts at the District. The financing of such construction contracts is being provided primarily from the District's restricted capital reserves and federal capital grants. As of June 30, 2020 and 2019, the District had no outstanding construction contracts.

***Grant Awards***

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

***Litigation***

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

***COVID-19 Pandemic***

In December 2019, a novel strain of coronavirus has spread around the world resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the District could potentially be adversely affected by this global pandemic. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus. The District has not included any contingencies in the financial statements specific to this issue.

**(15) Subsequent Events**

Events occurring after June 30, 2020, have been evaluated for possible adjustment to the financial statements or disclosure as of December 16, 2020, which is the date the financial statements were available to be issued. The District is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

## **Required Supplementary Information**



**Santa Maria Public Airport District**  
**Schedules of Changes in the District Total OPEB Liability and Related Ratios**  
**As of June 30, 2020**  
**Last Ten Years\***

	<u>Measurement Date 2019</u>	<u>Measurement Date 2018</u>	<u>Measurement Date 2017</u>
Total OPEB Liability			
Service cost	\$ 13,545	13,182	12,829
Interest	9,685	9,544	8,261
Employer contributions	(6,434)	(6,434)	(6,187)
Employee contributions	-	-	-
Expected minus actual benefits	(338)	-	-
Experience (gains)/losses	(804)	-	-
Assumption changes	<u>12,756</u>	<u>(12,594)</u>	<u>-</u>
Net change in total OPEB liability	28,410	3,698	14,903
Total OPEB liability – beginning	<u>251,493</u>	<u>247,795</u>	<u>232,892</u>
Total OPEB liability – ending	\$ <u>279,903</u>	<u>251,493</u>	<u>247,795</u>
Covered payroll	\$ <u>830,037</u>	<u>735,356</u>	<u>794,904</u>
Total OPEB liability as a percentage of covered payroll	<u>33.72%</u>	<u>34.20%</u>	<u>31.17%</u>

**Notes:**

\* Historical information presented above follows the measurement periods for which GASB 74 & 75 were applicable. The fiscal year ended June 30, 2017, (valuation and measurement dates as of June 30, 2017) was the first year of implementation required by GASB 74 & 75; therefore only three years are shown.

**Santa Maria Public Airport District**  
**District's Proportionate Share of the Net Pension Liability**  
**As of June 30, 2020**  
**Last Ten Years\***

<u>Description</u>	<u>Measurement Date 6/30/2019</u>	<u>Measurement Date 6/30/2018</u>	<u>Measurement Date 6/30/2017</u>	<u>Measurement Date 6/30/2016</u>	<u>Measurement Date 6/30/2015</u>	<u>Measurement Date 6/30/2014</u>
District's Proportion of the Net Pension Liability	0.01849%	0.01795%	0.01761%	0.01728%	0.01618%	0.01700%
District's Proportionate Share of the Net Pension Liability	\$ 1,894,820	1,729,838	1,746,160	1,495,222	1,110,736	1,057,671
District's Covered Payroll	\$ 735,356	794,904	768,476	766,034	691,152	691,157
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	257.67%	217.62%	227.22%	195.19%	160.71%	153.03%
District's Fiduciary Net Position as a Percentage of the District's Total Pension Liability	73.95%	75.06%	74.95%	76.90%	82.41%	81.15%

**Notes:**

***Changes in Benefit Terms*** – For the measurement date June 30, 2019, there were no changes in the benefit terms.

***Changes of Assumptions*** – For the measurement date June 30, 2019, there were no changes in the discount rate.

\* Historical information presented above follows the measurement periods for which GASB 68 & 71 were applicable. The fiscal year ended June 30, 2015, was the first year of implementation required by GASB 68 & 71; therefore only six years are shown.



**Santa Maria Public Airport District  
Schedules of Pension Plan Contributions  
As of June 30, 2020  
Last Ten Years\***

<b><u>Schedule of Pension Plan Contributions:</u></b>		<b>Fiscal Year 6/30/2020</b>	<b>Fiscal Year 6/30/2019</b>	<b>Fiscal Year 6/30/2018</b>	<b>Fiscal Year 6/30/2017</b>	<b>Fiscal Year 6/30/2016</b>	<b>Fiscal Year 6/30/2015</b>
Actuarially Determined Contribution	\$	189,769	165,139	140,757	120,811	108,198	70,150
Contributions in Relation to the Actuarially Determined Contribution		<u>(188,479)</u>	<u>(167,814)</u>	<u>(137,310)</u>	<u>(116,989)</u>	<u>(107,687)</u>	<u>(70,150)</u>
Contribution Deficiency (Excess)	\$	<u>1,290</u>	<u>(2,675)</u>	<u>3,447</u>	<u>3,822</u>	<u>511</u>	<u>-</u>
Covered Payroll	\$	<u>830,037</u>	<u>735,356</u>	<u>794,904</u>	<u>768,476</u>	<u>766,034</u>	<u>691,152</u>
Contribution's as a percentage of Covered Payroll		<u>22.86%</u>	<u>22.46%</u>	<u>17.71%</u>	<u>15.72%</u>	<u>14.12%</u>	<u>10.15%</u>

**Notes:**

- \* Historical information presented above follows the measurement periods for which GASB 68 & 71 were applicable. The fiscal year ended June 30, 2015, was the first year of implementation required by GASB 68 & 71; therefore only six years are shown.

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## **Supplementary Information**



**Santa Maria Public Airport District**  
**Schedule of Revenues, Expenses and Changes in Net Position – Compared to Budget**  
**For the Fiscal Year Ended June 30, 2020**

	<b>Adopted Original Budget</b>	<b>Board Approved Changes</b>	<b>Final Budget</b>	<b>Actual Budgetary Basis</b>	<b>Variance Positive (Negative)</b>
Operating revenues:					
Landing area usage	\$ 148,149	-	148,149	127,015	(21,134)
Hangar area usage	681,972	-	681,972	676,435	(5,537)
Main hangar and F.B.O.	632,691	-	632,691	600,496	(32,195)
Terminal area usage	387,260	-	387,260	347,279	(39,981)
Land usage	1,494,527	-	1,494,527	1,521,197	26,670
Operating grant revenue	10,960	-	10,960	10,140	(820)
Other charges and fees	14,478	-	14,478	7,621	(6,857)
<b>Total operating revenues</b>	<b>3,370,037</b>	<b>-</b>	<b>3,370,037</b>	<b>3,290,183</b>	<b>(79,854)</b>
Operating expenses:					
Landing area usage	861,164	19,901	881,065	872,122	8,943
Hangar area usage	100,380	-	100,380	68,149	32,231
Main hangar and Fixed Base Operations	98,838	4,877	103,715	91,529	12,186
Terminal area usage	360,527	3,436	363,963	293,515	70,448
Land usage	366,547	19,415	385,962	375,752	10,210
Public administration	3,092,519	28,951	3,121,470	3,048,867	72,603
<b>Total operating expenses</b>	<b>4,879,975</b>	<b>76,580</b>	<b>4,956,555</b>	<b>4,749,934</b>	<b>206,621</b>
Operating loss before depreciation	(1,509,938)	(76,580)	(1,586,518)	(1,459,751)	126,767
Depreciation expense	(2,303,410)	-	(2,303,410)	(2,300,323)	3,087
<b>Operating loss</b>	<b>(3,813,348)</b>	<b>(76,580)</b>	<b>(3,889,928)</b>	<b>(3,760,074)</b>	<b>129,854</b>
Non-operating revenue(expense)					
Property taxes	1,713,900	-	1,713,900	1,794,941	81,041
Interest and investment earnings	195,590	-	195,590	183,905	(11,685)
Airshow income (expense), net	146,909	(283,686)	(136,777)	(330,132)	(193,355)
<b>Total non-operating revenues, net</b>	<b>2,056,399</b>	<b>(283,686)</b>	<b>1,772,713</b>	<b>1,648,714</b>	<b>(123,999)</b>
<b>Net loss before capital contributions</b>	<b>(1,756,949)</b>	<b>(360,266)</b>	<b>(2,117,215)</b>	<b>(2,111,360)</b>	<b>5,855</b>
Capital contributions:					
Federal capital grants	3,449,451	-	3,449,451	928,769	(2,520,682)
Passenger facility charges	106,985	-	106,985	75,417	(31,568)
<b>Capital contributions</b>	<b>3,556,436</b>	<b>-</b>	<b>3,556,436</b>	<b>1,004,186</b>	<b>(2,552,250)</b>
<b>Change in net position</b>	<b>1,799,487</b>	<b>(360,266)</b>	<b>1,439,221</b>	<b>(1,107,174)</b>	<b>(2,546,395)</b>
<b>Net position, beginning of year</b>	<b>37,116,091</b>		<b>37,116,091</b>	<b>37,116,091</b>	
<b>Net position, end of year</b>	<b>\$ 38,915,578</b>		<b>38,555,312</b>	<b>36,008,917</b>	

**Santa Maria Public Airport District**  
**Schedule of Revenues, Expenses and Changes in Net Position – Compared to Budget**  
**For the Fiscal Year Ended June 30, 2019**

	<b>Adopted Original Budget</b>	<b>Board Approved Changes</b>	<b>Final Budget</b>	<b>Actual Budgetary Basis</b>	<b>Variance Positive (Negative)</b>
Operating revenues:					
Landing area usage	\$ 194,433	-	194,433	119,890	(74,543)
Hangar area usage	728,375	-	728,375	657,934	(70,441)
Main hangar and F.B.O.	621,144	-	621,144	576,634	(44,510)
Terminal area usage	433,798	-	433,798	387,435	(46,363)
Land usage	1,479,283	-	1,479,283	1,488,181	8,898
Operating grant revenue	28,800	-	28,800	9,840	(18,960)
Other charges and fees	21,000	-	21,000	15,829	(5,171)
<b>Total operating revenues</b>	<b>3,506,833</b>	<b>-</b>	<b>3,506,833</b>	<b>3,255,743</b>	<b>(251,090)</b>
Operating expenses:					
Landing area usage	811,884	125,287	937,171	916,249	20,922
Hangar area usage	89,285	-	89,285	66,917	22,368
Main hangar and Fixed Base Operations	92,127	3,805	95,932	72,334	23,598
Terminal area usage	350,748	11,486	362,234	330,312	31,922
Land usage	373,453	3,078	376,531	335,591	40,940
Public administration	2,905,192	147,418	3,052,610	2,839,287	213,323
<b>Total operating expenses</b>	<b>4,622,689</b>	<b>291,074</b>	<b>4,913,763</b>	<b>4,560,690</b>	<b>353,073</b>
Operating loss before depreciation	(1,115,856)	(291,074)	(1,406,930)	(1,304,947)	101,983
Depreciation expense	(2,482,865)	-	(2,482,865)	(2,102,526)	380,339
<b>Operating loss</b>	<b>(3,598,721)</b>	<b>(291,074)</b>	<b>(3,889,795)</b>	<b>(3,407,473)</b>	<b>482,322</b>
Non-operating revenue(expense)					
Property taxes	1,525,247	-	1,525,247	1,713,791	188,544
Interest and investment earnings	40,846	-	40,846	128,533	87,687
Airshow income (expense), net	(15,000)	(195,108)	(210,108)	(210,108)	-
Gain on land sale	-	-	-	2,611,263	2,611,263
Other non-operating income	-	-	-	(192)	(192)
<b>Total non-operating revenues, net</b>	<b>1,551,093</b>	<b>(195,108)</b>	<b>1,355,985</b>	<b>4,243,287</b>	<b>2,887,302</b>
<b>Net loss before capital contributions</b>	<b>(2,047,628)</b>	<b>(486,182)</b>	<b>(2,533,810)</b>	<b>835,814</b>	<b>3,369,624</b>
Capital contributions:					
Federal capital grants	6,162,798	-	6,162,798	2,114,617	(4,048,181)
Passenger facility charges	81,667	-	81,667	108,984	27,317
<b>Capital contributions</b>	<b>6,244,465</b>	<b>-</b>	<b>6,244,465</b>	<b>2,223,601</b>	<b>(4,020,864)</b>
<b>Change in net position</b>	<b>4,196,837</b>	<b>(486,182)</b>	<b>3,710,655</b>	<b>3,059,415</b>	<b>(651,240)</b>
<b>Net position, beginning of year – as restated</b>	<b>34,056,676</b>		<b>34,056,676</b>	<b>34,056,676</b>	
<b>Net position, end of year</b>	<b>\$ 38,253,513</b>		<b>37,767,331</b>	<b>37,116,091</b>	

**Santa Maria Public Airport District**  
**Schedule of Operating & Non-Operating Expenses – Compared to Budget**  
**For the Fiscal Year Ended June 30, 2020**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Operating expenses:</b>			
Landing area usage:			
ARFF Services	\$ 753,780	762,673	(8,893)
Utilities	28,892	32,762	(3,870)
Repairs and maintenance	98,393	76,687	21,706
Total	<u>881,065</u>	<u>872,122</u>	<u>8,943</u>
Hangar area usage:			
Utilities	26,637	26,292	345
Repairs and maintenance	69,092	38,363	30,729
Owner build area	4,651	3,494	1,157
Total	<u>100,380</u>	<u>68,149</u>	<u>32,231</u>
Main hangar and Fixed Base Operations (FBO)			
Utilities	49,148	49,613	(465)
Repairs and maintenance	54,567	41,916	12,651
Total	<u>103,715</u>	<u>91,529</u>	<u>12,186</u>
Terminal area usage:			
Utilities	139,466	114,510	24,956
Repairs and maintenance	224,497	179,005	45,492
Total	<u>363,963</u>	<u>293,515</u>	<u>70,448</u>
Land usage:			
Utilities	8,109	5,217	2,892
Mobile home park	335,950	334,957	993
Repairs and maintenance	41,903	35,578	6,325
Total	<u>385,962</u>	<u>375,752</u>	<u>10,210</u>
Public administration			
Salaries and wages	882,568	888,532	(5,964)
Benefits	555,949	720,402	(164,453)
Utilities	90,865	70,628	20,237
Supplies	68,669	62,178	6,491
Repairs and maintenance	88,454	53,567	34,887
Contractual services	579,214	449,655	129,559
Office supplies, postage and stationary	153,118	150,176	2,942
Dues and subscriptions	33,544	33,150	394
Advertising	93,431	91,520	1,911
Insurance	145,870	150,076	(4,206)
Bad debt expense	-	3,046	(3,046)
Travel	72,283	48,518	23,765
Fire training	24,500	17,867	6,633
Consulting services	235,078	245,712	(10,634)
Economic development	71,300	46,534	24,766
Other expenses	26,627	17,306	9,321
Total	<u>3,121,470</u>	<u>3,048,867</u>	<u>72,603</u>
Depreciation of capital assets	<u>2,303,410</u>	<u>2,300,323</u>	<u>3,087</u>
<b>Total operating expenses</b>	<b>\$ <u>7,259,965</u></b>	<b><u>7,050,257</u></b>	<b><u>209,708</u></b>
<b>Non-operating expense:</b>			
Airshow income (expense), net	\$ (136,777)	330,132	(466,909)
<b>Total non-operating expenses</b>	<b>\$ <u>(136,777)</u></b>	<b><u>330,132</u></b>	<b><u>(466,909)</u></b>

**Santa Maria Public Airport District**  
**Schedule of Operating & Non-Operating Expenses – Compared to Budget**  
**For the Fiscal Year Ended June 30, 2019**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Operating expenses:</b>			
Landing area usage:			
ARFF Services	\$ 720,330	720,449	(119)
Utilities	18,159	19,141	(982)
Repairs and maintenance	<u>198,682</u>	<u>176,659</u>	<u>22,023</u>
Total	<u>937,171</u>	<u>916,249</u>	<u>20,922</u>
Hangar area usage:			
Utilities	27,276	26,037	1,239
Repairs and maintenance	57,547	37,150	20,397
Owner build area	<u>4,462</u>	<u>3,730</u>	<u>732</u>
Total	<u>89,285</u>	<u>66,917</u>	<u>22,368</u>
Main hangar and Fixed Base Operations (FBO)			
Utilities	48,668	49,199	(531)
Repairs and maintenance	<u>47,264</u>	<u>23,135</u>	<u>24,129</u>
Total	<u>95,932</u>	<u>72,334</u>	<u>23,598</u>
Terminal area usage:			
Utilities	138,452	118,273	20,179
Repairs and maintenance	<u>223,782</u>	<u>212,039</u>	<u>11,743</u>
Total	<u>362,234</u>	<u>330,312</u>	<u>31,922</u>
Land usage:			
Utilities	10,133	8,437	1,696
Mobile home park	344,522	311,724	32,798
Repairs and maintenance	<u>21,876</u>	<u>15,430</u>	<u>6,446</u>
Total	<u>376,531</u>	<u>335,591</u>	<u>40,940</u>
Public administration			
Salaries and wages	901,018	889,253	11,765
Benefits	534,548	543,466	(8,918)
Utilities	85,204	75,407	9,797
Supplies	68,316	66,704	1,612
Repairs and maintenance	79,859	66,702	13,157
Contractual services	675,733	564,025	111,708
Office supplies, postage and stationary	123,331	114,350	8,981
Dues and subscriptions	34,091	34,890	(799)
Advertising	57,500	56,438	1,062
Insurance	126,526	119,694	6,832
Bad debt expense	-	80	(80)
Election expense	34,052	25,645	8,407
Travel	62,475	62,475	-
Fire training	24,500	32,407	(7,907)
Consulting services	167,380	127,788	39,592
Economic development	61,300	45,300	16,000
Other expenses	<u>16,777</u>	<u>14,663</u>	<u>2,114</u>
Total	<u>3,052,610</u>	<u>2,839,287</u>	<u>213,323</u>
Depreciation of capital assets	<u>2,482,865</u>	<u>2,102,526</u>	<u>380,339</u>
<b>Total operating expenses</b>	<b>\$ <u>7,396,628</u></b>	<b><u>6,663,216</u></b>	<b><u>733,412</u></b>
<b>Non-operating expense:</b>			
Airshow income (expense), net	\$ 210,108	210,108	-
Other non-operating income (expense), net	<u>-</u>	<u>192</u>	<u>(192)</u>
<b>Total non-operating expenses</b>	<b>\$ <u>210,108</u></b>	<b><u>210,300</u></b>	<b><u>(192)</u></b>



# **Statistical Section**



**Santa Maria Public Airport District  
Statistical Section  
June 30, 2020**

This part of the District’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District’s overall financial health.

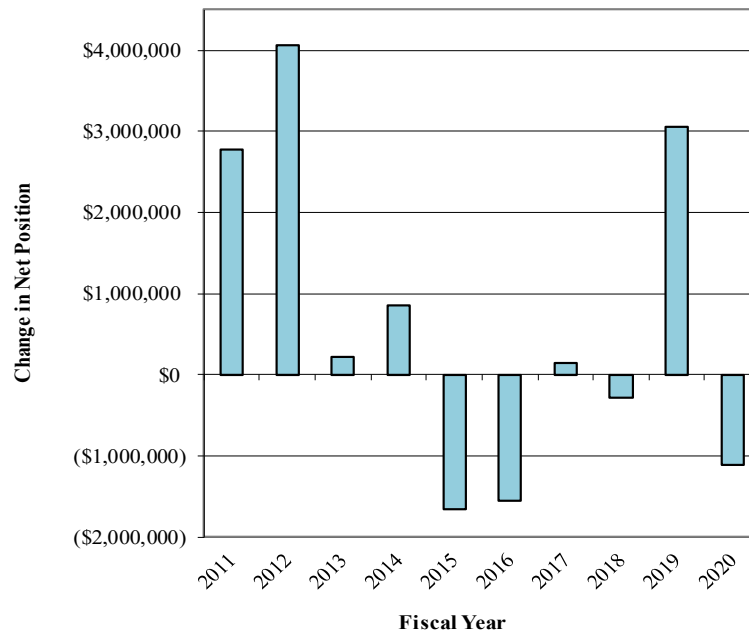
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	<b><u>Page No.</u></b>
Financial Trends These schedules contain information to help the reader understand how the District’s financial performance and well-being have changed over time.	59-61
Revenue Capacity These schedules contain information to help the reader assess the District’s most significant own-source revenue, land usage.	62-66
Demographic Information This schedule offers demographic indicators to help the reader understand the environment within which the District’s financial activities take place.	67
Operating Information This schedule contains service and infrastructure data to help the reader understand how the information in the District’s financial report relates to the service the District provides.	68-75

Note: The District is not presenting Debt Capacity information as the District has not had long-term debt instruments outstanding in the past ten fiscal years and is not subject to a debt limit.

**Santa Maria Public Airport District  
Changes in Net Position and Net Position by Component  
Last Ten Fiscal Years**

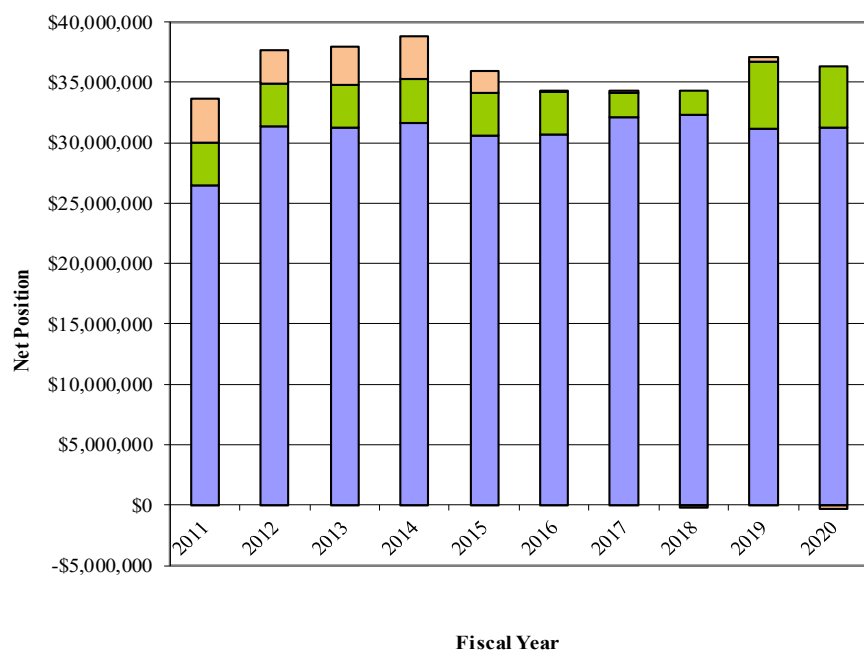
	Fiscal Year				
	2011	2012	2013	2014	As Restated 2015
Changes in net position:					
Operating revenues (see Schedule 2)	\$ 2,919,221	2,965,457	3,055,567	3,095,288	3,096,058
Operating expenses (see Schedule 3)	(3,317,387)	(3,499,414)	(3,562,952)	(3,573,252)	(3,720,240)
Depreciation expense – capital recovery	(2,207,171)	(2,256,291)	(2,222,345)	(2,328,936)	(2,490,934)
<b>Operating income(loss)</b>	<b>(2,605,337)</b>	<b>(2,790,248)</b>	<b>(2,729,730)</b>	<b>(2,806,900)</b>	<b>(3,115,116)</b>
Non-operating revenues(expenses)					
Property taxes	1,236,952	1,252,193	1,338,669	1,337,709	1,393,188
Interest and investment earnings	31,472	19,411	15,323	21,372	24,181
Airshow income (expense), net	-	-	-	-	-
Revenue guaranty expense	-	-	-	-	(372,078)
Gain/(Loss) on sale/disposition of assets	-	-	-	-	3,600
Gain on land sale	-	-	-	-	-
Other revenue/(expense), net	(28,585)	(336,319)	(44,616)	(13,881)	-
Total non-operating revenues(expenses), net	1,239,839	935,285	1,309,376	1,345,200	1,048,891
<b>Net income before capital contributions</b>	<b>(1,365,498)</b>	<b>(1,854,963)</b>	<b>(1,420,354)</b>	<b>(1,461,700)</b>	<b>(2,066,225)</b>
Capital contributions	4,142,421	5,912,156	1,644,404	2,309,291	405,886
<b>Changes in net position</b>	<b>\$ 2,776,923</b>	<b>4,057,193</b>	<b>224,050</b>	<b>847,591</b>	<b>(1,660,339)</b>
Net position by component:					
Net investment in capital assets	\$ 26,432,793	31,325,016	31,236,490	31,639,442	30,542,007
Restricted	3,593,440	3,592,707	3,590,796	3,591,104	3,591,381
Unrestricted	3,621,384	2,787,087	3,101,578	3,545,909	1,788,766
<b>Total net position</b>	<b>\$ 33,647,617</b>	<b>37,704,810</b>	<b>37,928,864</b>	<b>38,776,455</b>	<b>35,922,154</b>



Source: Santa Maria Public Airport District - Finance Department

# Schedule 1

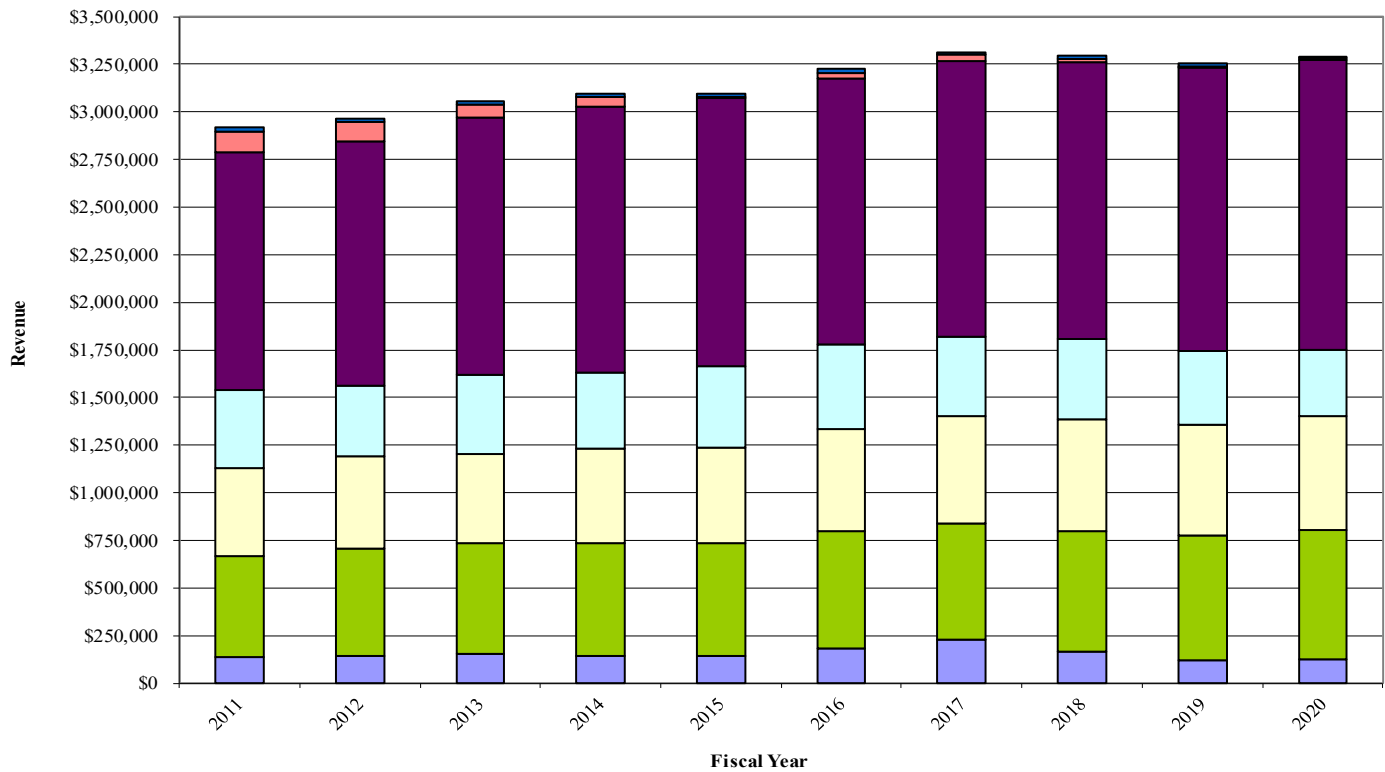
<b>Fiscal Year</b>				
<b>As Restated 2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
3,226,304	3,310,143	3,294,618	3,255,743	3,290,183
(3,813,171)	(4,458,946)	(4,156,325)	(4,560,690)	(4,749,934)
<u>(2,441,538)</u>	<u>(2,288,269)</u>	<u>(2,263,682)</u>	<u>(2,102,526)</u>	<u>(2,300,323)</u>
<u>(3,028,405)</u>	<u>(3,437,072)</u>	<u>(3,125,389)</u>	<u>(3,407,473)</u>	<u>(3,760,074)</u>
1,498,359	1,522,529	1,663,981	1,713,791	1,794,941
30,371	36,311	56,218	128,533	183,905
-	-	(1,133)	(210,108)	(330,132)
(387,922)	(722,260)	(184,603)	-	-
-	(14,794)	1,850	-	-
-	-	-	2,611,263	-
-	226	4,448	(192)	-
<u>1,140,808</u>	<u>822,012</u>	<u>1,540,761</u>	<u>4,243,287</u>	<u>1,648,714</u>
(1,887,597)	(2,615,060)	(1,584,628)	835,814	(2,111,360)
327,120	2,755,237	1,300,824	2,223,601	1,004,186
<u>(1,560,477)</u>	<u>140,177</u>	<u>(283,804)</u>	<u>3,059,415</u>	<u>(1,107,174)</u>
30,657,372	32,136,697	32,334,335	31,134,708	31,254,843
3,590,388	1,967,435	1,967,435	5,573,255	5,081,682
113,917	236,348	(245,094)	408,128	(327,608)
<u>34,361,677</u>	<u>34,340,480</u>	<u>34,056,676</u>	<u>37,116,091</u>	<u>36,008,917</u>



**Santa Maria Public Airport District  
Operating Revenue by Source  
Last Ten Fiscal Years**

**Schedule 2**

Fiscal Year	Landing Area	Hangar Area	Main Hangar and F.B.O.	Terminal Area	Land Usage	Operating Grant Revenue	Other Operating Revenue	Total Operating Revenue
2011	\$ 138,945	530,750	460,756	406,756	1,249,810	110,831	21,373	2,919,221
2012	140,377	569,250	484,376	369,839	1,280,780	99,958	20,877	2,965,457
2013	151,414	583,228	470,861	412,098	1,349,896	73,283	14,787	3,055,567
2014	144,302	588,838	500,601	397,517	1,396,246	51,000	16,784	3,095,288
2015	142,027	590,671	505,714	423,456	1,412,179	5,310	16,701	3,096,058
2016	180,445	616,514	538,999	439,979	1,399,132	31,050	20,185	3,226,304
2017	225,764	614,150	563,435	417,380	1,445,718	33,925	9,771	3,310,143
2018	165,798	634,733	582,949	423,074	1,452,920	16,540	18,604	3,294,618
2019	119,890	657,934	576,634	387,435	1,488,181	9,840	15,829	3,255,743
2020	127,015	676,435	600,496	347,279	1,521,197	10,140	7,621	3,290,183

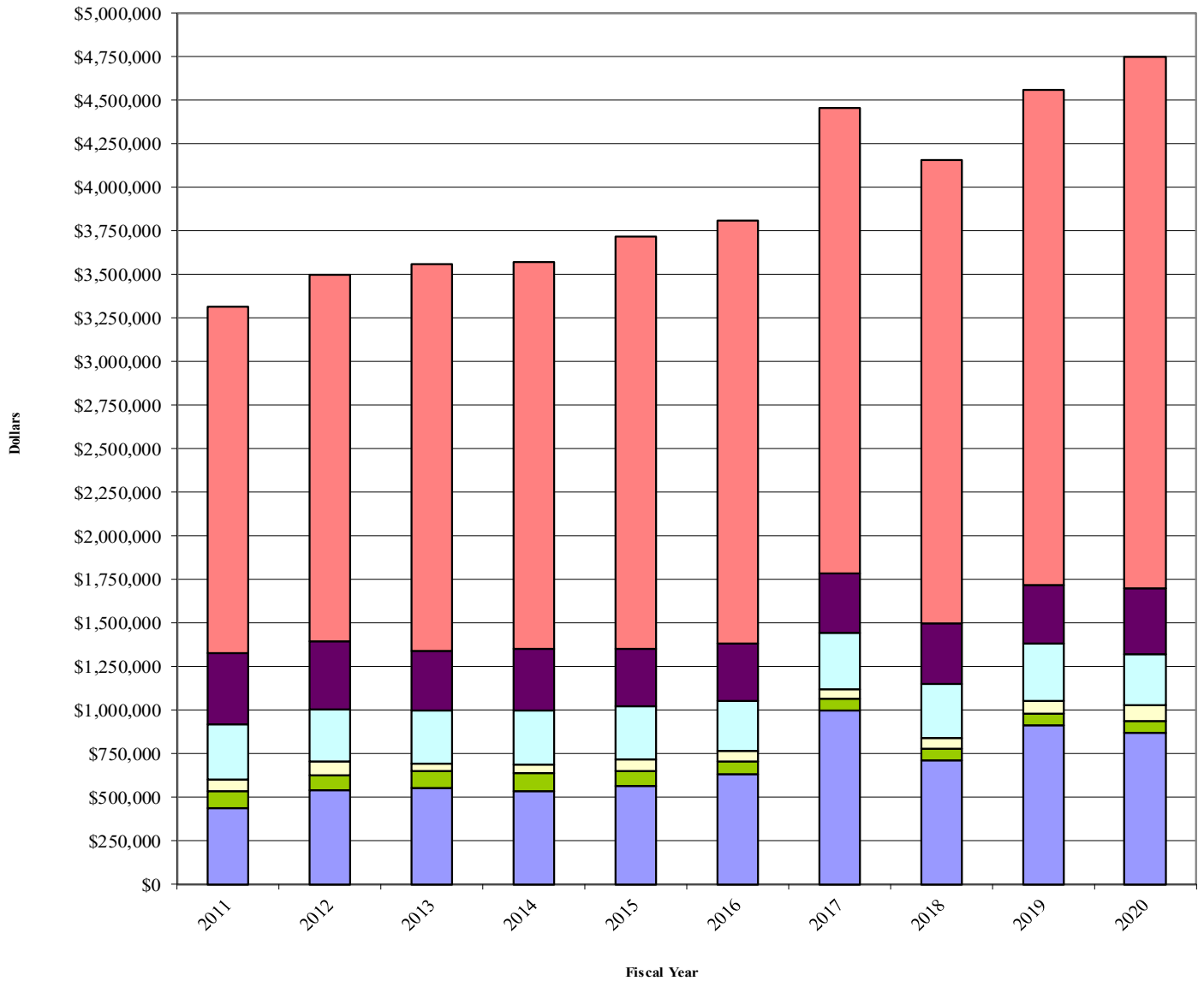


Source: Santa Maria Public Airport District - Finance Department

**Santa Maria Public Airport District  
Operating Expenses by Activity  
Last Ten Fiscal Years**

**Schedule 3**

Fiscal Year	Landing Area	Hangar Area	Main Hangar and F.B.O.	Terminal Area	Land Usage	Public Administration	Total Operating Expenses
2011	\$ 440,256	93,748	70,071	317,511	410,196	1,985,605	3,317,387
2012	541,606	87,289	76,699	301,654	390,619	2,101,547	3,499,414
2013	555,445	94,296	42,705	306,946	338,899	2,224,661	3,562,952
2014	533,468	103,564	54,576	309,662	351,754	2,220,228	3,573,252
2015	566,998	84,492	65,143	307,847	329,530	2,366,230	3,720,240
2016	633,750	71,705	64,438	287,554	328,038	2,427,686	3,813,171
2017	998,105	66,423	57,013	326,014	340,656	2,670,735	4,458,946
2018	712,196	68,880	62,767	310,253	342,706	2,659,523	4,156,325
2019	916,249	66,917	72,334	330,312	335,591	2,839,287	4,560,690
2020	872,122	68,149	91,529	293,515	375,752	3,048,867	4,749,934

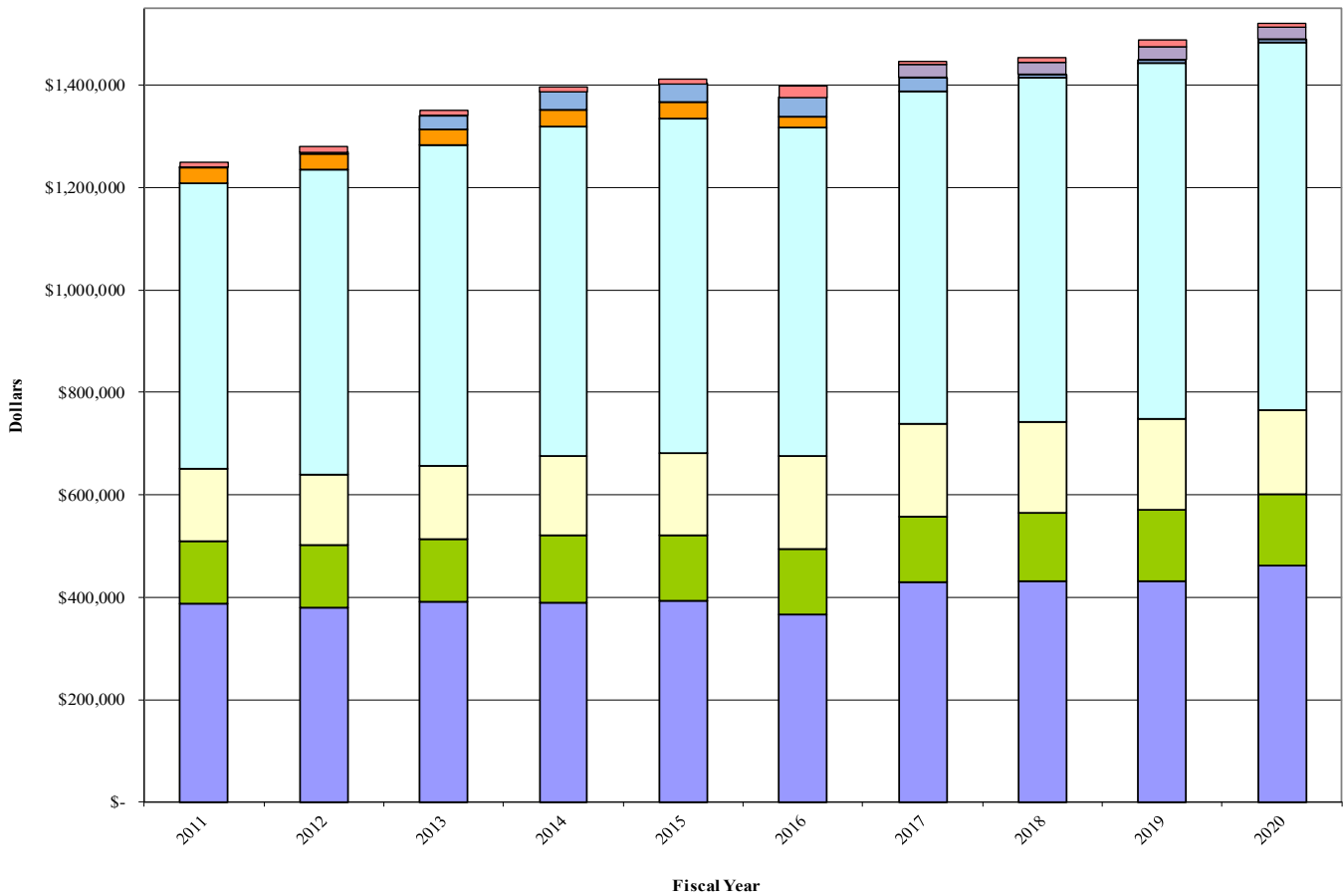


Source: Santa Maria Public Airport District - Finance Department

**Santa Maria Public Airport District  
Revenue Base – Land Usage  
Last Ten Fiscal Years**

**Schedule 4**

Fiscal Year	Mobile Home Park	Business Park	Hotel	Agricultural	Recreation Golf Course	Recreation Karting	Verizon Land Lease	Other Revenue Generating Land	Total Land Usage Revenue
2011	\$ 387,308	121,524	141,754	557,284	31,218	714	-	10,008	1,249,810
2012	380,616	121,524	137,536	595,313	31,218	3,049	-	11,524	1,280,780
2013	391,975	121,524	142,194	626,701	31,218	27,411	-	8,873	1,349,896
2014	389,424	132,288	154,217	642,627	32,725	36,588	-	8,377	1,396,246
2015	392,966	128,700	160,581	651,609	32,424	36,588	-	9,311	1,412,179
2016	365,964	128,700	181,132	641,700	21,616	36,588	-	23,432	1,399,132
2017	429,222	128,700	180,196	650,457	-	26,592	26,000	4,551	1,445,718
2018	431,449	134,260	176,826	671,601	-	6,800	24,000	7,984	1,452,920
2019	431,101	139,200	178,141	694,880	-	6,600	24,000	14,259	1,488,181
2020	462,580	139,200	162,870	717,764	-	6,800	24,000	7,983	1,521,197



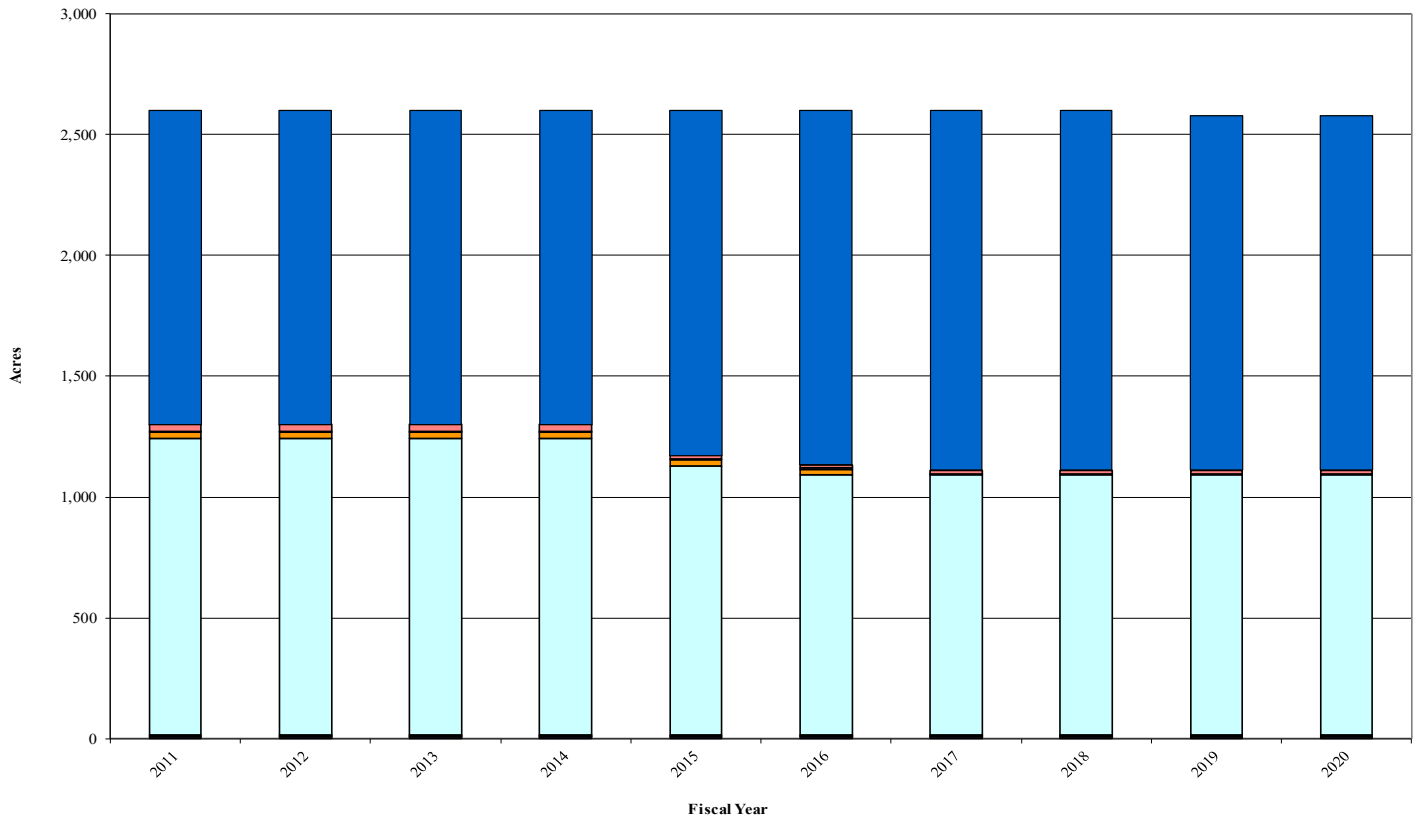
Source: Santa Maria Public Airport District - Finance Department



**Santa Maria Public Airport District  
Land Usage  
Last Ten Fiscal Years**

**Schedule 5**

Total Land Acres										
Fiscal Year	Mobile Home Park	Business Park	Hotel	Agricultural	Recreation Golf Course	Recreation Karting	Verizon Land Lease	Other Revenue Generating Land	Other Land Use	Total Land Area
2011	10	3	5	1,226	24	4	-	29	1,297	2,598
2012	10	3	5	1,226	24	4	-	29	1,297	2,598
2013	10	3	5	1,226	24	4	-	29	1,297	2,598
2014	10	3	5	1,226	24	4	-	29	1,297	2,598
2015	10	3	5	1,112	24	4	-	14	1,426	2,598
2016	10	3	5	1,074	24	4	-	14	1,464	2,598
2017	10	3	5	1,074	-	4	1	14	1,487	2,598
2018	10	3	5	1,074	-	4	1	14	1,487	2,598
2019	10	3	5	1,074	-	4	1	14	1,466	2,577
2020	10	3	5	1,074	-	4	1	14	1,466	2,577



Source: Santa Maria Public Airport District - Finance Department

**Notes:**

- (1) Excludes overhead absorption.
- (2) Water treatment began in fiscal year 2000 with the completion of the District's water treatment plant.

**Santa Maria Public Airport District  
Land Usage Revenue Rates<sup>(1)</sup>  
Last Ten Fiscal Years**

**Schedule 6**

<u>Land Use</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Mobile Home Park	38,731	38,062	39,198	38,942	39,297	36,596	42,922	43,145	43,110	46,258
Business Park	40,508	40,508	40,508	44,096	42,900	42,900	42,900	44,753	46,400	46,400
Hotel	28,351	27,507	28,439	30,843	32,116	36,226	36,039	35,365	35,628	32,574
Agricultural	455	486	511	524	586	597	606	625	647	668
Recreation – Golf Course	1,301	1,301	1,301	1,364	1,351	901	-	-	-	-
Recreation – Karting	179	762	6,853	9,147	9,147	9,147	6,648	1,700	1,650	1,700
Verizon Land Lease	-	-	-	-	-	-	-	-	24,000	24,000
Other Land	345	397	306	289	665	16	325	570	10	570

**Notes:**

(1) Land usage is rated per acre per year based on actual land usage and revenue generated by that land

**Source:** Santa Maria Public Airport District - Finance Department

**Santa Maria Public Airport District  
Principal Leaseholders  
Current Fiscal Year and Nine Years Ago**

**Schedule 7**

Name	Type of Land Usage	2020		2011	
		Land Leased (Acres)	Percentage of Total Land	Land Leased (Acres)	Percentage of Total Land
Gresser	Agricultural	449.26	39.58%	411.17	31.60%
Village Mobile Home Park	Mobile Home Park	10.00	0.88%	10.00	0.77%
Commercial Land – Hotel	Hotel	5.19	0.46%	5.19	0.40%
C J J Farming dba Better Produce (previously Castellanos)	Agricultural	114.30	10.07%	117.97	9.07%
Airport Business Park	Business Park	2.98	0.26%	2.98	0.23%
Terminal – TSA	Other Land	-	0.00%	0.03	0.00%
Terminal Concessions – Avis	Other Land	0.08 <sup>(1)</sup>	0.01%	0.08	0.01%
Corporate Hangar FBO 3409 Corsair	Other Land	0.48	0.04%	-	0.00%
Corporate Hangars 3105 Airpark	Other Land	0.11	0.01%	-	0.00%
Terminal Concessions – Hertz	Other Land	0.08 <sup>(1)</sup>	0.01%	0.08	0.01%
Corporate Hangar 3043 Airpark	Other Land	0.05	0.00%	0.05	0.00%
Total attributable to ten largest lease holders		<u>582.53</u>	<u>51.32%</u>	<u>547.55</u>	<u>42.09%</u>
Total land leased		<u>1,135</u>	<u>100.00%</u>	<u>1,301</u>	<u>100.00%</u>

**Note:**

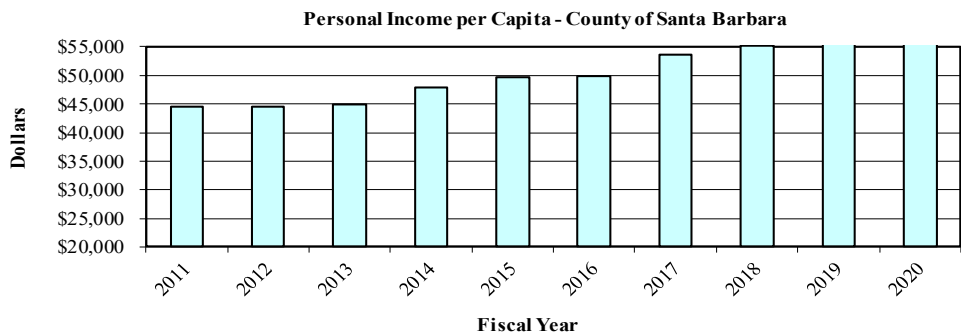
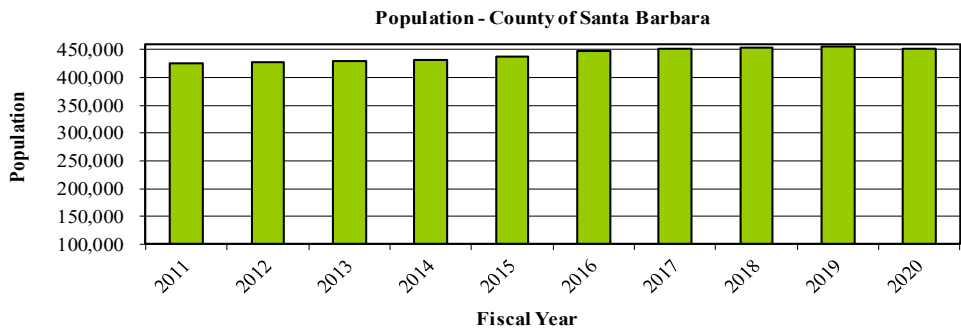
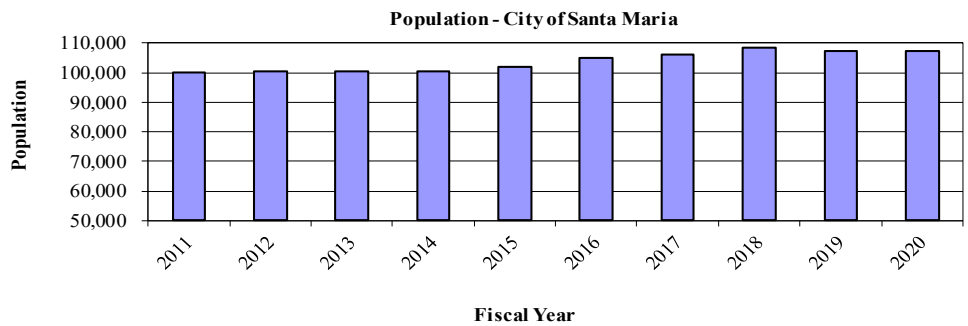
<sup>(1)</sup> Reported as acreage is equal.

**Source:** Santa Maria Public Airport District – Finance Department

# Santa Maria Public Airport District Demographics and Economics Statistics Last Ten Fiscal Years

Schedule 8

Year	County of San Barbara <sup>(2)</sup>				
	City of Santa Maria Population <sup>(1)</sup>	Unemployment Rate	Population	Personal Income (thousands of dollars)	Personal Income per Capita
2011	100,062	8.9%	426,189	\$ 19,000,000	\$ 44,581
2012	100,199	7.9%	427,267	19,000,000	44,469
2013	100,306	6.3%	429,200	19,300,000	44,967
2014	100,222	5.4%	431,000	20,600,000	47,796
2015	102,087	4.7%	437,000	21,700,000	49,657
2016	105,093	4.9%	447,000	22,300,000	49,888
2017	106,280	4.3%	451,000	24,200,000	53,659
2018	108,470	3.9%	453,000	25,000,000	55,188
2019	107,356	3.9%	455,000	26,646,853	58,565
2020	107,263	4.4%	452,000	27,992,849	61,931



**Sources:** California Department of Finance and California Labor Market Info

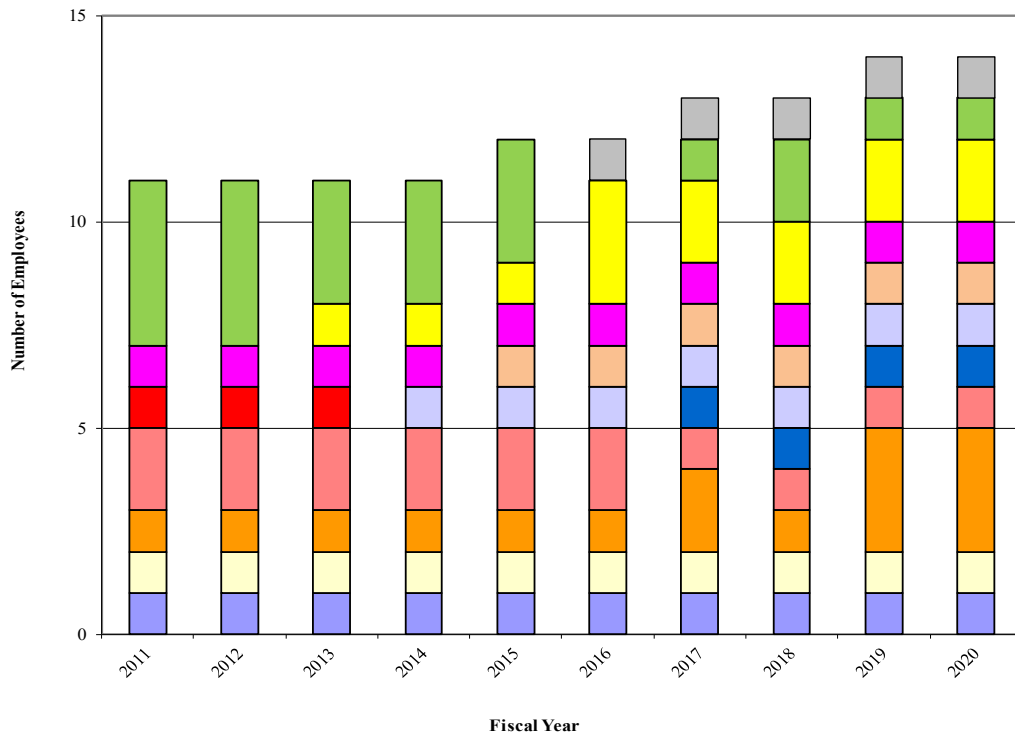
**Notes:**

- (1) Separate data is not prepared for the District, therefore, the District has used data for the City of Santa Maria. A substantial portion of the District lies within the City, and therefore, is a reasonable basis for determining the demographic and economic statistics of the District.
- (2) Only County data is updated annually. Therefore, the District has chose to use its data since the District believes that the County data is representative of the conditions and experience of the District.

**Santa Maria Public Airport District  
District Employees  
Last Ten Fiscal Years**

**Schedule 9**

Position	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Manager	1	1	1	1	1	1	1	1	1	1
Assistant General Mgr.	-	-	-	-	-	-	-	-	-	-
Mgr. of Finance & Admin	1	1	1	1	1	1	1	1	1	1
Controller	-	-	-	-	-	-	-	-	-	-
Accounting Clerk	1	1	1	1	1	1	2	1	3	3
Administrative Secretary	2	2	2	2	2	2	1	1	1	1
Secretary Receptionist	-	-	-	-	-	-	1	1	1	1
Mgr. of Maint. & Ops.	-	-	-	1	1	1	1	1	1	1
Operations Supervisor	1	1	1	-	-	-	-	-	-	-
Operations Officer	-	-	-	-	1	1	1	1	1	1
Maintenance Supervisor	1	1	1	1	1	1	1	1	1	1
Maintenance Worker I	-	-	1	1	1	3	2	2	2	2
Maintenance Worker II	4	4	3	3	3	-	1	2	1	1
Maintenance Worker III	-	-	-	-	-	1	1	1	1	1
	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>12</b>	<b>12</b>	<b>13</b>	<b>13</b>	<b>14</b>	<b>14</b>



Source: Santa Maria Public Airport District - Finance Department

**Santa Maria Public Airport District  
Operational Information**

**Schedule 10**

<b><i>Location:</i></b>	3 miles south of downtown Santa Maria, California		
<b><i>Land Area:</i></b>	2,577 acres		
<b><i>Elevation:</i></b>	261 feet		
<b><i>Airport Code:</i></b>	SMX		
<b><i>Runways:</i></b>	12/30	8,004 x 150 ft., paved, lighted	
	2/20	5,130 x 75 ft., paved	
<b><i>Tower:</i></b>	118.3 (0600 to 2000)		

**Source:** Santa Maria Public Airport District - Finance Department

**Santa Maria Public Airport District  
Flight Tower – Tracking of Flight Operations – Last Ten Fiscal Years**

**Schedule 11**

<b>Flight Tower - Tracking of Flight Operations During Each Period</b>													
	<b>July</b>	<b>August</b>	<b>September</b>	<b>October</b>	<b>November</b>	<b>December</b>	<b>January</b>	<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>Totals</b>
<b>2011</b>	4,868	4,911	4,732	3,594	4,387	3,365	4,703	3,752	4,330	3,948	3,828	3,713	50,131
<b>2012</b>	3,862	4,348	4,157	3,659	3,828	3,884	4,938	3,100	3,330	3,415	3,724	3,357	45,602
<b>2013</b>	3,723	4,002	3,706	3,478	3,244	4,241	5,432	3,665	3,341	3,816	3,786	3,513	45,947
<b>2014</b>	3,712	3,636	3,771	3,891	3,255	3,636	3,673	2,949	3,398	3,399	3,791	3,944	43,055
<b>2015</b>	3,789	3,781	3,542	3,379	3,040	2,928	3,312	2,723	3,619	3,333	3,116	3,280	39,842
<b>2016</b>	3,188	3,474	3,517	3,062	2,930	2,709	2,414	3,450	2,866	2,651	3,234	3,918	37,413
<b>2017</b>	3,635	3,728	3,388	2,892	3,453	2,887	1,885	2,274	3,438	3,431	3,122	2,934	37,067
<b>2018</b>	3,702	3,997	3,321	3,202	3,465	3,018	2,738	2,705	2,857	2,493	2,872	3,078	37,448
<b>2019</b>	3,284	3,491	3,038	3,094	2,897	2,870	2,352	2,182	2,790	3,006	2,831	3,123	34,958
<b>2020</b>	3,203	3,343	3,164	3,529	3,182	2,596	3,055	3,389	2,092	2,275	2,511	3,343	35,682
<b>Average</b>	3,697	3,871	3,634	3,378	3,368	3,213	3,450	3,019	3,206	3,177	3,282	3,420	40,715

Source: Santa Maria Public Airport District - Finance Department

**Santa Maria Public Airport District  
Flight Tower – Tracking of Flight Landings – Last Ten Fiscal Years**

**Schedule 12**

<b>Flight Tower - Tracking of Flight Landings During Each Period</b>													
	<b>July</b>	<b>August</b>	<b>September</b>	<b>October</b>	<b>November</b>	<b>December</b>	<b>January</b>	<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>Totals</b>
<b>2011</b>	300	299	298	301	269	315	281	268	295	288	297	298	3,509
<b>2012</b>	288	307	307	282	273	306	274	273	291	283	304	281	3,469
<b>2013</b>	284	319	269	325	283	293	286	265	280	280	363	338	3,585
<b>2014</b>	318	317	295	303	267	284	289	257	291	295	339	311	3,566
<b>2015</b>	354	301	282	322	323	216	248	222	243	240	169	152	3,072
<b>2016</b>	175	229	174	208	156	188	155	151	173	164	180	483	2,436
<b>2017</b>	373	505	431	199	213	231	273	197	199	164	173	206	3,164
<b>2018</b>	548	200	222	195	172	325	115	109	123	109	132	126	2,376
<b>2019</b>	138	181	133	106	159	137	139	127	140	133	145	141	1,679
<b>2020</b>	153	147	131	153	236	145	138	132	134	125	130	138	1,762
<b>Average</b>	293	281	254	239	235	244	220	200	217	208	223	247	2,862

Source: Santa Maria Public Airport District - Finance Department



**Santa Maria Public Airport District  
Enplaned and Deplaned Passengers – Last Ten Fiscal Years**

**Schedule 13**

<b>Enplaned and Deplaned Passengers During Each Period</b>													
	<b>July</b>	<b>August</b>	<b>September</b>	<b>October</b>	<b>November</b>	<b>December</b>	<b>January</b>	<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>Totals</b>
<b>2011</b>	9,031	9,446	9,146	8,946	8,146	8,101	7,596	6,499	7,611	7,780	8,241	8,517	99,060
<b>2012</b>	8,218	8,932	7,787	7,908	7,925	7,769	6,957	6,460	7,689	7,870	7,404	8,888	93,807
<b>2013</b>	9,570	8,906	8,044	8,502	8,459	10,667	8,739	6,305	8,756	8,746	10,282	13,105	110,081
<b>2014</b>	14,632	9,973	7,814	8,207	7,795	8,532	7,285	6,451	7,806	8,191	9,042	11,083	106,811
<b>2015</b>	11,620	9,787	8,294	8,844	7,737	8,201	7,041	6,202	7,260	7,745	8,677	9,574	100,982
<b>2016</b>	9,856	8,267	7,609	7,723	7,420	7,282	6,076	5,370	6,543	6,756	6,907	10,822	90,631
<b>2017</b>	9,579	8,072	7,635	4,844	4,673	4,478	3,918	3,302	4,079	4,022	3,872	4,372	62,846
<b>2018</b>	4,252	5,016	3,833	4,339	3,958	3,519	3,659	3,091	3,758	3,762	3,443	4,101	46,731
<b>2019</b>	3,986	3,970	3,679	4,139	4,509	3,997	3,871	3,171	3,557	3,065	3,789	4,525	46,258
<b>2020</b>	4,858	4,471	4,348	4,196	4,356	4,057	3,556	3,005	1,461	-	387	1,075	35,770
<b>Average</b>	8,560	7,684	6,819	6,765	6,498	6,660	5,870	4,986	5,852	5,794	6,204	7,606	79,298

Source: Santa Maria Public Airport District - Finance Department

**Santa Maria Public Airport District  
Gross Revenue Car Rental Agencies – Last Ten Fiscal Years**

**Schedule 14**

<b>Gross Revenue Car Rental Agencies During Each Period</b>													
	<b>July</b>	<b>August</b>	<b>September</b>	<b>October</b>	<b>November</b>	<b>December</b>	<b>January</b>	<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>Totals</b>
<b>2011</b>	237,394	220,336	219,839	5,841	184,565	187,431	189,292	189,694	210,249	197,659	188,509	197,566	2,228,375
<b>2012</b>	216,985	227,690	198,913	203,134	174,997	166,152	157,771	149,016	181,971	182,622	185,853	219,361	2,264,465
<b>2013</b>	240,318	288,233	186,761	200,143	169,198	186,555	161,668	144,072	185,167	188,912	182,870	221,445	2,355,342
<b>2014</b>	234,267	209,547	183,080	172,014	152,310	187,339	146,953	153,666	183,893	197,298	206,878	222,960	2,250,205
<b>2015</b>	249,189	244,035	194,969	213,272	221,904	225,722	164,354	178,801	206,087	214,640	214,125	234,966	2,562,064
<b>2016</b>	248,697	265,869	208,684	229,740	209,245	201,469	196,263	198,157	194,431	197,770	219,632	215,492	2,585,449
<b>2017</b>	277,114	254,350	251,188	211,844	192,381	188,167	172,129	156,134	204,102	180,445	203,634	207,456	2,498,944
<b>2018</b>	250,638	245,115	207,675	212,266	207,223	204,039	194,258	171,913	211,885	203,600	215,434	217,749	2,541,797
<b>2019</b>	253,574	225,761	179,781	173,711	154,394	159,795	155,647	151,490	150,433	154,173	179,341	176,695	2,114,794
<b>2020</b>	205,339	187,499	161,088	182,529	149,461	197,056	154,887	151,536	131,191	66,869	80,846	136,203	1,804,504
<b>Average</b>	241,351	236,843	199,198	180,449	181,568	190,373	169,322	164,448	185,941	178,399	187,712	204,989	2,320,594

Source: Santa Maria Public Airport District - Finance Department

**Santa Maria Public Airport District  
Fuel Flowage Reports in Gallons – Last Ten Fiscal Years**

**Schedule 15**

<b>Fuel Flowage Reports in Gallons During Each Period</b>													
	<b>July</b>	<b>August</b>	<b>September</b>	<b>October</b>	<b>November</b>	<b>December</b>	<b>January</b>	<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>Totals</b>
<b>2011</b>	55,575	55,509	63,493	55,632	63,718	47,895	47,890	39,871	51,849	55,713	47,737	36,093	620,975
<b>2012</b>	59,265	55,566	58,527	55,774	47,941	47,940	39,733	39,755	55,890	47,881	63,710	79,449	651,431
<b>2013</b>	56,612	64,360	51,940	68,725	71,803	107,770	72,580	52,455	68,130	88,041	105,476	127,752	935,644
<b>2014</b>	138,796	75,951	74,852	61,604	55,806	56,623	56,404	47,922	67,934	52,349	87,135	100,642	876,018
<b>2015</b>	95,235	72,788	71,951	88,149	63,283	52,483	44,008	56,284	64,267	51,751	88,174	89,025	837,398
<b>2016</b>	113,096	111,244	160,277	118,877	79,719	79,909	76,532	72,136	63,825	64,161	88,717	324,451	1,352,944
<b>2017</b>	336,183	342,974	462,506	63,947	48,315	64,001	40,039	50,119	44,087	67,333	55,789	81,670	1,656,963
<b>2018</b>	331,939	67,169	74,307	72,241	51,775	240,012	82,376	41,907	51,355	40,632	63,096	59,216	1,176,025
<b>2019</b>	53,883	87,197	45,007	88,094	116,017	56,023	31,724	55,482	55,866	47,755	63,981	47,865	748,894
<b>2020</b>	39,347	55,633	98,632	115,147	125,916	56,386	71,612	207,176	64,384	-	63,797	218,066	1,116,096
<b>Average</b>	127,993	98,839	116,149	78,819	72,429	80,904	56,290	66,311	58,759	51,562	72,761	116,423	997,239

Source: Santa Maria Public Airport District - Finance Department

**Santa Maria Public Airport District  
Demographic Information – Principal Employers Prior Fiscal Year and Ten Fiscal Years Ago\***

**Schedule 16**

City of Santa Maria Northern Santa Barbara County/Santa Maria Employer	Fiscal Year 2019*			Fiscal Year 2010*		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
#Vandenberg Airforce Base	6,700	1	14.39%	4,300	1	11.09%
Santa-Maria-Bonita School District	2,100	2	4.51%	1,400	3	3.61%
Marian Medical Center	1,920	3	4.12%	1,450	2	3.74%
Allan Hancock College	1,480	5	3.18%	890	4	2.30%
C&D Zodiac Aerospace, Incorporated	915	4	1.96%	491	8	1.27%
Santa Maria Joint Union High School District	805	6	1.73%	871	5	2.25%
Windset Farms	750	7	1.61%	-	-	0.00%
City of Santa Maria	586	8	1.26%	541	6	1.40%
Wal-Mart (3 locations)	440	9	0.94%	-	-	0.00%
Agro-Jal Farms	420	10	0.90%	-	-	0.00%
Orcutt Union School District	-	-	0.00%	-	-	0.00%
Betteravia Farms	-	-	0.00%	533	7	1.37%
Den-Mat Corporation	-	-	0.00%	361	9	0.93%
Vocational Training Center	-	-	0.00%	340	10	0.88%
<b>Total</b>	<b>16,116</b>		<b>34.60%</b>	<b>11,177</b>		<b>28.84%</b>

**Note:**

\* Only 2019 data was available at time of District CAFR publishing

# Although outside the City limits, Northern Santa Barbara County Economic Outlook considered Vandenberg Air Force base as a principal employer; whereas the more current survey conducted by the California Economic Forecast excluded employers outside the City limits.

**Source** - City of Santa Maria - CAFR 2019

# **Report on Compliance and Internal Controls**





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### **Independent Auditor's Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Board of Directors  
Santa Maria Public Airport District  
Santa Maria, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Santa Maria Public Airport District (District) as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated December 16, 2020.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*, continued**

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Fedak & Brown LLP*

**Fedak & Brown LLP**  
Cypress, California  
December 16, 2020