Santa Maria Public Airport District

Santa Maria, California

Annual Comprehensive Financial Report

For the Fiscal Year Ending June 30, 2022

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, 2022

Name	Title	Elected/ Appointed	Current Term
Carl Engel	President	Elected	12/19 - 12/22
Steve Brown	Vice President	Elected	12/20 - 12/24
Hugh Rafferty	Secretary	Elected	12/19 - 12/22
Chuck Adams	Vice Secretary	Elected	12/20 - 12/24
David Baskett	Director	Elected	12/20 - 12/24

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

Annual Comprehensive Financial Report

For the Fiscal Year Ending

June 30, 2022

SANTA MARIA PUBLIC AIRPORT DISTRICT

3217 Terminal Drive
Santa Maria, California 93455

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

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Introductory Section

December 31, 2023

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 year ended June 30, 2022.

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.

C.J. Brown & Company CPAs – An Accountancy Corporation, have issued an unmodified ("clean") opinion on the Santa Maria Public Airport District's financial statements for the year ended June 30, 2022. 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 222 general aviation aircraft.

The District is governed by a five-member Board of Directors who serve four-year terms and are elected by the District. 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 twelve 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 following paragraphs source from the County of Santa Barbara Annual Comprehensive Financial Report.

The ongoing global pandemic and its disparate health and economic impacts on Californians, saw state revenues grow at historic rates, with an estimated state surplus (the difference between projected revenues and spending under current law and policy) of $31 billion in fiscal year 2021-22. Revenue growth was due in large part to a significant increase of several measures of economic activity including double digit growth in retail sales, the rebound in stock market investments, and historically high earnings by several major firms, resulting in much higher tax revenues in fiscal year 2021-22 as compared to budget act estimates. Several COVID-19 related Federal legislations continue to impact the State Budget. The American Rescue Plan Act (ARPA) Fiscal Relief Funds provided about $27 billion to California's state government and also included a temporary enhanced federal match rate for Home & Community-Based Services (HCBS) which reduced the state's share of base program costs for these services by $3 billion. The federal government required states to "reinvest" these freed-up state funds on expanded, enhanced, or strengthened HCBS services, thus $1 billion in net California General Fund savings between fiscal year 2020-21 and fiscal year 2021-22 was associated with the enhanced Medicaid HCBS match. The Enhanced Federal Match for Medicaid provided a temporary 6.2 percentage point increase in the federal government's share of cost for state Medicaid programs until the end of the national public health emergency declaration.

Santa Barbara County continues to experience increases in employment to pre-pandemic levels with modest wage gains; housing price growth increasing significantly along with a strong rebound in tourism related taxes. The County's average unemployment rate during fiscal year 2021-22 decreased from 7.3% to 4%, the county unemployment rate of 2.8% is below the state unemployment rate of 4%. Hospitality employment increased by 11.7%.

Wages for the County of Santa Barbara increased to $62,020 with retail sales increasing 18% and state retail sales increased by 22.06% between January 1 and December 30, 2021. Real estate continues its upward trend with the median home value in Santa Barbara County increasing 25.2% to $879,426. Tourism continues to expand with a countywide room sale increase of 53.9%, Transient Occupancy Tax (TOT) revenue increase of 54.3%, and hotel room rate increase of 32.6%.

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 District.

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".

Future projects include the rehabilitation of taxiway "A".

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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. This was the fifteenth 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 Annual Comprehensive 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 Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements.

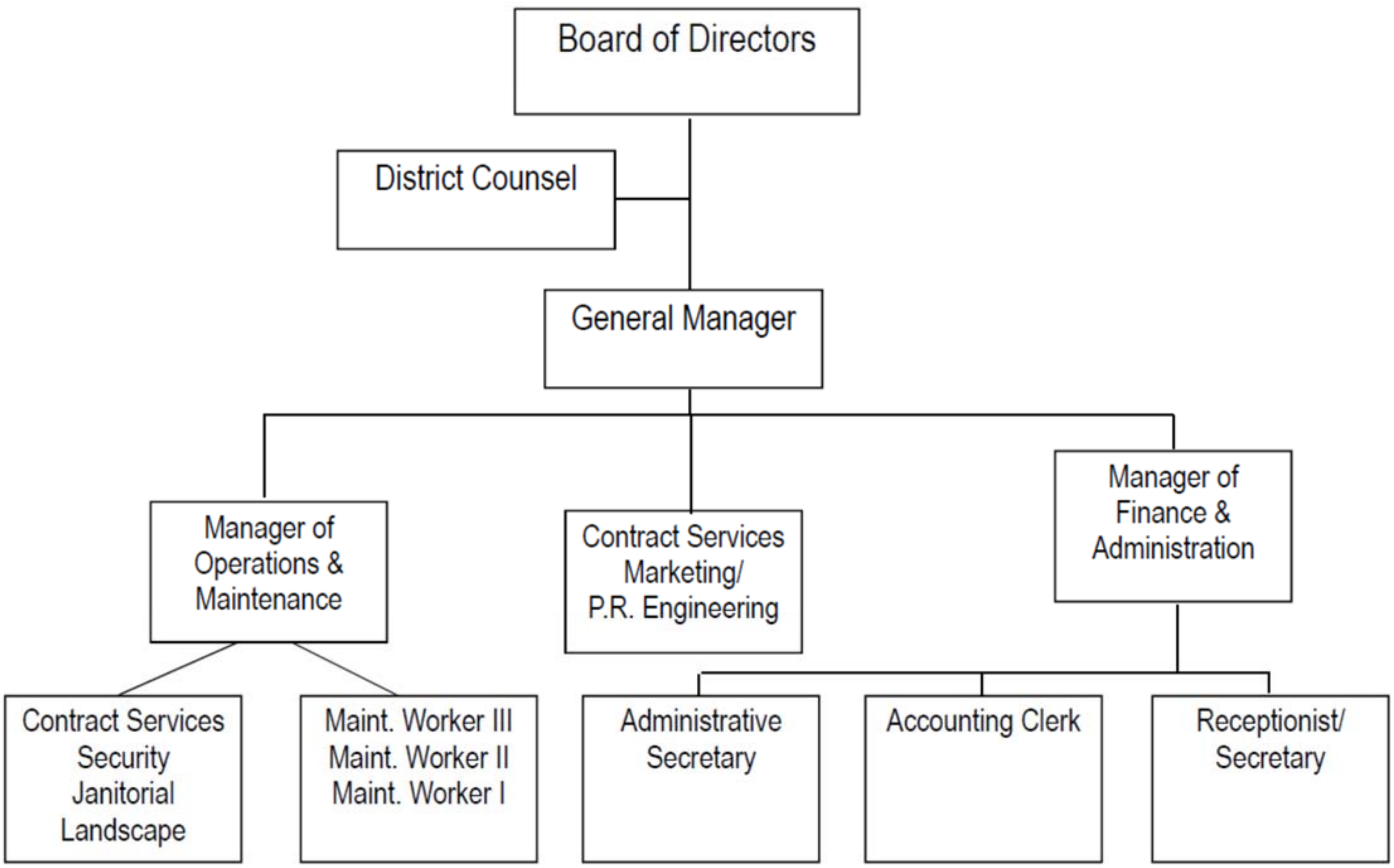
Awards and Acknowledgements, continued

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,

Veroneka Reade, Manager of Finance and Administration

SANTA MARIA PUBLIC AIRPORT DISTRICT
Organizational Chart
June 2022



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Santa Maria Public Airport District
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO

Financial Section

C.J. Brown & Company CPAs
An Accountancy Corporation

Christopher J. Brown, CPA, CGMA
Jonathan Abadesco, CPA
Jeffrey Palmer

Cypress Office:
10805 Holder Street, Suite 150
Cypress, California 90630
(657) 214-2307

Riverside Office:
5051 Canyon Crest Drive, Suite 203
Riverside, California 92507
(657) 214-2307

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, 2022, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

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, 2022, and the changes in net position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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 our audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

Emphasis of Matter

Restatements to Net Position

As discussed in note 12 to the financial statements, as of and for the fiscal year ended June 30, 2022, the District adopted the provisions of *Governmental Accounting Standards Board (GASB) Statement No. 87–Leases*.

As a result, the District has restated its net position to reflect the effects of the change in its accounting policy. Our opinion is not modified with respect to this matter.

As discussed in note 12 to the financial statements, as of and for the fiscal year ended June 30, 2022, the District restated its account balances and related transactions for its capital grant contribution revenue and capital grant project expenses. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 10 through 15, and the required supplementary information on pages 52 through 54, 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 Information

Our audit were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements as a whole. The introductory section on pages 1 through 6, the supplementary information on pages 55 through 56, and the statistical section on pages 57 through 74 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 audit 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 31, 2023, 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 75 through 77.

C.J. Brown & Company, CPAs

C.J. Brown & Company, CPAs
Cypress, California
December 31, 2023

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 year ended June 30, 2022. 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 2022, the District's net position increased 2.1% or $749,876 to $37,037,571 due to a decrease in net position of $1,266,060 from ongoing operations which was offset by $2,015,936 from capital contributions.
- In fiscal year 2022, the District's total revenues (excluding capital contributions) decreased by 4.8% or $364,465 to $7,198,915.
- In fiscal year 2022, the District's operating revenues increased by 6.4% or $236,852 to $3,912,062.
- In fiscal year 2022, the District's non-operating revenues decreased by 15.5% or $601,317 to $3,286,853 as compared to prior year.
- In fiscal year 2022, the District's total expenses including depreciation increased by 5.2% or $416,462 to $8,464,975.
- In fiscal year 2022, the District's operating expenses before depreciation expense increased 16.8% or $854,379 to $5,945,843.
- In fiscal year 2022, the District's non-operating expenses decreased by 93.4% or $475,027 to $33,511.
- In fiscal year 2022, the District's capital contributions decreased by 163.9% or $1,252,025 to $2,015,936.

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), deferred outflows of resources, 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 the net change 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.

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 plus deferred outflows of resources, less 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 21 through 51.

Statements of Net Position

Condensed Statements of Net Position

		2022	As Restated 2021	Change
Assets:				
Current assets	$	11,935,711	11,198,895	736,816
Non-current assets		5,215,578	6,005,159	(789,581)
Capital assets, net		29,637,870	29,819,619	(181,749)
Total assets		46,789,159	47,023,673	(234,514)
Deferred outflows of resources:		499,229	523,838	(24,609)
Liabilities:				
Current liabilities		1,696,499	2,040,912	(344,413)
Long-term liabilities		1,849,142	2,599,802	(750,660)
Total liabilities		3,545,641	4,640,714	(1,095,073)
Deferred inflows of resources:		6,705,176	6,619,102	86,074
Net position:				
Net investment in capital assets		29,507,985	29,665,309	(157,324)
Restricted for capital projects		1,144,471	1,558,854	(414,383)
Unrestricted		6,385,115	5,063,532	1,321,583
Total net position	$	37,037,571	36,287,695	749,876

Statements of Net Position, continued

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 exceeded liabilities and deferred inflows by $37,037,571 as of June 30, 2022.

Compared to prior year, net position of the District increased by 2.1% or $749,876. The District's total net position is comprised of three components: (1) net investment in capital assets, (2) restricted net position (restricted for capital projects), and (2) unrestricted net position.

By far the largest portion of the District's net position (80% as of June 30, 2022) 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. At the end of fiscal year 2022, the District showed a positive balance in its unrestricted net position of $6,385,115, which may be utilized in future years. See note 11 for further information.

Statements of Revenues, Expenses, and Changes in Net Position

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

	2022	As Restated 2021	Change
Revenues:			
Operating revenues	$ 3,912,062	3,675,210	236,852
Non-operating revenues	3,286,853	3,888,170	(601,317)
Total revenues	7,198,915	7,563,380	(364,465)
Expenses:			
Operating expenses	5,945,843	5,091,464	854,379
Depreciation and amortization	2,485,621	2,448,511	37,110
Non-operating expenses	33,511	508,538	(475,027)
Total expenses	8,464,975	8,048,513	416,462
Net loss before capital contributions	(1,266,060)	(485,133)	(780,927)
Capital contributions	2,015,936	763,911	1,252,025
Changes in net position	749,876	278,778	471,098
Net position, beginning of year	36,287,695	36,008,917	278,778
Net position, end of year	$ 37,037,571	36,287,695	749,876

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 increased 2.1% or $749,876 to $37,037,571 due to a decrease in net position of $1,266,060 from ongoing operations which was offset by $2,015,936 from capital contributions.

A closer examination of the source of changes in net position reveal that:

In 2022, the District's operating revenues increased by 6.4% or $236,852 to $3,912,062 due to increases of $209,455 in land usage, $28,271 in hangar area usage, $25,827 in terminal area usage revenue, and $14,165 in other charges and fees, offset by decreases of $26,126 in landing area usage and $14,740 in main hangar and Fixed Base Operations as compared to the prior year.

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

In 2022, the District's non-operating revenues decreased by 15.5% or $601,317 to $3,286,853 due primarily to an decrease of $668,961 in operating grants due from Federal Aviation Administration (FAA) provided CARES Act grant funding in the prior year and $33,282 in investment returns, which were offset by an increase of $104,847 in property taxes as compared to prior year.

In 2022, the District's capital contributions increased by 163.9% or $1,252,025 to $2,015,936 due primarily to an increase of $1,873,045 in tenant improvement contributions offset by a decrease of $632,201 in federal capital grant contributions.

In 2022, the District's operating expenses, increased 16.8% or $854,379 to $5,945,843, due primarily to increases of $804,291 in public administration, $65,750 in terminal area usage, $58,334 in landing area usage, which were offset by decreases of $50,690 in land usage and $15,862 in hangar area usage compared to the prior year.

In 2022, the District's non-operating expenses decreased by 93.4% or $475,027 to $33,511 due primarily to a decrease of $500,000 in revenue guarantee expense offset by an increase of $31,483 in investment loss, net of fair value as compared to the prior year.

In 2022, the District's depreciation increased by 1.5% or $37,110 to $2,485,621 due primarily to prior year asset additions beginning the depreciation process.

Total Revenues

Below is a detailed schedule of the District's total revenues segregated between operating revenues and non-operating revenues.

Operating revenues:		**2022**	**As Restated 2021**	**Change**
Landing area usage	$	157,826	183,952	(26,126)
Hangar area usage		710,459	682,188	28,271
Main hangar and F.B.O.		614,392	629,132	(14,740)
Terminal area usage		344,778	318,951	25,827
Land usage		2,050,642	1,841,187	209,455
Other charges and fees		33,965	19,800	14,165
Total operating revenues		3,912,062	3,675,210	236,852
Non-operating revenues:				
Property taxes		1,997,321	1,892,474	104,847
Interest earnings		-	33,282	(33,282)
CARES Act airport grants		1,276,792	1,945,753	(668,961)
TSA LEO reimbursement		12,740	11,520	1,220
Other		-	5,141	(5,141)
Total non-operating revenues		3,286,853	3,888,170	(601,317)
Total revenues	$	7,198,915	7,563,380	(364,465)

In 2022, the District's total revenues (excluding capital contributions) decreased $364,065.

Total Expenses

Below is a detailed schedule of the District's total expenses segregated between operating expenses and non-operating expenses.

Operating expenses:		2022	As Restated 2021	Change
Landing area usage	$	967,458	909,124	58,334
Hangar area usage		98,853	114,715	(15,862)
Main hangar and F.B.O.		75,199	82,643	(7,444)
Terminal area usage		391,616	325,866	65,750
Land usage		345,734	396,424	(50,690)
Public administration		4,066,983	3,262,692	804,291
Total operating expenses		5,945,843	5,091,464	854,379
Depreciation		2,485,621	2,448,511	37,110
Non-operating expenses:				
Airshow expense, net		2,028	8,538	(6,510)
Revenue guarantee expense		-	500,000	(500,000)
Interest loss, net of fair value		31,483	-	31,483
Total non-operating expenses		33,511	508,538	(475,027)
Total expenses	$	8,464,975	8,048,513	416,462

In 2022, total expenses including depreciation increased $416,462.

Capital Asset Administration

Changes in capital asset amounts for 2022 were as follows:

Capital assets:		As Restated 2021	Additions	Transfers/ Deletions	Balance 2022
Non-depreciable assets	$	7,221,197	2,303,872	(371,304)	9,153,765
Depreciable assets		83,310,790	371,304	(1,088,386)	82,593,708
Accumulated depreciation		(60,712,368)	(2,485,621)	1,088,386	(62,109,603)
Total capital assets, net	$	29,819,619	189,555	(371,304)	29,637,870

At the end of fiscal year 2022, the District's investment in capital assets (net of accumulated depreciation), amounted to $29,637,870. This investment in capital assets includes land, landing area, revenue generating land, owner-builder area, T-hangars, Fixed Based Operations, terminal, administration and equipment, construction-in-process, and etc. Major capital assets additions during the years included terminal and revenue generating land improvements. See note 6 to the basic financial statements for further analysis.

Land Improvements Payable

Changes in land improvement payable amounts for 2022 were as follows:

	2021	Additions	Payments	2022
Land improvements payabl	$ 154,310	-	(24,425)	129,885

At the end of fiscal year 2022, the District's land improvements payable, amounted to $129,885. See note 8 to the basic financial statements for further analysis.

Conditions Affecting Current Financial Position

Management is unaware of any 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 periods.

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
Statement of Net Position
June 30, 2022

		2022
Current assets:		
Cash and cash equivalents (note 2)	$	8,766,284
Restricted – cash and cash equivalents (note 2)		1,144,471
Certificate-of-deposit (note 2)		8,000
Accrued interest receivable		8,965
Accounts receivable – customers and tenants, net (note 3)		118,233
Accounts receivable – federal capital grants		712,681
Accounts receivable – federal operating grants		216,130
Lease receivables (note 4)		789,581
Note receivable (note 5)		166,218
Prepaid expenses and deposits		5,148
Total current assets		11,935,711
Non-current assets:		
Lease receivables (note 4)		5,215,578
Capital assets, not being depreciated (note 6)		9,153,765
Depreciable capital assets (note 6)		20,484,105
Total non-current assets		34,853,448
Total assets		46,789,159
Deferred outflows of resources:		
Deferred other post-employment benefits outflows (note 9)		95,588
Deferred pension outflows (note 10)		403,641
Total deferred outflows of resources		499,229

Continued on next page.

See accompanying notes to the basic financial statements.

Santa Maria Public Airport District
Statement of Net Position, continued
June 30, 2022

		2022
Current liabilities:		
Accounts payable and accrued expenses	$	1,223,843
Accrued wages and related payables		36,655
Unearned revenue – hanger and other rentals		168,358
Hangar and other deposits		113,660
Long-term liabilities – due in one year:		
Compensated absences (note 7)		129,427
Land improvements payable (note 8)		24,556
Total current liabilities		1,696,499
Long-term liabilities – due in more than one year:		
Compensated absences (note 7)		43,142
Land improvements payable (note 8)		105,329
Total other post-employment benefits liability (note 9)		406,468
Net pension liability (note 10)		1,294,203
Total long-term liabilities		1,849,142
Total liabilities		3,545,641
Deferred inflows of resources:		
Deferred lease inflows (note 4)		5,491,458
Deferred other post-employment benefits inflows (note 9)		15,991
Deferred pension inflows (note 10)		1,197,727
Total deferred inflows of resources		6,705,176
Net position: (note 11)		
Net investment in capital assets		29,507,985
Restricted for capital projects		1,144,471
Unrestricted		6,385,115
Total net position	$	37,037,571

See accompanying notes to the basic financial statements.

Santa Maria Public Airport District
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2022

	2022
Operating revenues:	
Landing area usage	$ 157,826
Hangar area usage	710,459
Main hangar and Fixed Base Operations (FBO)	614,392
Terminal area usage	344,778
Land usage	2,050,642
Interest income - leases	
Other charges and fees	33,965
Total operating revenues	3,912,062
Operating expenses:	
Landing area usage	967,458
Hangar area usage	98,853
Main hangar and Fixed Base Operations (FBO)	75,199
Terminal area usage	391,616
Land usage	345,734
Public administration	4,066,983
Total operating expenses	5,945,843
Operating loss before depreciation expense	(2,033,781)
Depreciation expense – capital recovery	(2,485,621)
Operating loss	(4,519,402)
Non-operating revenue(expense):	
Property taxes	1,963,394
Redevelopment agency property tax increment	33,927
Interest and investment returns, net of fair value	(31,483)
CARES Act airport grants (note 16)	1,276,792
Transportation Security Administration law enforcement officer reimbursement	12,740
Airshow expense, net	(2,028)
Total non-operating revenues, net	3,253,342
Net loss before capital contributions	(1,266,060)
Capital contributions:	
Federal capital grants	40,240
Tenant improvements (note 4)	1,873,045
Passenger facility charges	102,651
Total capital contributions	2,015,936
Changes in net position	749,876
Net position, beginning of year	36,287,695
Net position, end of year	$ 37,037,571

See accompanying notes to the basic financial statements.

Santa Maria Public Airport District
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2022

		2022
Cash flows from operating activities:		
Cash receipts from customers and tenants	$	3,919,980
Cash paid to vendors for materials and services		(4,602,994)
Cash paid to employees for salaries		(983,544)
Net cash used in operating activities		(1,666,558)
Cash flows from non-capital financing activities:		
Proceeds from property taxes		1,963,394
Proceeds from redevelopment agency property tax increment		33,927
Proceeds from federal operating grants		1,935,627
Net cash provided by non-capital financing activities		3,932,948
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets		(488,730)
Proceeds from passenger facility charges		102,651
Payments for land improvements		(24,425)
Net cash used in capital and related financing activities		(410,504)
Cash flows from investing activities:		
Proceeds from note receivable		1,200
Interest received on leases receivable		(246,334)
Interest received on cash and cash equivalents		30,565
Net cash used in investing activities		(214,569)
Net increase in cash and cash equivalents		1,641,317
Cash and cash equivalents, beginning of year		8,269,438
Cash and cash equivalents, end of year	$	9,910,755

Reconciliation of cash and cash equivalents to the statements of net position:

Cash and cash equivalents	$	8,766,284
Restricted assets – cash and cash equivalents		1,144,471
Total cash and cash equivalents	$	9,910,755

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 Year Ended June 30, 2022

		2022
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$	(4,519,402)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization		2,485,621
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
(Increase)Decrease in assets:		
Accounts receivable – customers and tenants, net		7,249
Note receivable		(5,022)
Prepaid expenses and deposits		290,655
(Increase)Decrease in deferred outflows of resources:		
Deferred other post-employement benefits outflows		(17,686)
Deferred pension outflows		42,295
Increase(Decrease) in liabilities:		
Accounts payable and accrued expenses		(363,665)
Accrued wages and related liabilities		9,748
Compensated absences		11,633
Unearned revenue		(5,771)
Hangar and other deposits		6,440
Total other post-employment benefits liability		33,143
Net pension liability		(762,176)
Increase(Decrease) in deferred inflows of resources:		
Deferred other post-employement benefits inflows		15,565
Deferred pension inflows		1,104,815
Total adjustments		2,852,844
Net cash used in operating activities	$	(1,666,558)
Non-cash investing, capital and financing transactions:		
Change in fair value of funds deposited with LAIF	$	(61,652)

See accompanying notes to the basic financial statements.

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The 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. For the east-west direction, the District commences at Point Sal at the Pacific Ocean and extends eastward 30 miles, or 10 miles east of the dam at Twitchell Reservoir. The District's approximately 2,598 acres include two active runways and provide facilities for one regional airline (Allegiant Airlines), and serve as home base for over 222 general aviation aircraft. The District is governed by a five-member Board of Directors who serve four-year terms and are elected by the District. 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 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 District's 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:

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.

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

C. Financial Reporting, continued

In October 2021, the GASB issued Statement No. 98 – *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of Annual Comprehensive Financial Report and its acronym in generally accepted accounting principles for state and local governments.

This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for Annual Comprehensive Financial Report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness.

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.

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, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosures of contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources, 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. 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.

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

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

3. 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.

4. 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.
- **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.

5. 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.

6. 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 statements of net position and as a capital grant contribution or operating grant revenue, as appropriate, on the statements of revenues, expenses, and changes in net position.

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

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

7. 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.

8. 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

9. Deferred Outflows of Resources

The statements of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies 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 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 difference 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 change due to 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.

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

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

10. 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.

11. 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.

12. Pensions

For purposes of measuring the net pension liability, 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 date: June 30, 2020
- Measurement date: June 30, 2021
- Measurement period: July 1, 2020 to June 30, 2021

13. Deferred Inflows of Resources

The statements 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 net position that applies 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 difference 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 between 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 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.

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

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

14. Net Position

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

- **Net investment in capital assets** – 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** – 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** – consists of net position that does not meet the definition of *restricted* or *net investment in capital assets*.

15. 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 Office 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

16. 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.

17. 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.

18. Reclassification

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

(2) Cash and Investments

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

		2022
Cash and cash equivalents	$	8,766,284
Restricted cash and cash equivalents		1,144,471
Certificate-of-deposit		8,000
Total cash and investments	$	9,918,755

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

		2022
Cash on hand	$	1,350
Deposits with financial institutions		2,176,352
Investments		7,741,053
Total cash and investments	$	9,918,755

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

	2022
Certificate-of-deposit held with a financial institution	May 2023
Deposits with California Local Agency Investment Fund (LAII	260 days

Custodial Credit Risk

The custodial credit risk for *deposits* is the risk that, in the event of 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 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.

(2) Cash 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, 2022, consisted of the following:

		Remaining Maturity (in Months)
Investment Type	**Amount**	**12 months or less**
Certificates-of-deposit	$ 8,000	8,000
Local Agency Investment Fund	4,726,992	4,726,992
Money market savings account	3,006,061	3,006,061
Total	$ 7,741,053	7,741,053

(2) Cash 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 (where applicable) by 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, 2022, consisted of the following:

Investment Type		Amount	Minimum Legal Rating	Exempt From Disclosure	Ratings AAA
Certificates-of-deposit	$	8,000	N/A	8,000	-
Local Agency Investment Fund		4,726,992	N/A	4,726,992	-
Money market savings account		3,006,061	AAA	-	3,006,061
Total	$	7,741,053		4,734,992	3,006,061

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.

Fair Value Measurements

Investments measured at fair value on a recurring and non-recurring basis as of June 30, 2022, are as follows:

			Fair Value Measurements Using		
Investment Type		Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates-of-deposit	$	8,000	-	8,000	-
Money market savings account		3,006,061	-	3,006,061	-
Total investments measured at fair value		3,014,061	-	3,014,061	-
Investments measured at amortized cost:					
Local Agency Investment Fund (LAIF)		4,726,992			
Total	$	7,741,053			

(3) Accounts Receivable – Customers and Tenants, Net

The balance as of June 30 consists of the following:

		2022
Accounts receivable – customers and tenants	$	151,051
Allowance for uncollectible accounts		(32,818)
Accounts receivable – customers and tenants, net	$	118,233

(4) Leases Receivable

The District leases a portion of its property to various third parties who use the space to conduct their operations on the District's grounds, the terms expire 2022 through 2047. The measurement of the lease receivable is based on the present value of lease payments expected to be received during the lease term, such as fixed payments, variable payments that depend on index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee. A number of leases have a maximum possible term of 12 months (or less), including options to extend, regardless of their probability of being exercised. Those payments are recognized as inflows of resources based on the payment provisions of the lease contracts and are therefore excluded from the schedule in this section.

Various other leasing arrangements are in place for District owned buildings, ground, and support spaces. Lease payments are generally based on total square footage being leased at an established rate, with periodic increases based on the Consumer Price Index.

Short-term lease payments are recognized as inflows of resources based on the payment provisions of the lease contract and are therefore not included in the lease receivable balances below.

The District reports leases receivable with a carrying amount of $6,005,159 as of June 30, 2022, and deferred inflows of resources in the amount of $5,491,458 as of June 30, 2022, related to this agreement. Revenue recognized under lease contracts during the year ended June 30, 2022, was $1,241,146, which includes both lease revenue and interest.

In March 2021, the District entered into a lease agreement with Gresser, Inc. (tenant) for the purpose of leasing land used for agriculture. Terms of the lease agreement included a $1,390,000 rent credit for the purpose of providing funds towards capital improvements to the leased property. The District has included the rent credit as part of the lease receivable and deferred inflows. As of June 30, 2022, capital contributions sourcing from the tenant amounted to $1,873,045.

(4) Leases Receivable, continued

The following table summarizes total remaining lease payments, GASB 87 lease receivables/deferred lease inflows and lease interest receivable at estimated District discount rates ranging from 2.40% to 3.22% as of June 30, 2022:

Fiscal Year		Principal	Interest	Total	Deferred Inflows
2023	$	789,581	180,800	970,381	(933,743)
2024		757,179	156,648	913,827	(861,912)
2025		803,692	131,657	935,349	(860,565)
2026		287,031	111,955	398,986	(400,024)
2027		188,787	105,625	294,412	(306,978)
2028-2032		2,201,963	330,427	2,532,390	(1,451,488)
2033-2037		411,858	119,701	531,559	(344,048)
2038-2042		360,767	59,367	420,134	(225,485)
2043-2047		204,301	13,287	217,588	(107,215)
Total		6,005,159	1,209,467	7,214,626	(5,491,458)
Current		(789,581)			
Non-current	$	5,215,578			

Regulated Leases

A portion of the District’s revenue comes from regulated leases of which the District is the lessor. Regulated leases as defined by the Department of Transportation and the Federal Aviation Administration and outlined in GASB 87 paragraphs 42 and 43 are specially excluded. Terminal space and aircraft hangars are generally month-to-month leases are described in the information herein.

The District leases parts of its land, terminal building, and hangars to various businesses and individuals under long-term leases with terms from 5 – 61 years. Rental revenues from these regulated leases were $192,768 and included in terminal leases and concessions for the year ended June 30, 2022. The cost of property held for leasing is not readily determinable.

(4) Leases Receivable, continued

Regulated Leases

Future minimum rentals on regulated leases as of June 30, 2022, are as follows:

Fiscal Year		Principal
2023	$	282,984
2024		279,416
2025		275,104
2026		279,563
2027		283,923
2028-2032		1,545,574
2033-2037		1,277,265
2038-2042		704,632
2043-2047		830,100
2048-2052		924,358
2053-2057		541,506
2058-2061		395,385
Total	$	7,619,810

(5) Note Receivable

On 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 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. The terms of the agreement called for a 4% annual interest rate and minimum monthly payments of $200, until the loan is repaid in full. The agreement's 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 change in note receivable for 2022 is as follows:

		2021	Additions	Payments Received	2022
Note receivable	$	161,196	6,222	(1,200)	166,218

(6) Capital Assets

Changes in capital assets for 2022 were as follows:

	As Restated 2021	Additions/ Transfers	Deletions/ Transfers	Balance 2022
Non-depreciable assets:				
Land and land rights	$ 6,394,133	-	-	6,394,133
Construction-in-process	827,064	2,303,872	(371,304)	2,759,632
Total non-depreciable assets	7,221,197	2,303,872	(371,304)	9,153,765
Depreciable assets:				
Landing area	47,638,594	75,331	(32,830)	47,681,095
Revenue generating land	7,708,163	46,061	(116,501)	7,637,723
Owner-Builder area	34,664	-	-	34,664
T-Hangars	6,549,853	18,833	-	6,568,686
Fixed Based Operations (F.B.O.)	2,550,946	18,833	-	2,569,779
Terminal	15,481,107	177,086	(838,356)	14,819,837
Administration and equipment	3,347,463	35,160	(100,699)	3,281,924
Total depreciable assets	83,310,790	371,304	(1,088,386)	82,593,708
Accumulated depreciation:				
Landing area	(28,929,584)	(1,523,528)	32,830	(30,420,282)
Revenue generating land	(5,446,482)	(245,112)	116,501	(5,575,093)
Owner-Builder area	(34,665)	-	-	(34,665)
T-Hangars	(6,323,180)	(92,179)	-	(6,415,359)
Fixed Based Operations (F.B.O.)	(2,381,041)	(36,689)	-	(2,417,730)
Terminal	(15,206,957)	(382,958)	838,356	(14,751,559)
Administration and equipment	(2,390,459)	(205,155)	100,699	(2,494,915)
Total accumulated depreciation	(60,712,368)	(2,485,621)	1,088,386	(62,109,603)
Total depreciable assets, net	22,598,422	(2,114,317)	-	20,484,105
Total capital assets, net	$ 29,819,619			29,637,870

Major capital assets additions during the year include landing area improvements, revenue generating land, t-hangars, fixed based operations, terminal improvements, and administration and equipment acquisitions. Major capital asset deletions during the year include disposal of landing area, revenue generating land, terminal and administration and equipment assets.

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:

	2022
Landing area improvements	$ 821,410
Revenue generating land	1,938,222
Construction-in-process	$ 2,759,632

(7) Compensated Absences

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

Balance 2021	Additions	Deletions	Balance 2022	Due Within One Year	Due in More Than One Year
$ 160,936	109,620	(97,987)	172,569	129,427	43,142

(8) 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.

In July 2020, the District entered into a zero-interest land improvement payable obligation with Pacific Gas & Electric (PG&E), in the amount $31,398. 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 $233 maturing in July 2030.

Changes in land improvements for 2022 were as follows:

	2021	Additions	Payments	2022
Land improvements payabl	$ 154,310	-	(24,425)	129,885
Less current-portion	(24,446)			(24,556)
Total non-current	$ 129,864			105,329

Future annual payments are as follows:

Fiscal Year	Annual Payment
2023	$ 24,556
2024	23,120
2025	23,119
2026	23,120
2027	23,119
2028 - 2030	12,851
Total	129,885
Less: current	(24,556)
Non-current	$ 105,329

(9) Other Post-Employment Benefits (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 55 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.

	Measurement Date 2021
Inactive employees or beneficiaries currently receiving benefit payments	5
Active employees	11
Total Plan membership	16

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 $143 per month which is adjusted each year in accordance with California Government Code Section 22892. The annual contribution is based on the actuarially determined contribution.

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

	2022
Contributions – employer	$ 9,089

As of June 30 2022, employer pension contributions of $9,089 were reported as deferred outflows of resources related to contributions subsequent to the measurement date and will be recognized as a reduction of the total OPEB liability in the fiscal year ended June 30, 2023.

Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2021, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2021, respectively. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

(9) Other Post-Employment Benefits (OPEB) Plan, continued

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	2.16 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, 2022, the discount rate used to measure the total OPEB liability was 2.16%. 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.

Changes in the Total OPEB Liability

		Total OPEB Liability 2021-2022
Balance at beginning of year	$	373,325
Changes for the year:		
Service cost		23,160
Interest		8,468
Employer contributions		(7,282)
Expected minus actual benefits		-
Experience (gains)/losses		(17,311)
Assumption changes		26,108
Net change		33,143
Balance at end of year	$	406,468

(9) Other Post-Employment Benefits (OPEB) Plan, continued

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

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

As of June 30, 2022, the discount rate comparison was as follows:

	Discount Rate - 1% (1.16%)	Current Discount Rate (2.16%)	Discount Rate + 1% (3.16%)
District's total OPEB liability	$ 486,503	406,468	343,545

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 or 1-percentage-point higher than the current healthcare cost trend rates:

As of June 30, 2022, the healthcare cost trend rate comparison was as follows:

	1% Decrease (4.00% decreasing to 3.00%)	Healthcare Cost Trend Rates (4.00%)	1% Increase (4.00% increasing to 5.00%)
District's total OPEB liability	$ 334,289	406,468	501,883

For the year ended June 30, 2022, the District recognized OPEB expense of $40,111.

OPEB Expense, 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:

Description	June 30, 2022 Deferred Outflows of Resources	June 30, 2022 Deferred Inflows of Resources
OPEB contributions subsequent to the measurement date	$ 9,089	-
Differences between actual and expected experience	-	(15,991)
Changes in assumptions	86,499	-
Total	$ 95,588	(15,991)

(9) Other Post-Employment Benefits (OPEB) Plan, continued

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

At June 30, 2022, the District recognized other amounts reported by the Plan actuary as deferred outflows of resources and deferred inflows of resources related to the OPEB liability. OPEB related amounts will be recognized as expense as follows.

Actuarially Determined Deferred Outflows (Inflows) - OPEB Plan

Fiscal Year Ending June 30:		Net Change in Assumptions	Net Difference between Expected and Actual Experience	Total
2023	$	8,923	(1,746)	7,177
2024		8,923	(1,746)	7,177
2025		8,923	(1,746)	7,177
2026		8,923	(1,746)	7,177
2027		8,923	(1,746)	7,177
Thereafter		41,884	(7,261)	34,623
Total	$	86,499	(15,991)	70,508

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

See page 52 for the Required Supplementary Information.

(10) Defined Benefit Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Risk Pool, a cost-sharing multiple employer defined benefit pension plan 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. Cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

(10) 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, 2022 are summarized as follows:

	Miscellaneous Plan	
Description	**Tier 1**	**Tier 2**
Hire date	Prior to January 1,	On or after January 1,
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of servic
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 62
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Fiscal year 2022:		
Required employee contribution rates	6.910%	6.750%
Required employer contribution rates	10.880%	7.590%

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.

For the fiscal year ended June 30, the contributions to the Plan were as follows:

		2022
Contributions – employer	$	239,933
Contributions – employee (paid by employer)		37,742
Total employer paid contributions	$	277,675

(10) Defined Benefit Pension Plan, continued

Net Pension Liability

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

Proportionate Share of Net Pension Liability
$ 1,294,203

The District's net pension liability is measured as the proportionate share of the net pension liability for the Plan. The net pension liability of the Plan is measured as of June 30, 2021, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020, rolled forward to June 30, 2021, 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 net pension liability for the Plan as of the fiscal years ended June 30 were as follows:

Proportion	Miscellaneous Plan
June 30, 2021	0.01890%
June 30, 2022	0.02393%
Change	0.00503%

As a result of the implementation of the GASB 68 pronouncement at June 30, 2022, the District recognized pension expense of $624,867.

(10) 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:

Description		June 30, 2022 Deferred Outflows of Resources	June 30, 2022 Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	$	239,933	-
Net difference between actual and expected experience		145,131	-
Net change in assumptions		-	-
Net difference between projected and actual earnings on plan investments		-	(1,129,772)
Net difference between actual contribution and proportionate share of contribution		-	(67,955)
Net adjustment due to differences in proportions of net pension liability		18,577	-
Total	$	403,641	(1,197,727)

As of June 30 2022, employer pension contributions reported as deferred outflows of resources related to contributions subsequent to the measurement date of $239,933, were and will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2023.

The District will recognize other amounts of deferred outflows of resources and deferred inflows of resources related to pension as follows.

Fiscal Year Ending June 30:		Deferred Outflows/ (Inflows) of Resources
2023	$	(232,277)
2024		(240,935)
2025		(260,260)
2026		(300,547)

(10) Defined Benefit Pension Plan, continued

Actuarial Assumptions

The total pension liabilities in the June 30, 2021, actuarial valuation report were determined using the following actuarial assumptions:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	7.15%
Inflation	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	2020 – 1997–2015
Post retirement benefit	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.

(10) 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, 2022, the long-term expected real rate of return by asset class was as follows:

Asset Class	New Strategic Allocation	Real Return Years 1–10*	Real Return Year 11+**
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	100.00%		

* An expected inflation of 2.5% used for this period

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

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

The following tables present 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, 2022, the discount rate comparison was the following:

	Discount Rate – 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
District's net pension liability	$ 2,320,903	1,294,203	445,445

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 53 and 54 for the Required Supplementary Information.

(10) Defined Benefit Pension Plan, continued

Payable to the Pension Plan

As of June 30, 2022, the District reported no payables for the outstanding amount of contribution to the pension plan.

(11) Net Position

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

		2022
Net investment in capital assets:		
Capital assets, not being depreciated	$	9,153,765
Depreciable capital assets		20,484,105
Land improvements payable – current		(24,556)
Land improvements payable – non-current		(105,329)
Total net investment in capital assets		29,507,985
Restricted net position:		
Restricted – cash and cash equivalents		1,144,471
Total restricted net position		1,144,471
Unrestricted net position:		
Non-spendable net position:		
Prepaid expenses and deposits		5,148
Total non-spendable net position		5,148
Spendable net position are designated as follows:		
Total spendable net position		6,379,967
Total unrestricted net position		6,385,115
Total net position	$	37,037,571

(12) Adjustments to Net Position

Governmental Accounting Standards Board Statement No. 87 Implementation

In fiscal year 2022, the District implemented GASB Statement No. 87 to recognize its lessor agreements. The nature, justification, and an explanation of the change are included in Note 1. The District did not have any lessee arrangements which required restatement.

As a result of the implementation for the District's lessor agreements, the District recorded a lease receivable, a deferred lease inflow of resources, reclassified a portion of its rental income to interest income, and has recorded prior period adjustments to restate net position as of June 30, 2021. Please see Note 4 for further information.

Capital Contribution and Accounts Receivable – Federal Grants – Airport Improvement Project

During the fiscal year ended June 30, 2022, the District determined that grant awards sourcing from Federal Aviation Administration (FAA) were not correctly recognized as capital contributions when the grant award related project expenditures were incurred in the fiscal year ended June 30, 2021. In addition, the outstanding grant award receivable was not recorded to its receivable accounts. Accordingly, the Project has adjusted its net position.

The adjustments to net position are as follows:

Net position at June 30, 2020, as previously stated	36,008,917
Effect of adjustments to record lessor lease receivables, deferred lease inflows, and interest income as a result of GASB 87	267,367
Effect of adjustment to record capital grant conrtibution revenue and receivables related to June 30, 2021	672,441
Effect of adjustment to record capital grant project activity to capital assets related to June 30, 2021	741,717
Effect of adjustment to record capital grant project activity to accounts payable related to June 30, 2021	(741,717)
Change in net position at June 30, 2021, as previously stated	(661,030)
Total adjustment to net position	278,778
Net position at June 30, 2021, as restated	36,287,695

(13) 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, 2022, was $1,683,866.

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 statement of net position.

(14) 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, 2022, 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 $10,000,000, combined single limit at $10,000,000 per occurrence, subject to the following deductibles – $500/$1,000 per occurrence for third party general/auto 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, 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 a deductible of $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, with a deductible of $1,000 per claim.

(14) Risk Management, continued

- 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 ended June 30, 2021, 2020, and 2019. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2021, 2020, and 2019.

(15) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2022, that have effective dates that may impact future financial presentations.

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.

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.

(15) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 93, (continued)

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.

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.

(15) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

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.

Governmental Accounting Standards Board Statement No. 99

In April 2022, the GASB issued Statement No. 99 – *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

(15) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 100

In June 2022, the GASB issued Statement No. 100 – *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 101

In June 2022, the GASB issued Statement No. 101 – *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

(16) 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, 2022, the District had outstanding construction contracts in the amount of $667,710.

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.

CARES Act Operating Grant Award

In March 2020, the federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law to provide relief to eligible airports in the United States that were affected by the COVID-19 pandemic. The District was awarded CARES Act funds. The funds are available to the District on a reimbursable basis for up to four years, no earlier than January 20, 2020 and will be used to pay for operating expenses that may no longer be covered by revenues. During the fiscal year ended June 30, 2022, the District requested $1,276,793 in CARES Act funding reimbursements. At June 30, 2022, the District received $1,935,628 and $216,130 remained receivable.

Grant Awards

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

(17) Subsequent Events

Events occurring after June 30, 2022, have been evaluated for possible adjustment to the financial statements or disclosure as of December 31, 2023, 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, 2022
Last Ten Years*

Fiscal year ending		June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB liability						
Service cost	$	23,160	15,610	13,545	13,182	12,829
Interest		8,468	9,950	9,685	9,544	8,261
Employer contributions		(7,282)	(7,434)	(6,434)	(6,434)	(6,187)
Expected minus actual benefits		-	572	(338)	-	-
Experience (gains)/losses		(17,311)	-	(804)	-	-
Assumption changes		26,108	74,724	12,756	(12,594)	-
Net change in total OPEB liability		33,143	93,422	28,410	3,698	14,903
Total OPEB liability – beginning		373,325	279,903	251,493	247,795	232,892
Total OPEB liability – ending	$	406,468	373,325	279,903	251,493	247,795
Covered payroll	$	829,257	846,782	830,037	735,356	794,904
Total OPEB liability as a percentage of covered payroll		49.02%	44.09%	33.72%	34.20%	31.17%

Notes to Schedule					
Valuation dates	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Single and agent employers	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization method	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market value	Market value	Market value	Market value	Market value
Inflation	2.50%	2.50%	2.50%	2.50%	2.50%
Salary increases	2.75%	2.75%	2.75%	2.75%	2.75%
Investment rate of return	6.25%	6.25%	6.25%	6.25%	6.25%
Mortality, retirement, disability Termination	(5)	(5)	(5)	(5)	(5)
Other information	(6)	(6)	(6)	(6)	(6)

(1) Level percentage of payroll, closed
(2) Pre-retirement mortality based on RP-2014 Employee Mortality Tables, Post-retirement mortality rates based on RP-2014 Health Annuitant Mortality Table
(3) CalPERS 1997-2015 Experience Study
(4) CalPERS 2000-2019 Experience Study
(5) Mortality projected fully generational with Scale MP-2019
(6) Mortality projected fully generational with Scale MP-2021

*The District has presented information for those years for which information is available until a full 10-year trend is compiled.

Santa Maria Public Airport District
Schedules of the District's Proportionate Share of the Net Pension Liability
As of June 30, 2022
Last Ten Years*

Description		Measurement Date June 30, 2021	Measurement Date June 30, 2020	Measurement Date June 30, 2019	Measurement Date June 30, 2018	Measurement Date June 30, 2017	Measurement Date June 30, 2016	Measurement Date June 30, 2015	Measurement Date June 30, 2014
District's proportion of the net pension liability		0.02393%	0.01890%	0.01849%	0.01795%	0.01761%	0.01728%	0.01618%	0.01700%
District's proportionate share of the net pension liability	$	1,294,203	2,056,379	1,894,820	1,729,838	1,746,160	1,495,222	1,110,736	1,057,671
District's covered payroll	$	846,782	830,037	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		152.84%	247.75%	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		83.36%	72.47%	73.95%	75.06%	74.95%	76.90%	82.41%	81.15%

Notes to Schedule:
There were no changes in benefits.

Changes in assumptions:

From fiscal year June 30, 2015 to June 30, 2016:
GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan adminsitrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses.
The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.
From fiscal year June 30, 2016 to June 30, 2017:
There were no changes in assumptions.
From fiscal year June 30, 2017 to June 30, 2018:
The discount rate was reduced from 7.65% to 7.15%
From fiscal year June 30, 2018 to June 30, 2019:
The inflation rate was reduced from 2.75% to 2.50%
From fiscal year June 30, 2019 to June 30, 2020:
There were no changes in assumptions.
From fiscal year June 30, 2020 to June 30, 2021:
There were no changes in assumptions.
From fiscal year June 30, 2021 to June 30, 2022:
There were no changes in assumptions.

* The District has presented information for those years for which information is available until a full 10-year trend is compiled.

Santa Maria Public Airport District
Schedules of Pension Plan Contributions
As of June 30, 2022
Last Ten Years*

Schedule of Pension Plan Contributions:		**Fiscal Year** June 30, 2022	**Fiscal Year** June 30, 2021	**Fiscal Year** June 30, 2020	**Fiscal Year** June 30, 2019	**Fiscal Year** June 30, 2018	**Fiscal Year** June 30, 2017	**Fiscal Year** June 30, 2016	**Fiscal Year** June 30, 2015
Actuarially determined contribution	$	242,796	220,666	189,769	165,139	140,757	120,811	108,198	70,150
Contributions in relation to the actuarially determined contribution		(242,796)	(220,666)	(189,769)	(165,139)	(140,757)	(120,811)	(108,198)	(70,150)
Contribution deficiency (excess)	$	-	-	-	-	-	-	-	-
Covered payroll	$	829,257	846,782	830,037	735,356	794,904	768,476	766,034	691,152
Contribution's as a percentage of covered payroll		29.28%	26.06%	22.86%	22.46%	17.71%	15.72%	14.12%	10.15%

Notes to schedule:

Valuation date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	15 year Smoothed Market Method
Inflation	2.50%	2.50%	2.50%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.15% (3)	7.00% (3)	7.25% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)

(1) Level of percentage payroll, closed.
(2) Depending on age, service, and type of employment.
(3) Net of pension plan investment expense, including inflation.
(4) 50 for all plans with exception of 52 for Miscellaneous 2% @ 62
(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study.
adopted by the CalPERS Board.

* The District has presented information for those years for which information is available until a full 10-year trend is compiled.

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Supplementary Information

Santa Maria Public Airport District
Schedule of Revenues, Expenses and Changes in Net Position – Budget to Actual
For the Fiscal Year Ended June 30, 2022

		Adopted Original Budget	Board Approved Changes	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
Operating revenues:						
Landing area usage	$	195,082	-	195,082	157,826	(37,256)
Hangar area usage		712,346	-	712,346	710,459	(1,887)
Main hangar and F.B.O.		630,095	-	630,095	614,392	(15,703)
Terminal area usage		282,623	-	282,623	344,778	62,155
Land usage		1,732,029	-	1,732,029	2,050,642	318,613
Other charges and fees		40,745	-	40,745	33,965	(6,780)
Total operating revenues		3,592,920	-	3,592,920	3,912,062	319,142
Operating expenses:						
Landing area usage		1,034,479	5,102	1,039,581	967,458	72,123
Hangar area usage		100,093	-	100,093	98,853	1,240
Main hangar and Fixed Base Operations		87,717	-	87,717	75,199	12,518
Terminal area usage		524,592	-	524,592	391,616	132,976
Land usage		398,846	-	398,846	345,734	53,112
Public administration		3,434,315	275,455	3,709,770	4,066,983	(357,213)
Total operating expenses		5,580,042	280,557	5,860,599	5,945,843	(85,244)
Operating loss before depreciation		(1,987,122)	(280,557)	(2,267,679)	(2,033,781)	233,898
Depreciation expense		(2,586,000)	-	(2,586,000)	(2,485,621)	100,379
Operating loss		(4,573,122)	(280,557)	(4,853,679)	(4,519,402)	334,277
Non-operating revenue(expense)						
Property taxes		1,818,277	-	1,818,277	1,997,321	179,044
Interest and investment earnings		26,997	-	26,997	(31,483)	(58,480)
CARES Act airport grants		2,127,763	-	2,127,763	3,149,836	1,022,073
TSA LEO reimbursement		12,880	-	12,880	12,740	(140)
Airshow income (expense), net		-	(26,989)	(26,989)	(2,028)	24,961
Total non-operating revenues, net		3,985,917	(26,989)	3,958,928	5,126,386	1,167,458
Net loss before capital contributions		(587,205)	(307,546)	(894,751)	606,984	1,501,735
Capital contributions:						
Federal capital grants		7,250,000	-	7,250,000	40,241	(7,209,759)
Passenger facility charges		74,295	-	74,295	102,651	28,356
Capital contributions		7,324,295	-	7,324,295	142,892	(7,181,403)
Change in net position		6,737,090	(307,546)	6,429,544	749,876	(5,679,668)
Net position, beginning of year		35,870,342		35,870,342	35,870,342	
Net position, end of year	$	42,607,432		42,299,886	36,620,218	

Santa Maria Public Airport District
Schedule of Operating & Non-Operating Expenses – Budget to Actual
For the Fiscal Year Ended June 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
Operating expenses:			
Landing area usage:			
ARFF Services	$ 892,230	839,440	52,790
Utilities	29,331	24,636	4,695
Repairs and maintenance	118,020	103,382	14,638
Total	1,039,581	967,458	72,123
Hangar area usage:			
Utilities	30,317	33,412	(3,095)
Repairs and maintenance	65,748	62,594	3,154
Owner build area	4,028	2,847	1,181
Total	100,093	98,853	1,240
Main hangar and Fixed Base Operations (FBO)			
Utilities	56,812	61,790	(4,978)
Repairs and maintenance	30,905	13,409	17,496
Total	87,717	75,199	12,518
Terminal area usage:			
Utilities	112,215	115,338	(3,123)
Repairs and maintenance	412,377	276,278	136,099
Total	524,592	391,616	132,976
Land usage:			
Utilities	8,647	7,078	1,569
Mobile home park	347,468	315,149	32,319
Repairs and maintenance	42,731	23,507	19,224
Total	398,846	345,734	53,112
Public administration			
Salaries and wages	929,999	957,198	(27,199)
Benefits	531,345	969,460	(438,115)
Utilities	90,214	76,561	13,653
Supplies	86,388	84,171	2,217
Repairs and maintenance	137,336	85,200	52,136
Contractual services	588,435	680,857	(92,422)
Office supplies, postage and stationary	47,471	39,276	8,195
Dues and subscriptions	71,407	73,179	(1,772)
Advertising	116,000	110,873	5,127
Insurance	311,351	311,352	(1)
Bad debt expense	-	16,953	(16,953)
Travel	83,660	58,496	25,164
Fire training	47,500	13,583	33,917
Consulting services	637,448	569,468	67,980
Other expenses	31,216	20,356	10,860
Total	3,709,770	4,066,983	(357,213)
Depreciation of capital assets	2,586,000	2,485,621	100,379
Total operating expenses	$ 8,446,599	8,431,464	15,135
Non-operating expense:			
Airshow (income) expense, net	$ 26,989	2,028	24,961
Interest and investment (loss) earnings, net of fair value	-	31,483	(31,483)
Total non-operating expenses	$ 26,989	33,511	(6,522)

Statistical Section

Santa Maria Public Airport District
Statistical Section
June 30, 2022

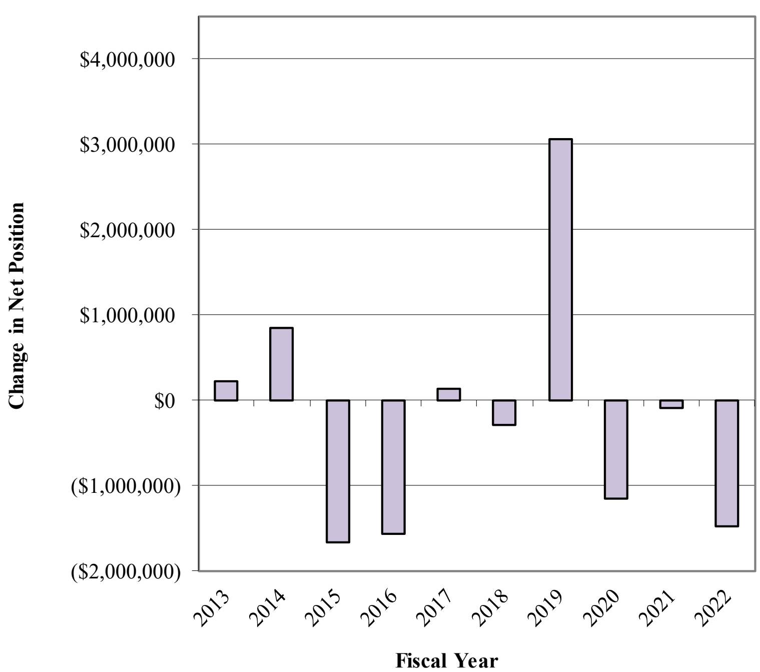
This part of the District's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Table of Contents

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

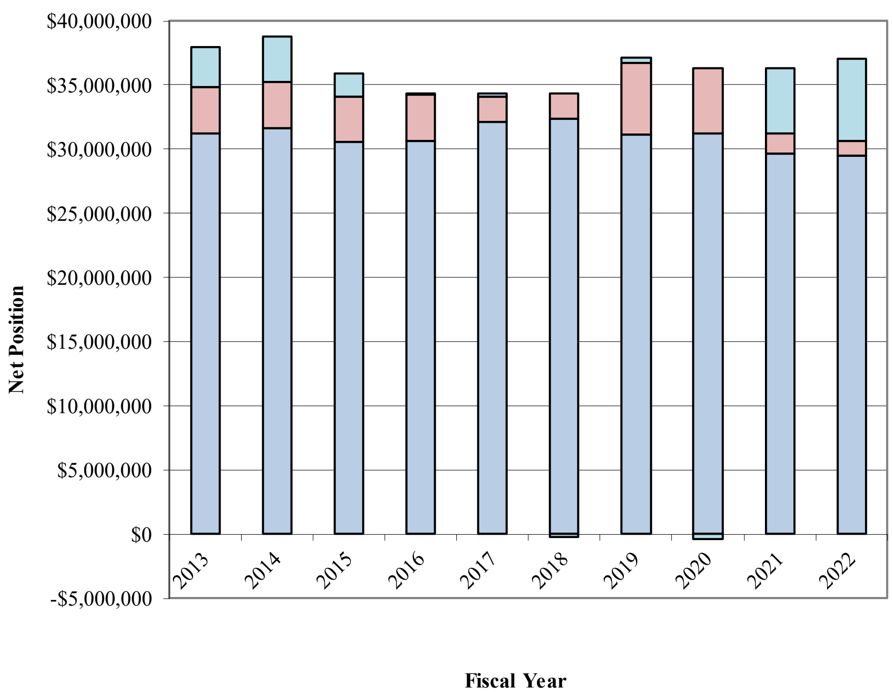
	Fiscal Year 2013	2014	As Restated 2015	As Restated 2016	2017
Changes in net position:					
Operating revenues (see Schedule 2)	$ 3,055,567	3,095,288	3,096,058	3,226,304	3,310,143
Operating expenses (see Schedule 3)	(3,562,952)	(3,573,252)	(3,720,240)	(3,813,171)	(4,458,946)
Depreciation expense – capital recovery	(2,222,345)	(2,328,936)	(2,490,934)	(2,441,538)	(2,288,269)
Operating income(loss)	(2,729,730)	(2,806,900)	(3,115,116)	(3,028,405)	(3,437,072)
Non-operating revenues(expenses)					
Property taxes	1,338,669	1,337,709	1,393,188	1,498,359	1,522,529
Interest and investment earnings	15,323	21,372	24,181	30,371	36,311
CARES Act airport grants	-	-	-	-	-
TSA law enforcement officer reimbursement	-	-	-	-	-
Airshow income (expense), net	-	-	-	-	-
Revenue guaranty expense	-	-	(372,078)	(387,922)	(722,260)
Gain/(Loss) on sale/disposition of assets	-	-	3,600	-	(14,794)
Gain on land sale	-	-	-	-	-
Other revenue/(expense), net	(44,616)	(13,881)	-	-	226
Total non-operating revenues(expenses), net	1,309,376	1,345,200	1,048,891	1,140,808	822,012
Net income before capital contributions	(1,420,354)	(1,461,700)	(2,066,225)	(1,887,597)	(2,615,060)
Capital contributions	1,644,404	2,309,291	405,886	327,120	2,755,237
Changes in net position	$ 224,050	847,591	(1,660,339)	(1,560,477)	140,177
Net position by component:					
Net investment in capital assets	$ 31,236,490	31,639,442	30,542,007	30,657,372	32,136,697
Restricted	3,590,796	3,591,104	3,591,381	3,590,388	1,967,435
Unrestricted	3,101,578	3,545,909	1,788,766	113,917	236,348
Total net position	$ 37,928,864	38,776,455	35,922,154	34,361,677	34,340,480



Source: Santa Maria Public Airport District - Finance Department

Schedule 1

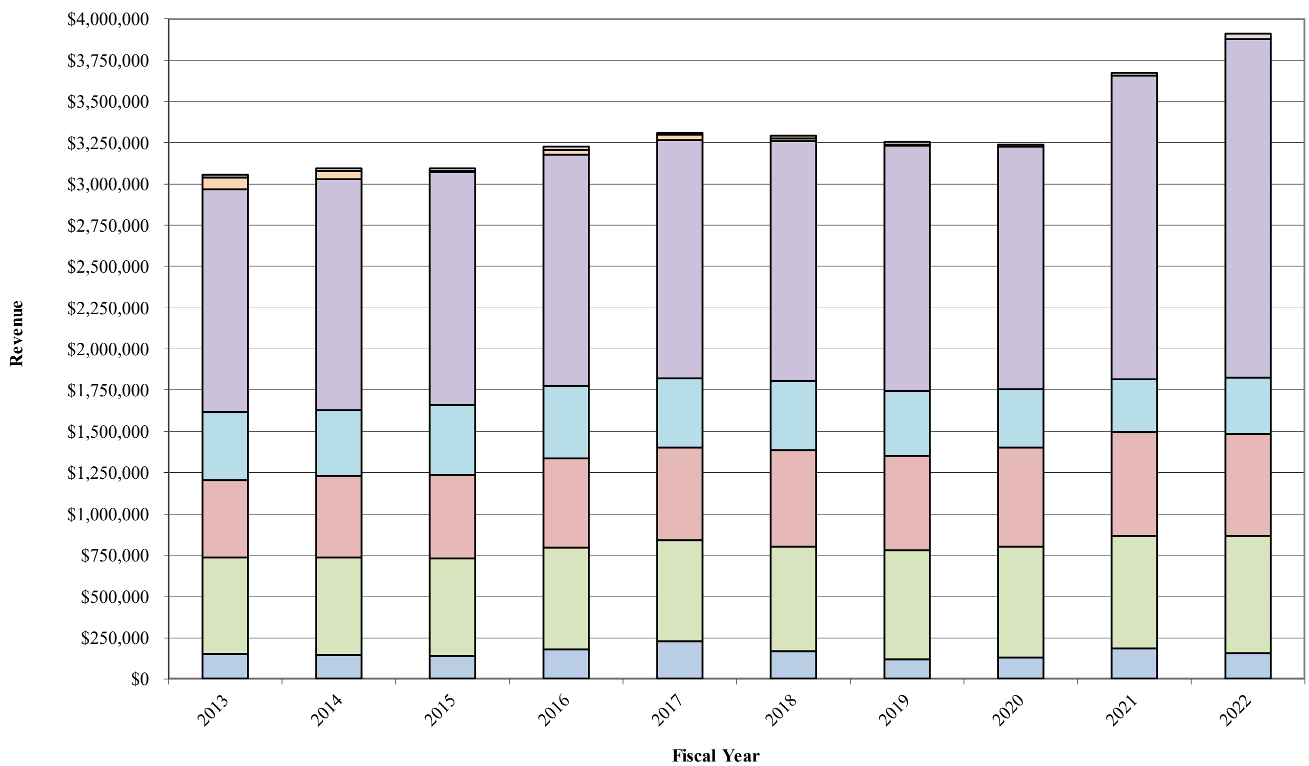
Fiscal Year				
2018	2019	As Restated 2020	As Restated 2021	2022
3,294,618	3,255,743	3,236,291	3,675,210	3,912,062
(4,156,325)	(4,560,690)	(4,749,934)	(5,091,464)	(5,945,843)
(2,263,682)	(2,102,526)	(2,300,323)	(2,448,511)	(2,485,621)
(3,125,389)	(3,407,473)	(3,813,966)	(3,864,765)	(4,519,402)
1,663,981	1,713,791	1,794,941	1,892,474	1,997,321
56,218	128,533	183,905	33,282	(31,483)
-	-	-	1,945,753	1,276,792
-	-	10,140	11,520	12,740
(1,133)	(210,108)	(330,132)	(8,538)	(2,028)
(184,603)	-	-	(500,000)	-
1,850	-	-	-	-
-	2,611,263	-	-	-
4,448	(192)	-	5,150	-
1,540,761	4,243,287	1,658,854	3,379,641	3,253,342
(1,584,628)	835,814	(2,155,112)	(485,124)	(1,266,060)
1,300,824	2,223,601	1,004,186	763,911	2,015,936
(283,804)	3,059,415	(1,150,926)	278,787	749,876
32,334,335	31,134,708	31,254,843	29,665,309	29,507,985
1,967,435	5,573,255	5,081,682	1,558,854	1,144,471
(245,094)	408,128	(371,360)	5,063,532	6,385,115
34,056,676	37,116,091	35,965,165	36,287,695	37,037,571



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
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	352,027	1,472,697	- *	7,621	3,236,291
2021	183,952	682,188	629,132	318,951	1,841,187	- *	19,800	3,675,210
2022	157,826	710,459	614,392	344,778	2,050,642	- *	33,965	3,912,062



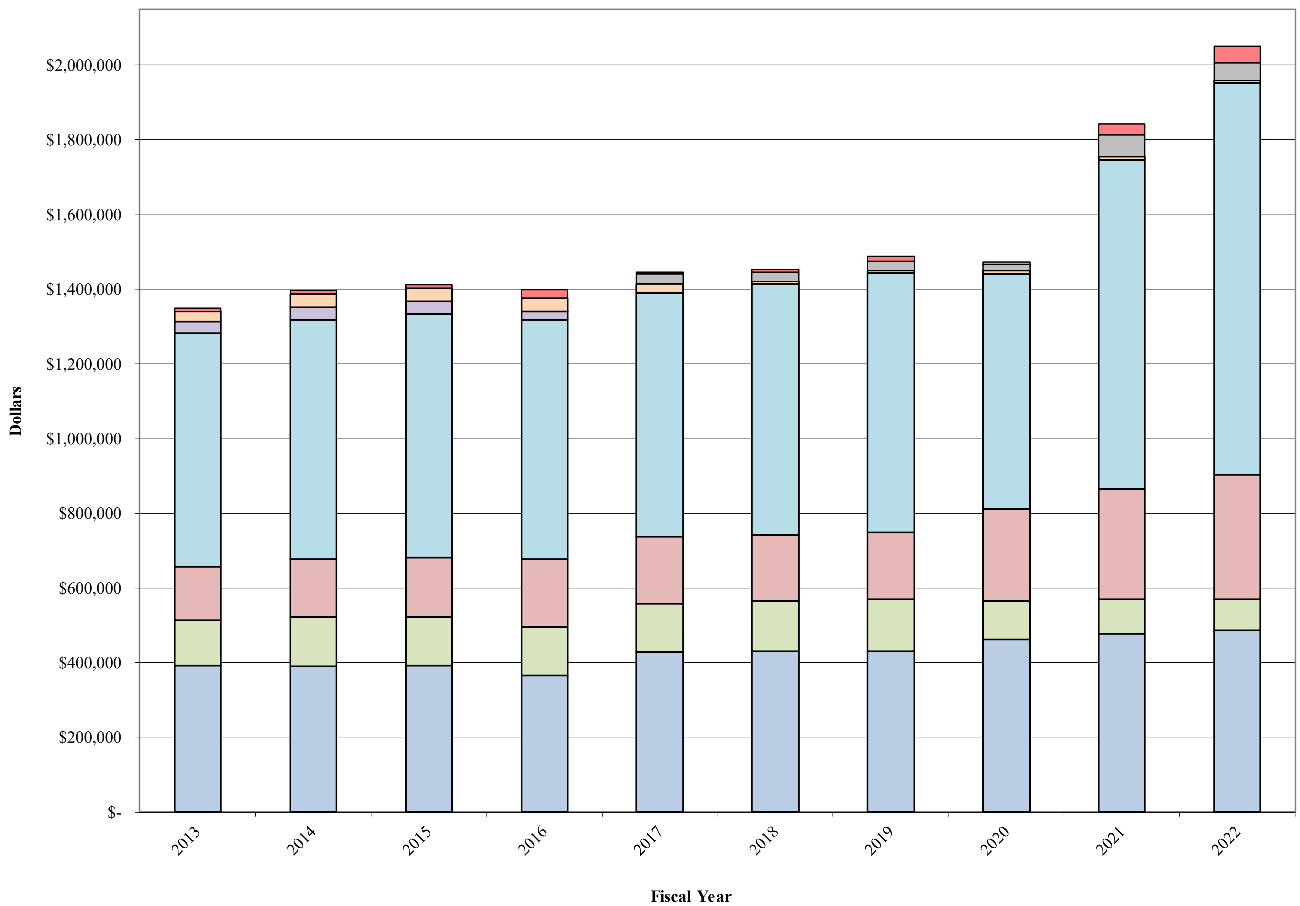
Note:
* Operating grant revenue is reported with Non-Operating Revenue (Expenses).

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		Mobile Home Park	Business Park	Hotel	Agricultural	Recreation Golf Course	Recreation Karting	Verizon Land Lease	Other Revenue Generating Land	Total Land Usage Revenue
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	103,285	245,369	630,718	-	7,777	16,404	6,564	1,472,697
2021		476,495	92,212	295,293	882,402	-	7,379	58,096	29,310	1,841,187
2022		487,320	81,066	334,014	1,049,856	-	6,982	45,362	46,042	2,050,642

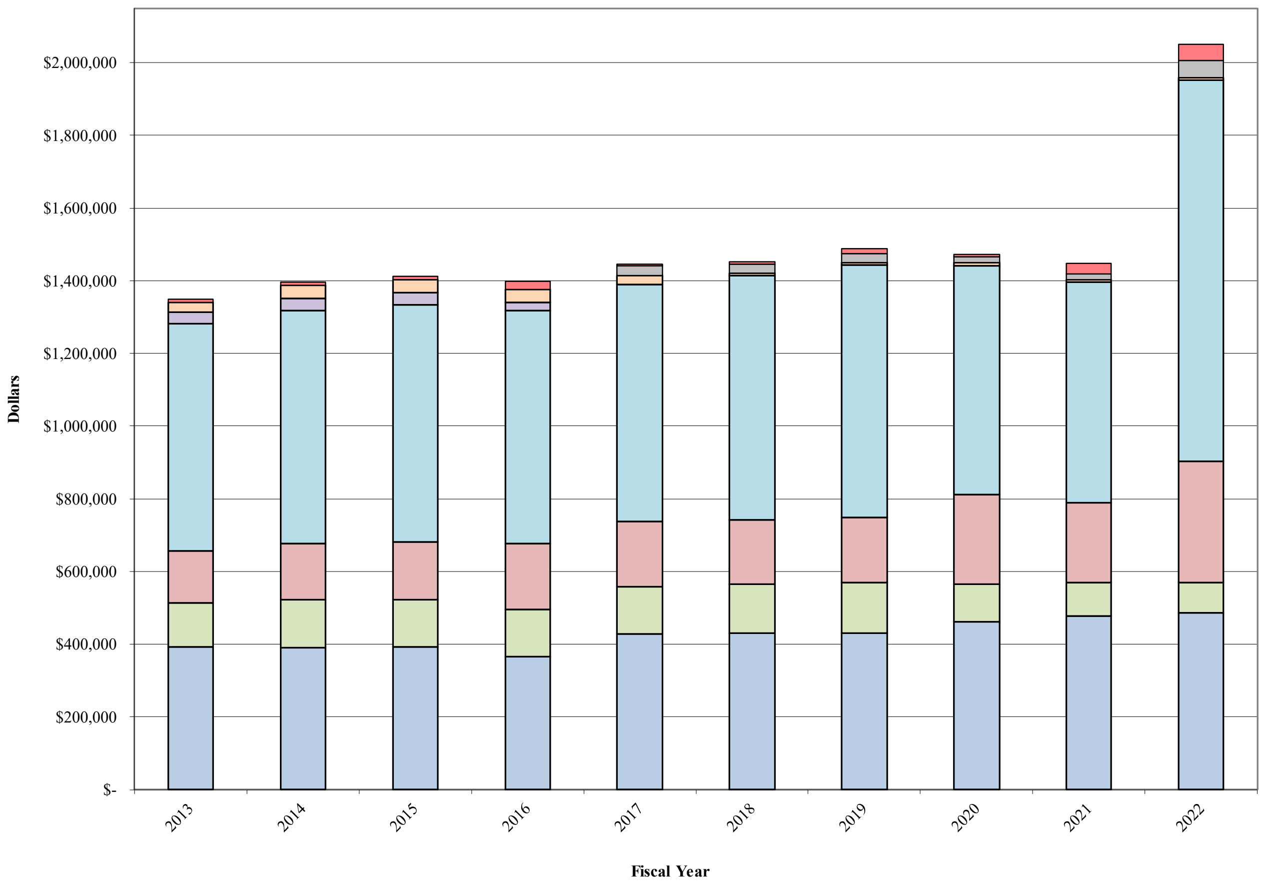


Source: Santa Maria Public Airport District - Finance Department

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
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	103,285	245,369	630,718	-	7,777	16,404	6,564	1,472,697
2021		476,495	92,212	219,371	607,570	-	7,379	15,326	29,310	1,447,663
2022		487,320	81,066	334,014	1,049,856	-	6,982	45,362	46,042	2,050,642



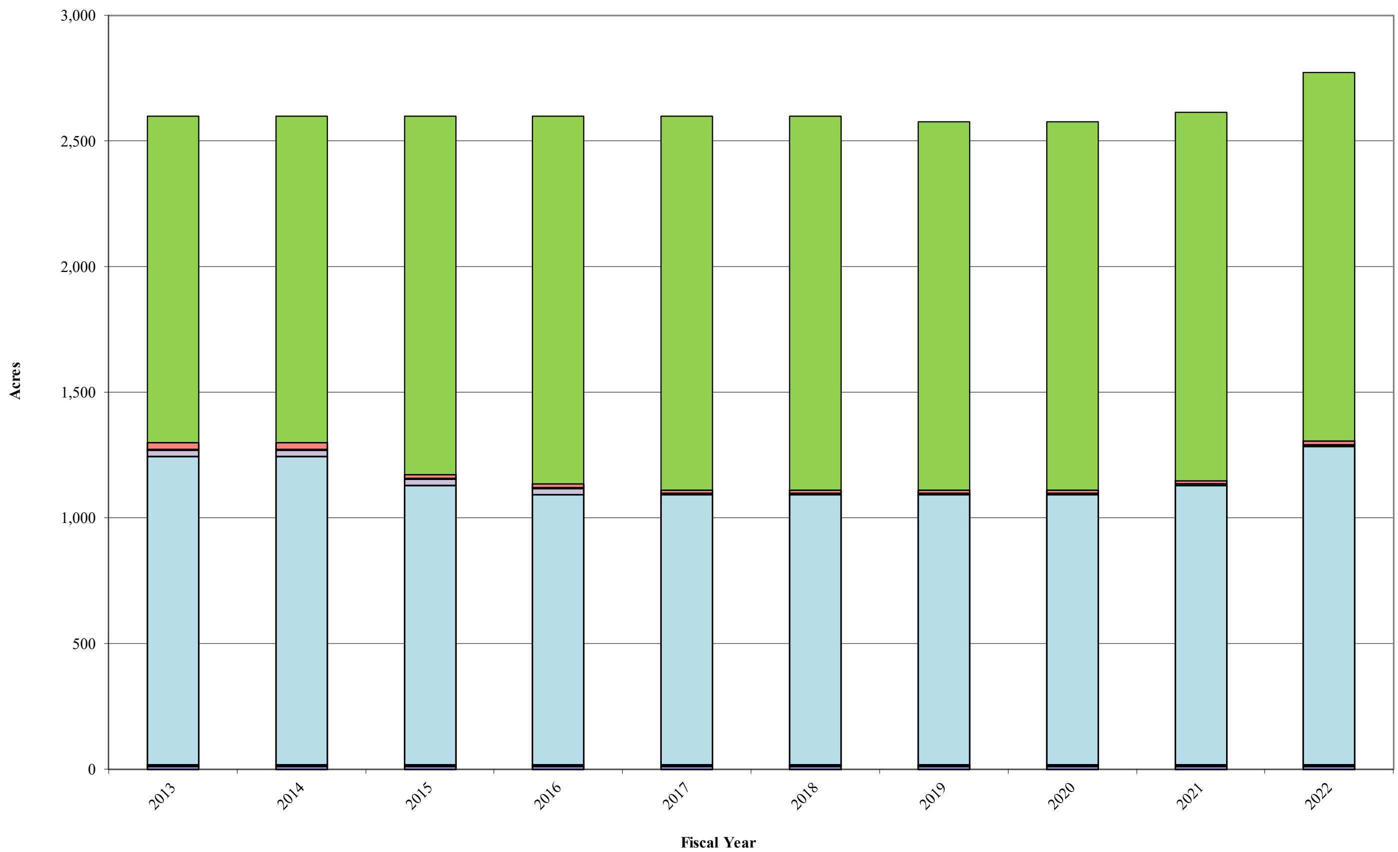
Source: Santa Maria Public Airport District - Finance Department

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
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
2021	10	3	5	1,111	-	4	1	14	1,466	2,614
2022	10	3	5	1,268	-	4	1	14	1,466	2,771



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(1)
Last Ten Fiscal Years

Schedule 6

Land Use	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Mobile Home Park	39,198	38,942	39,297	36,596	42,922	43,145	43,110	46,258	47,650	48,732
Business Park	40,508	44,096	42,900	42,900	42,900	44,753	46,400	34,428	30,737	27,022
Hotel	28,439	30,843	32,116	36,226	36,039	35,365	35,628	49,074	43,874	56,202
Agricultural	511	524	586	597	606	625	647	587	547	675
Recreation – Golf Course	1,301	1,364	1,351	901	-	-	-	-	-	-
Recreation – Karting	6,853	9,147	9,147	9,147	6,648	1,700	1,650	1,944	1,845	1,746
Verizon Land Lease	-	-	-	-	-	-	-	-	45,362	45,362
Other Land	306	289	665	1,674	325	5	1,019	469	20	3,141

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	Land Leased (Acres)	Percentage of Total Land	Land Leased (Acres)	Percentage of Total Land
Gresser	Agricultural	607.00	21.91%	411.17	15.83%
Village Mobile Home Park	Mobile Home Park	10.00	0.36%	10.00	0.38%
Commercial Land – Hotel	Hotel	5.19	0.19%	5.19	0.20%
C J J Farming dba Better Produce (previously Castellanos)	Agricultural	339.00	12.23%	117.97	4.54%
Airport Business Park	Business Park	2.98	0.11%	2.98	0.11%
Terminal – TSA	Other Land	0.03	0.00%	0.03	0.00%
Terminal Consessions – Avis	Other Land	0.08 (1)	0.00%	0.08	0.00%
Corporate Hangar FBO 3409 Corsair	Other Land	-	0.00%	-	0.00%
Corporate Hangars 3105 Airpark	Other Land	0.11	0.00%	-	0.00%
Terminal Consessions – Hertz	Other Land	- (1)	0.00%	0.08	0.00%
Corporate Hangar 3043 Airpark	Other Land	0.01	0.00%	-	0.00%
U.S. Forrest Service Land Use	Other Land	-		0.08	0.00%
Corporate Hangar 3125 Liberator	Other Land	-			0.00%
Corporate Hangar FBO 3940 Mitchell	Other Land	-		0.69	0.03%
Corporate Hangar 3029 Airpark	Other Land	-			0.00%
Terminal Restaurant	Other Land	-		0.14	0.01%
Total attributable to ten largest lease holders		964.40	34.80%	548.41	21.11%
Total land leased		2,771	100.00%	2,598	100.00%

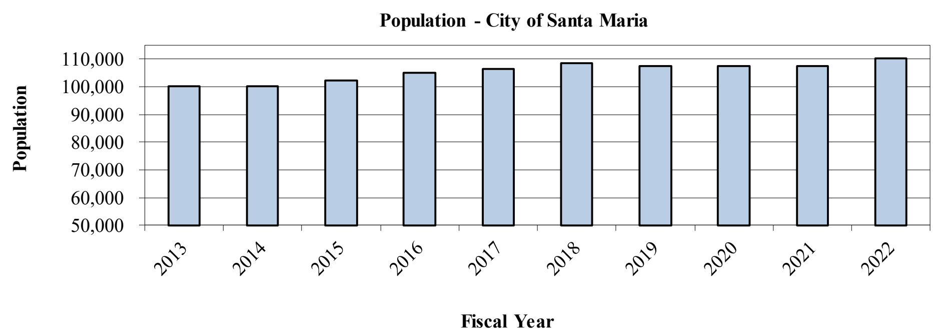
Note:
(1) Reported as acreage is equal.

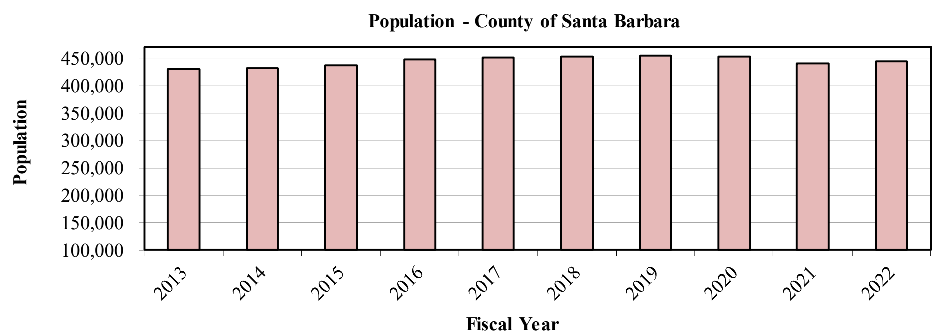
Source: Santa Maria Public Airport District – Finance Department

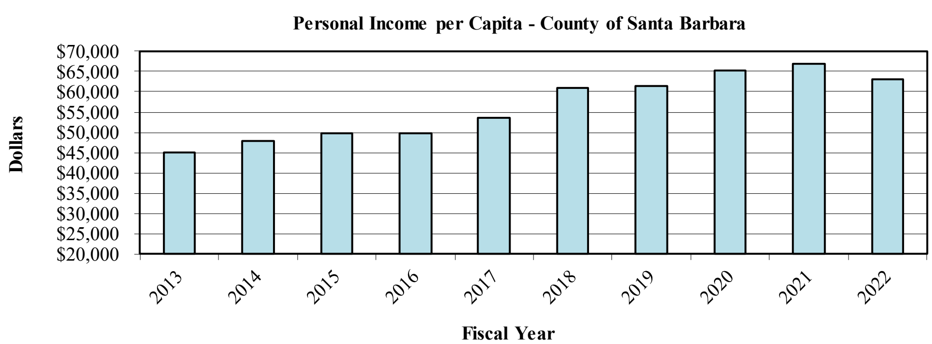
Santa Maria Public Airport District
Demographics and Economics Statistics
Last Ten Fiscal Years

Schedule 8

		County of San Barbara[2]					
Year	City of Santa Maria Population[1]	Unemployment Rate	Population		Personal Income (thousands of dollars)		Personal Income per Capita
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		27,600,000		60,927
2019	107,356	3.9%	455,000		28,000,000		61,538
2020	107,407	4.4%	452,000		29,500,000		65,265
2021	107,445	5.9%	441,000		29,500,000 [3]		66,893
2022	110,125	4.0%	443,837		27,992,849		63,070







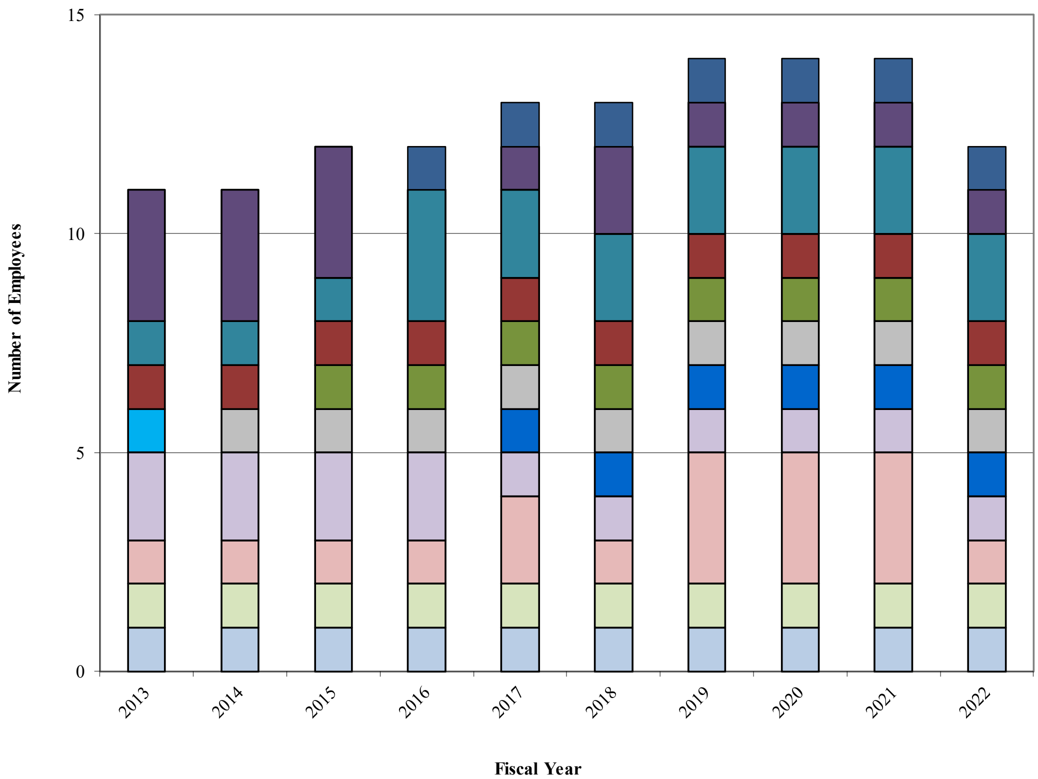
Sources: California Department of Finance and California Labor Market Info

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 2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Manager	1	1	1	1	1	1	1	1	1	1
Mgr. of Finance & Admin	1	1	1	1	1	1	1	1	1	1
Accounting Clerk	1	1	1	1	2	1	3	3	3	1
Administrative Secretary	2	2	2	2	1	1	1	1	1	1
Secretary Receptionist	-	-	-	-	1	1	1	1	1	1
Mgr. of Maint. & Ops.	-	1	1	1	1	1	1	1	1	1
Operations Supervisor	1	-	-	-	-	-	-	-	-	-
Operations Officer	-	-	1	1	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	2	2
Maintenance Worker II	3	3	3	-	1	2	1	1	1	1
Maintenance Worker III	-	-	-	1	1	1	1	1	1	1
	11	11	12	12	13	13	14	14	14	12



Source: Santa Maria Public Airport District - Finance Department

Santa Maria Public Airport District
Operational Information

Schedule 10

Location:	3 miles south of downtown Santa Maria, California	
Land Area:	2,577 acres	
Elevation:	261 feet	
Airport Code:	SMX	
Runways:	12/30	8,004 x 150 ft., paved, lighted
	2/20	5,130 x 75 ft., paved
Tower:	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

	Flight Tower - Tracking of Flight Operations During Each Period												
	July	August	September	October	November	December	January	February	March	April	May	June	Totals
2013	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
2014	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
2015	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
2016	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
2017	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
2018	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
2019	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
2020	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
2021	3,010	3,184	2,815	2,894	2,571	2,577	2,532	2,445	2,709	2,791	2,926	3,262	33,716
2022	3,077	3,086	2,943	3,010	2,729	1,942	2,661	2,844	2,472	2,718	2,822	3,290	33,594
Average	3,432	3,572	3,321	3,243	3,077	2,940	3,005	2,863	2,958	2,991	3,101	3,369	37,872

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

Flight Tower - Tracking of Flight Landings During Each Period													
	July	August	September	October	November	December	January	February	March	April	May	June	Totals
2013	284	319	269	325	283	293	286	265	280	280	363	338	3,585
2014	318	317	295	303	267	284	289	257	291	295	339	311	3,566
2015	354	301	282	322	323	216	248	222	243	240	169	152	3,072
2016	175	229	174	208	156	188	155	151	173	164	180	483	2,436
2017	373	505	431	199	213	231	273	197	199	164	173	206	3,164
2018	548	200	222	195	172	325	115	109	123	109	132	126	2,376
2019	138	181	133	106	159	137	139	127	140	133	145	141	1,679
2020	153	147	131	153	236	145	138	132	134	125	130	138	1,762
2021	142	126	123	126	110	145	101	92	109	107	97	97	1,375
2022	163	161	156	255	118	143	115	100	128	113	122	112	1,686
Average	265	249	222	219	204	211	186	165	182	173	185	210	2,470

Source: Santa Maria Public Airport District - Finance Department

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

Schedule 13

	Enplaned and Deplaned Passengers During Each Period												
	July	August	September	October	November	December	January	February	March	April	May	June	Totals
2013	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
2014	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
2015	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
2016	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
2017	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
2018	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
2019	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
2020	4,858	4,471	4,348	4,196	4,356	4,057	3,556	3,005	1,461	-	387	1,075	35,770
2021	1,075	1,847	1,090	2,121	2,289	1,726	1,783	1,839	2,297	3,805	4,838	6,944	31,654
2022	7,732	6,059	4,272	4,294	5,425	4,138	2,618	1,443	4,646	4,020	1,670	1,742	48,059
Average	7,716	6,637	5,662	5,721	5,662	5,660	4,855	4,018	5,016	5,011	5,291	6,734	67,982

Source: Santa Maria Public Airport District - Finance Department

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

Schedule 14

	Gross Revenue Car Rental Agencies During Each Period												
	July	August	September	October	November	December	January	February	March	April	May	June	Totals
2013	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
2014	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
2015	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
2016	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
2017	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
2018	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
2019	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
2020	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
2021	154,514	166,665	120,106	105,845	101,856	89,786	73,822	78,136	104,132	122,173	145,179	182,862	1,445,074
2022	189,523	183,189	152,527	140,236	144,956	132,624	109,065	107,235	119,702	143,278	162,452	139,069	1,723,856
Average	230,317	227,026	184,586	184,160	170,293	177,255	152,904	149,114	169,102	166,916	181,039	195,490	2,188,203

Source: Santa Maria Public Airport District - Finance Department

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

Schedule 15

	Fuel Flowage Reports in Gallons During Each Period												
	July	August	September	October	November	December	January	February	March	April	May	June	Totals
2013	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
2014	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
2015	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
2016	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
2017	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
2018	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
2019	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
2020	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
2021	177,639	231,831	233,974	64,233	56,456	55,776	40,547	57,006	47,572	47,870	71,667	118,262	1,202,833
2022	104,657	161,224	137,368	199,816	67,193	57,254	73,265	41,631	65,946	82,189	80,997	113,343	1,184,883
Average	144,739	127,037	141,081	94,083	73,628	82,624	58,909	68,212	59,337	54,208	76,883	128,029	1,108,770

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	Fiscal Year 2021*			Fiscal Year 2012*		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
#Vandenberg Airforce Base	3047	1	6.25%	4300	1	8.75%
CommonSpirit Health	2170	2	4.45%	1450	3	2.95%
Santa Maria-Bonita School District	2050	3	4.20%	1400	2	2.85%
Allan Hancock College	950	5	1.95%	890	4	1.81%
Santa Maria Joint Union High School District	880	4	1.80%	871	5	1.77%
Community Health Centers	810	6	1.66%			
Windset Farms	750	7	1.54%			
Various Federal Agencies	674	8	1.38%			
City of Santa Maria	648	9	1.33%	622	6	1.27%
Safran Aerospace	622	10	1.28%	491	8	1.00%
Wal-Mart (3 locations)	440	11	0.90%			
Agro-Jal Farms						
Betteravia Farms				533	7	1.08%
Den-Mat Corporation				361	9	0.73%
Vocational Training Center				340	10	0.69%
Total	**13,041**		**26.74%**	**11,258**		**22.90%**

Note:
* Only 2021 data was avaliable at time of District ACFR 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 condu

Source - City of Santa Maria - Annual Comprehesive Financial Report 2021

Report on Compliance and Internal Controls

C.J. Brown & Company CPAs
An Accountancy Corporation

Christopher J. Brown, CPA, CGMA
Jonathan Abadesco, CPA
Jeffrey Palmer

Cypress Office:
10805 Holder Street, Suite 150
Cypress, California 90630
(657) 214-2307

Riverside Office:
5051 Canyon Crest Drive, Suite 203
Riverside, California 92507
(657) 214-2307

Independent Auditor's Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on Audits 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 year ended June 30, 2022, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Project's basic financial statements and have issued our report thereon dated December 31, 2023.

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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. For the year ended June 30, 2022, we identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2022-001 that we consider to be a material weakness.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contract 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*, and which are described in the accompanying schedule of findings and responses.

Project's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and responses.

The Project's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

C.J. Brown & Company, CPAs

C.J. Brown & Company CPAs
Cypress, California
December 31, 2023

Santa Maria Public Airport District
Schedule of Finding and Response
For the Year Ended June 30, 2022

Finding Number	Finding and Recommendation
Material Weakness	
2022-001	Year-End Closing Process
Criteria	The State Controller's Minimum Audit Requirements for California Special Districts require an annual audit is required by a public accounting firm. A primary component of this requirement is that the auditor is independent and not part of management's decision making or controls. As part of annual engagement communication, the auditor assumes prior to the start of our audit fieldwork: that accounts have been properly reconciled, that prepared year-end schedules and accounting records are accurate, and that the accounts and records have been reviewed by a member of management with suitable skill, knowledge, and experience.
Condition	During our audit, we noted that grant revenue in the prior period was not properly recognized as contribution revenue when the District's grant expenditures were incurred. This is due to the lack of a process to track grant expenditures to grant receipts with proper year-end cutoff. As a result, prior period adjustments were recorded to properly recognize the grant award in the 2021 reporting periods. In addition, our analysis revealed that the District's capital assets and accounts payable balances were understated in 2021 as a result.
Cause	The District's year-end closing processes and controls did not reasonably ensure that balances are properly reconciled at year-end.
Effect	The District's financial statements contained material misstatements.
Recommendation	The District to implement year-end closing processes and controls to reasonably ensure that balances are properly reconciled at year-end.
View of Responsible Officials	Management agrees with the audit finding. The District will review and amend its existing policies and procedures to ensure effective internal controls over the preparation and review of the District's year-end closing of its books and records.

SANTA MARIA AIRPORT

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Santa Maria Public Airport District

Santa Maria, California

Annual Comprehensive Financial Report

For the Fiscal Years Ending June 30, 2023 and 2022

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, 2023

Name	Title	Elected/ Appointed	Current Term
Ignacio Moreno	President	Elected	12/22 - 12/26
Chuck Adams	Vice President	Elected	12/20 - 12/24
David Baskett	Secretary	Elected	12/20 - 12/24
Michael B. Clayton	Vice Secretary	Elected	12/22 - 12/26
Steve Brown	Director	Elected	12/20 - 12/24

Santa Maria Public Airport District
Martin Pehl, General Manager
3217 Terminal Drive,
Santa Maria, CA 93455 • (805) 922-1726
www.santamariaairport.com

Annual Comprehensive Financial Report

For the Fiscal Years Ending

June 30, 2023 and 2022

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
Annual Comprehensive Financial Report
For the Fiscal Years Ended June 30, 2023 and 2022

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Santa Maria Public Airport District
Annual Comprehensive Financial Report
For the Fiscal Years Ended June 30, 2023 and 2022

Table of Contents, continued

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Introductory Section

February 8, 2024

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, 2023 and 2022.

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.

C.J. Brown & Company, CPAs, have issued an unmodified ("clean") opinion on the Santa Maria Public Airport District's financial statements for the years ended June 30, 2023 and 2022. 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 222 general aviation aircraft.

The District is governed by a five-member Board of Directors who serve four-year terms and are elected by the District. 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 twelve 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 the 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 state of California is currently in the post-pandemic and subsequent recovery period, even though job growth is slowing, and a tight labor market exists. Inflation continues to decelerate more rapidly than projected with a 4.2 percent CPI Inflation Rate in April 2023. Lower inflation rates for most goods continues, while Shetler inflation remains unchanged.

Recent data indicates that nonfarm employment growth is reverting to historical trends and entering a new normal after the rapid post-pandemic recovery period in the State of California. The current high interest rate environment and more cautious lending by banks are expected to create tighter credit conditions that would curtail job growth in credit-sensitive sectors. California's labor force is projected to continue growing at 1 percent in 2024.

Personal income will continue to grow in the State despite slower wage growth. Total wages and salaries saw the largest downward revision to actual data with a level shift down of about $14 billion through 2022, despite this, total wages are still projected to continue to grow.

The State's unemployment rate was 4.6 percent with a projected peak of 5.2 percent in 2025 before leveling out to 5 percent. The City of Santa Maria currently has a 4.9 percent rate of unemployment which closely resembles the State of California. Total employment in the county of Santa Barbara continues to grow showing the largest growth in farm labor and leisure and hospitality.

Housing in California continues to be problematic and extremely expensive. Many households struggle to find affordable housing which meets their needs. The housing market impacts the state economy by affecting the ability of businesses to attract and maintain employees. An average California home costs $440,000, about two–and–a–half times the average national home price ($180,000). Also, California's average monthly rent is about $1,240, fifty percent higher than the rest of the country ($840 per month). The Santa Maria housing market continues to be very competitive. The median sale price of a home in Santa Maria is $599,000, up 9.0% since last year. The median sale price per square foot in Santa Maria is $387, up 16.7% since last year.

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.

Relevant Financial Policies, continued

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 adopts 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 reconstruction of taxiway "A" is nearing completion. The District continues to further its plans to develop a business park and is working with developers to that end.

Awards and Acknowledgements

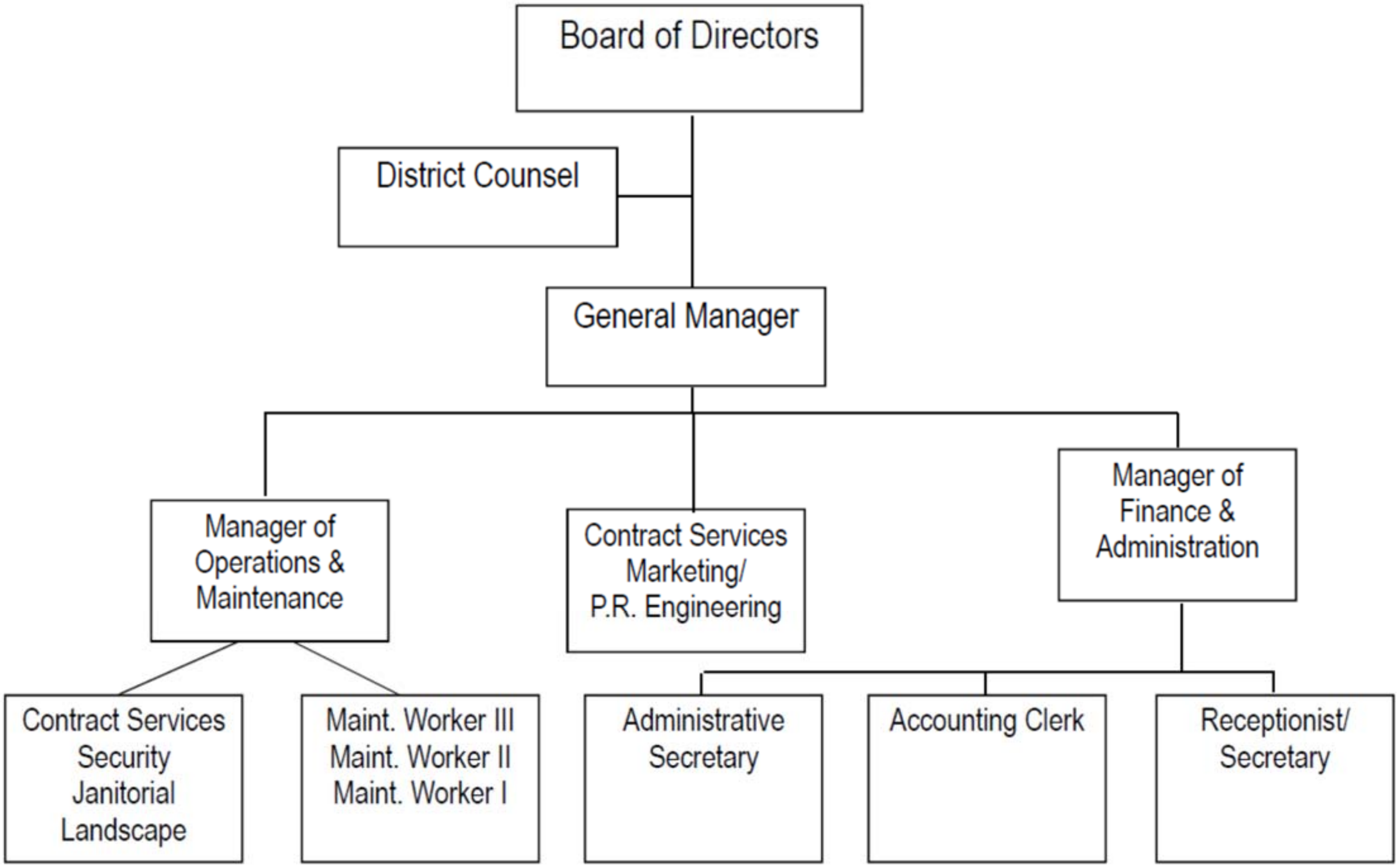
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the District for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021, which is the most recent year the District received the award. The District did not apply for the award in the fiscal year 2022. Fiscal year 2021 was the fifteenth 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 Annual Comprehensive 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 Annual Comprehensive 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.

Veroneka Reade
Manager of Finance and Administration

SANTA MARIA PUBLIC AIRPORT DISTRICT
Organizational Chart
June 2023



Financial Section

C.J. Brown & Company CPAs
An Accountancy Corporation

Christopher J. Brown, CPA, CGMA
Jonathan Abadesco, CPA
Jeffrey Palmer

Cypress Office:
10805 Holder Street, Suite 150
Cypress, California 90630
(657) 214-2307

Riverside Office:
5051 Canyon Crest Drive, Suite 203
Riverside, California 92507
(657) 214-2307

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, 2023 and 2022, 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.

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, 2023 and 2022, and the changes in net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; 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 our audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

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

Independent Auditor's Report, continued

Auditor's Responsibilities for the Audits of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District 's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

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 14, and the required supplementary information on pages 54 through 56, 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 audits 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 Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements as a whole. The introductory section on pages 1 through 4, the supplementary information on pages 57 through 60, and the statistical section on pages 61 through 78 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 audits 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 February 8, 2024, 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 79 through 81.

C.J. Brown & Company, CPAs

C.J. Brown & Company CPAs
Cypress, California
February 8, 2024

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, 2023 and 2022. 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 2023, the District's net position increased 3.9% or $1,452,894 to $38,490,465 due to a decrease in net position of $1,301,495 from ongoing operations which was offset by $2,754,389 from capital contributions. In fiscal year 2022, the District's net position increased 2.1% or $749,876 to $37,037,571 due to a decrease in net position of $1,266,060 from ongoing operations which was offset by $2,015,936 from capital contributions.
- In fiscal year 2023, the District's total revenues (excluding capital contributions) increased by 7.5% or $540,378 to $7,739,293. In fiscal year 2022, the District's total revenues (excluding capital contributions) decreased by 4.8% or $364,465 to $7,198,915.
- In fiscal year 2023, the District's operating revenues increased by 8.8% or $342,660 to $4,254,722. In fiscal year 2022, the District's operating revenues increased by 6.4% or $236,852 to $3,912,062.
- In fiscal year 2023, the District's non-operating revenues increased by 6.0% or $197,718 to $3,484,571 as compared to the previous year. In fiscal year 2022, the District's non-operating revenues decreased by 15.5% or $601,317 to $3,286,853 as compared to the previous year.
- In fiscal year 2023, the District's total expenses including depreciation increased by 6.8% or $575,813 to $9,040,788. In fiscal year 2022, the District's total expenses including depreciation increased by 5.2% or $416,462 to $8,464,975.
- In fiscal year 2023, the District's operating expenses before depreciation expense increased 1.7% or $100,662 to $6,046,505. In fiscal year 2022, the District's operating expenses before depreciation expense increased 16.8% or $854,379 to $5,945,843.
- In fiscal year 2023, the District's non-operating expenses increased by 1,102.3% or $369,399 to $402,910. In fiscal year 2022, the District's non-operating expenses decreased by 93.4% or $475,027 to $33,511.
- In fiscal year 2023, the District's capital contributions increased by 36.6% or $738,453 to $2,754,389. In fiscal year 2022, the District's capital contributions decreased by 163.9% or $1,252,025 to $2,015,936.

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.

Required Financial Statements, continued

The Statement of Net Position includes all of the District's investments in resources (assets), deferred outflows of resources, 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 the net change 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.

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 plus deferred outflows of resources, less 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 20 through 53.

Statements of Net Position

Condensed Statements of Net Position

Assets:		2023	2022	Change	As Restated 2021	Change
Current assets	$	13,154,241	11,935,711	1,218,530	11,198,895	736,816
Non-current assets		10,180,864	5,215,578	4,965,286	6,005,159	(789,581)
Capital assets, net		30,755,214	29,637,870	1,117,344	29,819,619	(181,749)
Total assets		54,090,319	46,789,159	7,301,160	47,023,673	(234,514)
Deferred outflows of resources:		975,715	499,229	476,486	523,838	(24,609)
Liabilities:						
Current liabilities		3,303,485	1,696,499	1,606,986	2,040,912	(344,413)
Long-term liabilities		2,867,051	1,849,142	1,017,909	2,599,802	(750,660)
Total liabilities		6,170,536	3,545,641	2,624,895	4,640,714	(1,095,073)
Deferred inflows of resources:		10,405,033	6,705,176	3,699,857	6,619,102	86,074
Net position:						
Net investment in capital assets		30,649,775	29,507,985	1,141,790	29,665,309	(157,324)
Restricted for capital projects		1,535,237	1,144,471	390,766	1,558,854	(414,383)
Unrestricted		6,305,453	6,385,115	(79,662)	5,063,532	1,321,583
Total net position	$	38,490,465	37,037,571	1,452,894	36,287,695	749,876

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 exceeded liabilities and deferred inflows by $38,490,465 and $37,037,571 as of June 30, 2023 and 2022, respectively.

Compared to prior year, net position of the District increased by 3.9% or $1,452,894. The District's total net position is made-up of three components: (1) net investment in capital assets, (2) restricted net position (restricted for capital projects), and (2) unrestricted net position.

By far the largest portion of the District's net position (80% as of June 30, 2023 and 2022, 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. At the end of fiscal year 2023, the District showed a positive balance in its unrestricted net position of $6,305,453, which may be utilized in future years. At the end of fiscal year 2022, the District showed a positive balance in its unrestricted net position of $6,385,115. See note 11 for further information.

Statements of Revenues, Expenses, and Changes in Net Position

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

Revenues:		**2023**	**2022**	**Change**	**As Restated 2021**	**Change**
Operating revenues	$	4,254,722	3,912,062	342,660	3,675,210	236,852
Non-operating revenues		3,484,571	3,286,853	197,718	3,888,170	(601,317)
Total revenues		7,739,293	7,198,915	540,378	7,563,380	(364,465)
Expenses:						
Operating expenses		6,046,505	5,945,843	100,662	5,091,464	854,379
Depreciation and amortization		2,591,373	2,485,621	105,752	2,448,511	37,110
Non-operating expenses		402,910	33,511	369,399	508,538	(475,027)
Total expenses		9,040,788	8,464,975	575,813	8,048,513	416,462
Net loss before capital contributions		(1,301,495)	(1,266,060)	(35,435)	(485,133)	(780,927)
Capital contributions		2,754,389	2,015,936	738,453	763,911	1,252,025
Changes in net position		1,452,894	749,876	703,018	278,778	471,098
Net position, beginning of year		37,037,571	36,287,695	749,876	36,008,917	278,778
Net position, end of year	$	38,490,465	37,037,571	1,452,894	36,287,695	749,876

The statements 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 increased 3.9% or $1,452,894 to $38,490,465 due to a decrease in net position of $1,301,495 from ongoing operations which was offset by $2,754,389 from capital contributions. In fiscal year 2022, the District's net position increased 2.1% or $749,876 to $37,037,571 due to a decrease in net position of $1,266,060 from ongoing operations which was offset by $2,015,936 from capital contributions.

A closer examination of the source of changes in net position reveal that:

In 2023, the District's operating revenues increased by 8.8% or $342,660 to $4,254,722, due to increases of $246,327 in land usage, $70,813 in hangar area usage, $41,387 in terminal area usage, $20,899 in main hangar and Fixed Base Operations, which were offset by decreases of $19,466 in other charges and fees, and $17,300 in landing area usage revenue as compared to the previous year. In 2022, the District's operating revenues increased by 6.4% or $236,852 to $3,912,062, due to increases of $209,455 in land usage, $28,271 in hangar area usage, $25,827 in terminal area usage revenue, and $14,165 in other charges and fees, offset by decreases of $26,126 in landing area usage and $14,740 in main hangar and Fixed Base Operations as compared to the previous year.

In 2023, the District's non-operating revenues increased by 6.0% or $197,718 to $3,484,571, due primarily to increases of $1,141,941 in gain on land sale, $168,738 in property taxes, $143,985 in investment returns, which were offset by a decrease of $1,250,806 in operating grants due to Federal Aviation Administration (FAA) provided CARES grant funding to support operations during COVID-19 as compared to previous year. In 2022, the District's non-operating revenues decreased by 15.5% or $601,317 to $3,286,853 due primarily to an decrease of $668,961 in operating grants due from FAA provided CARES Act grant funding in the previous year and $31,483 in investment returns, which were offset by an increase of $104,847 in property taxes as compared to previous year.

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

In 2023, the District's capital contributions increased by 36.6% or $738,453 to $2,754,389, due to an increase of $2,548,864 in federal capital grants, offset by decreases of $1,772,796 in tenant improvement contributions and $37,615 in passenger facility charges. In 2022, the District's capital contributions increased by 163.9% or $1,252,025 to $2,015,936 due primarily to an increase of $1,873,045 in tenant improvement contributions offset by a decrease of $632,201 in federal capital grant contributions.

In 2023, the District's operating expenses, increased 1.7% or $100,662 to $6,046,505, due to increases of $247,968 in landing area usage, $112,308 in land usage, $44,476 in terminal area usage, $42,970 in main hangar and Fixed Base Operations, which were offset by decreases of $324,315 in public administration and $22,745 in hangar area usage as compared to the previous year. In 2022, the District's operating expenses, increased 16.8% or $854,379 to $5,945,843, due primarily to increases of $804,291 in public administration, $65,750 in terminal area usage, $58,334 in landing area usage, which were offset by decreases of $50,690 in land usage and $15,862 in hangar area usage compared to the previous year.

In 2023, the District's non-operating expenses increased by 1,102.3% or $369,399 to $402,910 due to an increase of $195,376 in airshow expense, net, $166,218 in note receivable write off, and $39,288 in loss on disposal of assets as compared to the previous year. In 2022, the District's non-operating expenses decreased by 93.4% or $475,027 to $33,511 due primarily to a decrease of $500,000 in revenue guarantee expense offset by an increase of $31,483 in investment loss, net of fair value as compared to the previous year.

In 2023, the District's depreciation increased by 4.3% or $105,752 to $2,591,373 due primarily to previous year asset additions beginning the depreciation process. In 2022, the District's depreciation increased by 1.5% or $37,110 to $2,485,621 due primarily to previous year asset additions beginning the depreciation process.

Total Revenues

Below is a detailed schedule of the District's total revenues segregated between operating revenues and non-operating revenues.

Operating revenues:		**2023**	**2022**	**Change**	**As Restated 2021**	**Change**
Landing area usage	$	140,526	157,826	(17,300)	183,952	(26,126)
Hangar area usage		781,272	710,459	70,813	682,188	28,271
Main hangar and F.B.O.		635,291	614,392	20,899	629,132	(14,740)
Terminal area usage		386,165	344,778	41,387	318,951	25,827
Land usage		2,296,969	2,050,642	246,327	1,841,187	209,455
Other charges and fees		14,499	33,965	(19,466)	19,800	14,165
Total operating revenues		4,254,722	3,912,062	342,660	3,675,210	236,852
Non-operating revenues:						
Property taxes		2,166,059	1,997,321	168,738	1,892,474	104,847
Interest earnings		143,985	-	143,985	33,282	(33,282)
CARES Act airport grants		25,986	1,276,792	(1,250,806)	1,945,753	(668,961)
TSA LEO reimbursement		6,600	12,740	(6,140)	11,520	1,220
Gain on land sale		1,141,941	-	1,141,941	-	-
Other		-	-	-	5,141	(5,141)
Total non-operating revenues		3,484,571	3,286,853	197,718	3,888,170	(601,317)
Total revenues	$	7,739,293	7,198,915	540,378	7,563,380	(364,465)

Total Revenues, continued

In 2023 and 2022, the District's total revenues (excluding capital contributions) increased and decreased $540,378 and $364,465, respectively.

Total Expenses

Below is a detailed schedule of the District's total expenses segregated between operating expenses and non-operating expenses.

Operating expenses:		2023	2022	Change	As Restated 2021	Change
Landing area usage	$	1,215,426	967,458	247,968	909,124	58,334
Hangar area usage		76,108	98,853	(22,745)	114,715	(15,862)
Main hangar and F.B.O.		118,169	75,199	42,970	82,643	(7,444)
Terminal area usage		436,092	391,616	44,476	325,866	65,750
Land usage		458,042	345,734	112,308	396,424	(50,690)
Public administration		3,742,668	4,066,983	(324,315)	3,262,692	804,291
Total operating expenses		6,046,505	5,945,843	100,662	5,091,464	854,379
Depreciation		2,591,373	2,485,621	105,752	2,448,511	37,110
Non-operating expenses:						
Airshow expense, net		197,404	2,028	195,376	8,538	(6,510)
Revenue guarantee expense		-	-	-	500,000	(500,000)
Note receivable write-off		166,218	-	166,218	-	-
Loss on disposal of assets		39,288	-	39,288	-	-
Investment earnings		-	31,483	(31,483)	-	31,483
Total non-operating expenses		402,910	33,511	369,399	508,538	(475,027)
Total expenses	$	9,040,788	8,464,975	575,813	8,048,513	416,462

In 2023 and 2022, total expenses including depreciation increased $575,813 and $416,462, respectively.

Capital Asset Administration

Changes in capital asset amounts for 2023 were as follows:

Capital assets:		Balance 2022	Additions/ Transfers	Deletions/ Transfers	Balance 2023
Non-depreciable assets	$	9,153,765	3,771,391	(2,461,417)	10,463,739
Depreciable assets		82,593,708	2,398,743	-	84,992,451
Accumulated depreciation		(62,109,603)	(2,591,373)	-	(64,700,976)
Total capital assets, net	$	29,637,870	3,578,761	(2,461,417)	30,755,214

Changes in capital asset amounts for 2022 were as follows:

Capital assets:		As Restated 2021	Additions	Transfers/ Deletions	Balance 2022
Non-depreciable assets	$	7,221,197	2,303,872	(371,304)	9,153,765
Depreciable assets		83,310,790	371,304	(1,088,386)	82,593,708
Accumulated depreciation		(60,712,368)	(2,485,621)	1,088,386	(62,109,603)
Total capital assets, net	$	29,819,619	189,555	(371,304)	29,637,870

Capital Asset Administration, continued

At the end of fiscal years 2023 and 2022, the District's investment in capital assets (net of accumulated depreciation), amounted to $30,755,214 and $29,637,870 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, construction-in-process, and etc. Major capital assets additions during the years included terminal and revenue generating land improvements. See note 6 to the basic financial statements for further analysis.

Land Improvements Payable

Changes in land improvement payable amounts for 2023 were as follows:

	2022	Additions	Payments	2023
Land improvements payabl	$ 129,885	-	(24,446)	105,439

Changes in land improvement payable amounts for 2022 were as follows:

	2021	Additions	Payments	2022
Land improvements payabl	$ 154,310	-	(24,425)	129,885

At the end of fiscal years 2023 and 2022, the District's land improvements payable, amounted to $105,439 and $129,885, respectively. See note 8 to the basic financial statements for further analysis.

Conditions Affecting Current Financial Position

Management is unaware of any 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 periods.

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, 2023 and 2022

		2023	2022
Current assets:			
Cash and cash equivalents (note 2)	$	8,651,528	8,766,284
Restricted – cash and cash equivalents (note 2)		1,535,237	1,144,471
Certificate-of-deposit (note 2)		8,000	8,000
Accrued interest receivable		49,894	8,965
Accounts receivable – customers and tenants, net (note 3)		102,165	118,233
Accounts receivable – federal capital grants		1,942,466	712,681
Accounts receivable – federal operating grants		-	216,130
Lease receivables (note 4)		785,914	789,581
Note receivable (note 5)		-	166,218
Prepaid expenses and deposits		79,037	5,148
Total current assets		13,154,241	11,935,711
Non-current assets:			
Lease receivables (note 4)		10,180,864	5,215,578
Capital assets, not being depreciated (note 6)		10,463,739	9,153,765
Depreciable capital assets (note 6)		20,291,475	20,484,105
Total non-current assets		40,936,078	34,853,448
Total assets		54,090,319	46,789,159
Deferred outflows of resources:			
Deferred other post-employment benefits outflows (note 9)		9,000	95,588
Deferred pension outflows (note 10)		966,715	403,641
Total deferred outflows of resources		975,715	499,229

Continued on next page

Santa Maria Public Airport District
Statements of Net Position, continued
June 30, 2023 and 2022

		2023	2022
Current liabilities:			
Accounts payable and accrued expenses	$	2,861,110	1,223,843
Accrued wages and related payables		50,086	36,655
Unearned revenue – hanger and other rentals		144,126	168,358
Hangar and other deposits		114,313	113,660
Long-term liabilities – due in one year:			
Compensated absences (note 7)		110,620	129,427
Land improvements payable (note 8)		23,230	24,556
Total current liabilities		3,303,485	1,696,499
Long-term liabilities – due in more than one year:			
Compensated absences (note 7)		36,873	43,142
Land improvements payable (note 8)		82,209	105,329
Total other post-employment benefits liability (note 9)		337,720	406,468
Net pension liability (note 10)		2,410,249	1,294,203
Total long-term liabilities		2,867,051	1,849,142
Total liabilities		6,170,536	3,545,641
Deferred inflows of resources:			
Deferred lease inflows (note 4)		10,235,706	5,491,458
Deferred other post-employment benefits inflows (note 9)		17,423	15,991
Deferred pension inflows (note 10)		151,904	1,197,727
Total deferred inflows of resources		10,405,033	6,705,176
Net position: (note 11)			
Net investment in capital assets		30,649,775	29,507,985
Restricted for capital projects		1,535,237	1,144,471
Unrestricted		6,305,453	6,385,115
Total net position	$	38,490,465	37,037,571

Santa Maria Public Airport District
Statements of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended June 30, 2023 and 2022

		2023	2022
Operating revenues:			
Landing area usage	$	140,526	157,826
Hangar area usage		781,272	710,459
Main hangar and Fixed Base Operations (FBO)		635,291	614,392
Terminal area usage		386,165	344,778
Land usage		2,296,969	2,050,642
Other charges and fees		14,499	33,965
Total operating revenues		4,254,722	3,912,062
Operating expenses:			
Landing area usage		1,215,426	967,458
Hangar area usage		76,108	98,853
Main hangar and Fixed Base Operations (FBO)		118,169	75,199
Terminal area usage		436,092	391,616
Land usage		458,042	345,734
Public administration		3,742,668	4,066,983
Total operating expenses		6,046,505	5,945,843
Operating loss before depreciation expense		(1,791,783)	(2,033,781)
Depreciation expense – capital recovery		(2,591,373)	(2,485,621)
Operating loss		(4,383,156)	(4,519,402)
Non-operating revenue(expense):			
Property taxes		2,131,118	1,963,394
Redevelopment agency property tax increment		34,941	33,927
Interest and investment returns, net of fair value		143,985	(31,483)
CARES Act airport grants (note 16)		25,986	1,276,792
Transportation Security Administration law enforcement officer reimbursement		6,600	12,740
Note receivable write-off (note 5)		(166,218)	-
Loss on disposal of assets		(39,288)	-
Gain on land sale		1,141,941	-
Airshow expense, net		(197,404)	(2,028)
Total non-operating revenues, net		3,081,661	3,253,342
Net loss before capital contributions		(1,301,495)	(1,266,060)
Capital contributions:			
Federal capital grants		2,589,104	40,240
Tenant improvements (note 4)		100,249	1,873,045
Passenger facility charges		65,036	102,651
Total capital contributions		2,754,389	2,015,936
Changes in net position		1,452,894	749,876
Net position, beginning of year		37,037,571	36,287,695
Net position, end of year	$	38,490,465	37,037,571

Santa Maria Public Airport District
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Cash receipts from customers and tenants	$ 4,247,211	3,919,980
Cash paid to vendors for materials and services	(3,748,413)	(4,602,994)
Cash paid to employees for salaries	(1,093,008)	(983,544)
Net cash used in operating activities	(594,210)	(1,666,558)
Cash flows from non-capital financing activities:		
Proceeds from property taxes	2,131,118	1,963,394
Proceeds from redevelopment agency property tax increment	34,941	33,927
Proceeds from federal operating grants	242,116	1,935,627
Net cash provided by non-capital financing activities	2,408,175	3,932,948
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(3,965,490)	(488,730)
Proceeds from federal capital grants	1,359,319	-
Proceeds from passenger facility charges	65,036	102,651
Proceeds from land sale	1,141,941	-
Payments for land improvements	(24,446)	(24,425)
Net cash used in capital and related financing activities	(1,423,640)	(410,504)
Cash flows from investing activities:		
Proceeds from note receivable	-	1,200
Interest received on leases receivable	(217,371)	(246,334)
Interest received on cash and cash equivalents	103,056	30,565
Net cash used in investing activities	(114,315)	(214,569)
Net increase in cash and cash equivalents	276,010	1,641,317
Cash and cash equivalents, beginning of year	9,910,755	8,269,438
Cash and cash equivalents, end of year	$ 10,186,765	9,910,755

Reconciliation of cash and cash equivalents to the statements of net position:

	2023	2022
Cash and cash equivalents	$ 8,651,528	8,766,284
Restricted assets – cash and cash equivalents	1,535,237	1,144,471
Total cash and cash equivalents	$ 10,186,765	9,910,755

Continued on next page

Santa Maria Public Airport District
Statements of Cash Flows, continued
For the Fiscal Years Ended June 30, 2023 and 2022

		2023	2022
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	$	(4,383,156)	(4,519,402)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation and amortization		2,591,373	2,485,621
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:			
(Increase)Decrease in assets:			
Accounts receivable – customers and tenants, net		16,068	7,249
Note receivable		166,218	(5,022)
Prepaid expenses and deposits		(73,889)	290,655
(Increase)Decrease in deferred outflows of resources:			
Deferred other post-employement benefits outflows		86,588	(17,686)
Deferred pension outflows		(563,074)	42,295
Increase(Decrease) in liabilities:			
Accounts payable and accrued expenses		1,637,267	(363,665)
Accrued wages and related liabilities		13,431	9,748
Compensated absences		(25,076)	11,633
Unearned revenue		(24,232)	(5,771)
Hangar and other deposits		653	6,440
Total other post-employment benefits liability		(68,748)	33,143
Net pension liability		1,116,046	(762,176)
Increase(Decrease) in deferred inflows of resources:			
Deferred other post-employement benefits inflows		1,432	15,565
Deferred pension inflows		(1,045,823)	1,104,815
Total adjustments		3,788,946	2,852,844
Net cash used in operating activities	$	(594,210)	(1,666,558)
Non-cash investing, capital and financing transactions:			
Change in fair value of funds deposited with LAIF	$	(98,406)	(61,652)

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The 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. For the east-west direction, the District commences at Point Sal at the Pacific Ocean and extends eastward 30 miles, or 10 miles east of the dam at Twitchell Reservoir. The District's approximately 2,598 acres include two active runways and provide facilities for one regional airline (Allegiant Airlines), and serve as home base for over 222 general aviation aircraft. The District is governed by a five-member Board of Directors who serve four-year terms and are elected by the District. 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 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 District's 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. 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

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

C. Financial Reporting, continued

Governmental Accounting Standards Board Statement No. 93, continued

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.

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.

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

C. Financial Reporting, continued

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.

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, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosures of contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources, 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. 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.

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

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

3. 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.

4. 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.
- **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.

5. 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.

6. 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 statements of net position and as a capital grant contribution or operating grant revenue, as appropriate, on the statements of revenues, expenses, and changes in net position.

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

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

7. 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.

8. 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

9. Deferred Outflows of Resources

The statements of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of 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 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.

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 difference 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 change 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.

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

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

9. Deferred Outflows of Resources, continued

Pensions, continued

- Deferred outflow for the net difference between projected and actual earnings on investments of the pension plans fiduciary net position. This amount is amortized over a 5 year period.

10. 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.

11. 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.

12. Pensions

For purposes of measuring the net pension liability, 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, 2021 and June 30, 2020
- Measurement dates: June 30, 2022 and June 30, 2021
- Measurement periods: July 1, 2021 to June 30, 2022 and July 1, 2020 to June 30, 2021

13. Deferred Inflows of Resources

The statements 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 difference 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.

- Deferred inflow 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.

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

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

13. Deferred Inflows of Resources, continued

Pensions

- Deferred inflow for the net difference between the actual and proportionate share of contributions 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 inflow for the net change due to 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.

14. Net Position

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

- **Net investment in capital assets** – 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** – 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** – consists of net position that does not meet the definition of *restricted* or *net investment in capital assets*.

15. 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 Office 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

16. 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.

17. 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.

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

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

18. Reclassification

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

(2) Cash and Investments

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

	2023	2022
Cash and cash equivalents	$ 8,651,528	8,766,284
Restricted cash and cash equivalents	1,535,237	1,144,471
Certificate-of-deposit	8,000	8,000
Total cash and investments	$ 10,194,765	9,918,755

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

	2023	2022
Cash on hand	$ 1,350	1,350
Deposits with financial institutions	749,575	2,176,352
Investments	9,443,840	7,741,053
Total cash and investments	$ 10,194,765	9,918,755

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

	2023	2022
Certificate-of-deposit held with a financial institution	May 2024	May 2023
Deposits with California Local Agency Investment Fund (LAII	260 days	311 days

Custodial Credit Risk

The custodial credit risk for *deposits* is the risk that, in the event of 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 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.

(2) Cash and Investments, continued

Custodial Credit Risk , continued

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.

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, 2023, consisted of the following:

			Remaining Maturity (in Months)
Investment Type		**Amount**	**12 months or less**
Certificates-of-deposit	$	8,000	8,000
Local Agency Investment Fund		6,387,849	6,387,849
Money market savings account		3,047,991	3,047,991
Total	$	9,443,840	9,443,840

(2) Cash and Investments, continued

Interest Rate Risk, continued

Investments at June 30, 2022, consisted of the following:

Investment Type		Amount	Remaining Maturity (in Months) 12 months or less
Certificates-of-deposit	$	8,000	8,000
Local Agency Investment Fund		4,726,992	4,726,992
Money market savings account		3,006,061	3,006,061
Total	$	7,741,053	7,741,053

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 (where applicable) by 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, 2023, consisted of the following:

Investment Type		Amount	Minimum Legal Rating	Exempt From Disclosure	Ratings AAA
Certificates-of-deposit	$	8,000	N/A	8,000	-
Local Agency Investment Fund		6,387,849	N/A	6,387,849	-
Money market savings account		3,047,991	AAA	-	3,047,991
Total	$	9,443,840		6,395,849	3,047,991

Credit ratings at June 30, 2022, consisted of the following:

Investment Type		Amount	Minimum Legal Rating	Exempt From Disclosure	Ratings AAA
Certificates-of-deposit	$	8,000	N/A	8,000	-
Local Agency Investment Fund		4,726,992	N/A	4,726,992	-
Money market savings account		3,006,061	AAA	-	3,006,061
Total	$	7,741,053		4,734,992	3,006,061

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.

(2) Cash and Investments, continued

Fair Value Measurements

Investments measured at fair value on a recurring and non-recurring basis as of June 30, 2023, are as follows:

			Fair Value Measurements Using		
Investment Type		**Total**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Certificates-of-deposit	$	8,000	-	8,000	-
Money market savings account		3,047,991	-	3,047,991	-
Total investments measured at fair value		3,055,991	-	3,055,991	-
Investments measured at amortized cost:					
Local Agency Investment Fund (LAIF)		6,387,849			
Total	$	9,443,840			

Investments measured at fair value on a recurring and non-recurring basis as of June 30, 2022, are as follows:

			Fair Value Measurements Using		
Investment Type		**Total**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Certificates-of-deposit	$	8,000	-	8,000	-
Money market savings account		3,006,061	-	3,006,061	-
Total investments measured at fair value		3,014,061	-	3,014,061	-
Investments measured at amortized cost:					
Local Agency Investment Fund (LAIF)		4,726,992			
Total	$	7,741,053			

(3) Accounts Receivable – Customers and Tenants, Net

The balance as of June 30 consists of the following:

		2023	**2022**
Accounts receivable – customers and tenants	$	125,544	151,051
Allowance for uncollectible accounts		(23,379)	(32,818)
Accounts receivable – customers and tenants, net	$	102,165	118,233

(4) Leases Receivable

The District leases a portion of its property to various third parties who use the space to conduct their operations on the District's grounds, the terms expire 2022 through 2062. The measurement of the lease receivable is based on the present value of lease payments expected to be received during the lease term, such as fixed payments, variable payments that depend on index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee. A number of leases have a maximum possible term of 12 months (or less), including options to extend, regardless of their probability of being exercised. Those payments are recognized as inflows of resources based on the payment provisions of the lease contracts and are therefore excluded from the schedule in this section.

Various other leasing arrangements are in place for District owned buildings, ground, and support spaces. Lease payments are generally based on total square footage being leased at an established rate, with periodic increases based on the Consumer Price Index.

Short-term lease payments are recognized as inflows of resources based on the payment provisions of the lease contract and are therefore not included in the lease receivable balances below.

The District reports leases receivable with a carrying amounts of $10,966,778 and $6,005,159 as of June 30, 2023 and 2022, respectively, and deferred inflows of resources in the amount of $10,235,706 and $5,491,458 as of June 30, 2023 and 2022, respectively, related to this agreement. Revenue recognized under lease contracts during the years ended June 30, 2023, and 2022 was $1,343,068 and $1,241,146, respectively, which includes both lease revenue and interest.

In March 2021, the District entered into a lease agreement with Gresser, Inc. (tenant) for the purpose of leasing land used for agriculture. Terms of the lease agreement included a $1,390,000 rent credit for the purpose of providing funds towards capital improvements to the leased property. The District has included the rent credit as part of the lease receivable and deferred inflows. As of June 30, 2023 and 2022, capital contributions sourcing from the tenant amounted to $100,249 and $1,873,045, respectively.

(4) Leases Receivable, continued

The following table summarizes total remaining lease payments, GASB 87 lease receivables/deferred lease inflows and lease interest receivable at estimated District discount rates ranging from 2.40% to 3.22% as of June 30, 2023:

Fiscal Year		Principal	Interest	Total	Deferred Inflows
2024	$	785,914	341,300	1,127,214	(1,014,715)
2025		839,627	315,430	1,155,057	(1,011,610)
2026		331,723	294,405	626,128	(550,190)
2027		234,318	286,615	520,933	(456,570)
2028		481,613	275,639	757,252	(448,246)
2029-2033		2,208,135	1,134,818	3,342,953	(1,992,296)
2034-2038		781,204	921,836	1,703,040	(984,706)
2039-2043		911,365	780,490	1,691,855	(916,165)
2044-2048		951,711	629,034	1,580,745	(795,639)
2049-2053		997,015	477,255	1,474,270	(716,385)
2054-2058		1,178,538	303,284	1,481,822	(716,382)
2059-2063		1,265,615	93,821	1,359,436	(632,802)
		10,966,778	5,853,927	16,820,705	(10,235,706)
Current		(785,914)			
Non-current	$	10,180,864			

The following table summarizes total remaining lease payments, GASB 87 lease receivables/deferred lease inflows and lease interest receivable at estimated District discount rates ranging from 2.40% to 3.22% as of June 30, 2022:

Fiscal Year		Principal	Interest	Total	Deferred Inflows
2023	$	789,581	180,800	970,381	(933,743)
2024		757,179	156,648	913,827	(861,912)
2025		803,692	131,657	935,349	(860,565)
2026		287,031	111,955	398,986	(400,024)
2027		188,787	105,625	294,412	(306,978)
2028-2032		2,201,963	330,427	2,532,390	(1,451,488)
2033-2037		411,858	119,701	531,559	(344,048)
2038-2042		360,767	59,367	420,134	(225,485)
2043-2047		204,301	13,287	217,588	(107,215)
Total		6,005,159	1,209,467	7,214,626	(5,491,458)
Current		(789,581)			
Non-current	$	5,215,578			

(4) Leases Receivable, continued

Regulated Leases

A portion of the District's revenue comes from regulated leases of which the District is the lessor. Regulated leases as defined by the Department of Transportation and the Federal Aviation Administration and outlined in GASB 87 paragraphs 42 and 43 are specially excluded. Terminal space and aircraft hangars are generally month-to-month leases are described in the information herein.

The District leases parts of its land, terminal building, and hangars to various businesses and individuals under long-term leases with terms from 5 – 60 years. Rental revenues from these regulated leases were $282,984 and $273,352 and included in terminal leases and concessions for the years ended June 30, 2023 and 2022, respectively. The cost of property held for leasing is not readily determinable.

Future minimum rentals on regulated leases as of June 30, 2023, are as follows:

Fiscal Year	Principal
2024	$ 279,416
2025	275,104
2026	279,563
2027	283,923
2028	305,793
2029-2033	1,566,303
2034-2038	1,094,635
2039-2043	722,581
2044-2048	850,183
2049-2053	845,578
2054-2058	556,978
2059-2061	276,769
Total	$ 7,336,826

Future minimum rentals on regulated leases as of June 30, 2022, are as follows:

Fiscal Year	Principal
2023	$ 282,984
2024	279,416
2025	275,104
2026	279,563
2027	283,923
2028-2032	1,545,574
2033-2037	1,277,265
2038-2042	704,632
2043-2047	830,100
2048-2052	924,358
2053-2057	541,506
2058-2061	395,385
Total	$ 7,619,810

(5) 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 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 minimum 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.

On December 17, 2020, an unlawful detainer complaint, in relation to the termination of Mr. Baskett's hangar lease with the District, was filed and a non-jury trial commenced on April 16, 2021. The court found in favor of the District, but stayed the eviction until June 1, 2021.

On January 7, 2022, Mr. Baskett filed for Chapter 13 Bankruptcy in the Central District of California which automatically stayed enforcement of the judgement in the unlawful detainer case described above. The District filed a Motion for Relief from Stay on March 22, 2022, and on May 5, 2022, the District was granted relief. The District enforced the court's judgment via a Writ of Possession on June 8, 2022.

On November 3, 2022, a settlement agreement was entered into between the District and the Chapter 7 Trustee for Mr. Baskett's bankruptcy estate. The District agreed to waive any administrative claims and general unsecured claims and allow a sale of Mr. Baskett's assets by auction. In exchange, the Trustee agreed to prepare and file Requests for Dismissal with prejudice of the Baskett pending cases. The Bankruptcy Court approved the settlement agreement on December 15, 2022. Dismissals were filed in all pending cases on February 10, 2023. As a result, the District has written off the note receivable balance as of June 30, 2023.

The change in note receivable for 2023 is as follows:

	2022	Additions	Write Off / Deletions	2023
Note receivable	$ 166,218	-	(166,218)	-

The change in note receivable for 2022 is as follows:

	2021	Additions	Payments Received	2022
Note receivable	$ 161,196	6,222	(1,200)	166,218

(6) Capital Assets

Changes in capital assets for 2023 were as follows:

	Balance 2022	Additions/ Transfers	Deletions/ Transfers	Balance 2023
Non-depreciable assets:				
Land and land rights	$ 6,394,133	-	(23,386)	6,370,747
Construction-in-process	2,759,632	3,771,391	(2,438,031)	4,092,992
Total non-depreciable assets	9,153,765	3,771,391	(2,461,417)	10,463,739
Depreciable assets:				
Landing area	47,681,095	388,633	-	48,069,728
Revenue generating land	7,637,723	1,973,294	-	9,611,017
Owner-Builder area	34,664	17,351	-	52,015
T-Hangars	6,568,686	-	-	6,568,686
Fixed Based Operations (F.B.O.)	2,569,779	-	-	2,569,779
Terminal	14,819,837	19,465	-	14,839,302
Administration and equipment	3,281,924	-	-	3,281,924
Total depreciable assets	82,593,708	2,398,743	-	84,992,451
Accumulated depreciation:				
Landing area	(30,420,282)	(1,461,918)	-	(31,882,200)
Revenue generating land	(5,575,093)	(427,502)	-	(6,002,595)
Owner-Builder area	(34,665)	(1,736)	-	(36,401)
T-Hangars	(6,415,359)	(72,895)	-	(6,488,254)
Fixed Based Operations (F.B.O.)	(2,417,730)	(30,224)	-	(2,447,954)
Terminal	(14,751,559)	(389,859)	-	(15,141,418)
Administration and equipment	(2,494,915)	(207,239)	-	(2,702,154)
Total accumulated depreciation	(62,109,603)	(2,591,373)	-	(64,700,976)
Total depreciable assets, net	20,484,105	(192,630)	-	20,291,475
Total capital assets, net	$ 29,637,870			30,755,214

Major capital assets additions during the year include landing area, revenue generating land, owner-build area, and terminal asset acquisitions. There were no capital asset deletions during the year.

Santa Maria Public Airport District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2023 and 2022

(6) Capital Assets, continued

Changes in capital assets for 2022 were as follows:

	As Restated 2021	Additions/ Transfers	Deletions/ Transfers	Balance 2022
Non-depreciable assets:				
Land and land rights	$ 6,394,133	-	-	6,394,133
Construction-in-process	827,064	2,303,872	(371,304)	2,759,632
Total non-depreciable assets	7,221,197	2,303,872	(371,304)	9,153,765
Depreciable assets:				
Landing area	47,638,594	75,331	(32,830)	47,681,095
Revenue generating land	7,708,163	46,061	(116,501)	7,637,723
Owner-Builder area	34,664	-	-	34,664
T-Hangars	6,549,853	18,833	-	6,568,686
Fixed Based Operations (F.B.O.)	2,550,946	18,833	-	2,569,779
Terminal	15,481,107	177,086	(838,356)	14,819,837
Administration and equipment	3,347,463	35,160	(100,699)	3,281,924
Total depreciable assets	83,310,790	371,304	(1,088,386)	82,593,708
Accumulated depreciation:				
Landing area	(28,929,584)	(1,523,528)	32,830	(30,420,282)
Revenue generating land	(5,446,482)	(245,112)	116,501	(5,575,093)
Owner-Builder area	(34,665)	-	-	(34,665)
T-Hangars	(6,323,180)	(92,179)	-	(6,415,359)
Fixed Based Operations (F.B.O.)	(2,381,041)	(36,689)	-	(2,417,730)
Terminal	(15,206,957)	(382,958)	838,356	(14,751,559)
Administration and equipment	(2,390,459)	(205,155)	100,699	(2,494,915)
Total accumulated depreciation	(60,712,368)	(2,485,621)	1,088,386	(62,109,603)
Total depreciable assets, net	22,598,422	(2,114,317)	-	20,484,105
Total capital assets, net	$ 29,819,619			29,637,870

Major capital assets additions during the year include landing area improvements, revenue generating land, t-hangars, fixed based operations, terminal improvements, and administration and equipment acquisitions. Major capital asset deletions during the year include disposal of landing area, revenue generating land, terminal and administration and equipment assets.

(6) Capital Assets, continued

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:

		2023	2022	As Restated 2021
Landing area improvements	$	3,644,486	821,410	781,004
Revenue generating land		-	1,938,222	46,060
Terminal area		176,618	-	-
Administration		271,888	-	-
Construction-in-process	$	4,092,992	2,759,632	827,064

(7) Compensated Absences

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

	Balance 2022	Additions	Deletions	Balance 2023	Due Within One Year	Due in More Than One Year
$	172,569	127,583	(152,659)	147,493	110,620	36,873

	Balance 2021	Additions	Deletions	Balance 2022	Due Within One Year	Due in More Than One Year
$	160,936	109,620	(97,987)	172,569	129,427	43,142

(8) 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.

In July 2020, the District entered into a zero-interest land improvement payable obligation with Pacific Gas & Electric (PG&E), in the amount $31,398. 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 $233 maturing in July 2031.

Changes in land improvements for 2023 were as follows:

		2022	Additions	Payments	2023
Land improvements payabl	$	129,885	-	(24,446)	105,439
Less current-portion		(24,556)			(23,230)
Total non-current	$	105,329			82,209

(8) Land Improvements Payable, continued

Changes in land improvements for 2022 were as follows:

		2021	Additions	Payments	2022
Land improvements payabl	$	154,310	-	(24,425)	129,885
Less current-portion		(24,446)			(24,556)
Total non-current	$	129,864			105,329

Future annual payments are as follows:

Fiscal Year		Annual Payment
2024	$	23,230
2025		23,120
2026		23,119
2027		23,120
2028		8,325
2029 - 2030		4,525
Total		105,439
Less: current		(23,230)
Non-current	$	82,209

(9) Other Post-Employment Benefits (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 55 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.

	Measurement Date 2022	Measurement Date 2021
Inactive employees or beneficiaries currently receiving benefit payments	5	5
Active employees	11	11
Total Plan membership	16	16

(9) Other Post-Employment Benefits (OPEB) Plan, continued

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 $143 per month which is adjusted each year in accordance with California Government Code Section 22892. The annual contribution is based on the actuarially determined contribution.

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

		2023	2022
Contributions – employer	$	9,000	9,089

As of June 30 2023 and 2022, employer pension contributions of $9,000 and $9,089 were reported as deferred outflows of resources related to contributions subsequent to the measurement date and will be recognized as a reduction of the total OPEB liability in the fiscal years ended June 30, 2024 and 2023, respectively.

Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2022 and 2021, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2021, 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	2023 – 2.50 percent 2022 – 2.75 percent
Salary increases	2.75 percent
Discount rate	2023 – 3.54 percent 2022 – 2.16 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 2023 and 2022, the discount rate used to measure the total OPEB liability was 3.54% and 2.16%, 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.

(9) Other Post-Employment Benefits (OPEB) Plan, continued

Changes in the Total OPEB Liability

		Total OPEB Liability 2022-2023	Total OPEB Liability 2021-2022
Balance at beginning of year	$	406,468	373,325
Changes for the year:			
Service cost		20,636	23,160
Interest		8,908	8,468
Employer contributions		(8,760)	(7,282)
Expected minus actual benefits		-	-
Experience (gains)/losses		-	(17,311)
Assumption changes		(89,532)	26,108
Net change		(68,748)	33,143
Balance at end of year	$	337,720	406,468

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 or 1-percentage-point higher than the current discount rate:

As of June 30, 2023, the discount rate comparison was as follows:

		Discount Rate - 1% (2.54%)	Current Discount Rate (3.54%)	Discount Rate + 1% (4.54%)
District's total OPEB liability	$	400,464	337,720	292,428

As of June 30, 2022, the discount rate comparison was as follows:

		Discount Rate - 1% (1.16%)	Current Discount Rate (2.16%)	Discount Rate + 1% (3.16%)
District's total OPEB liability	$	486,503	406,468	343,545

(9) 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 or 1-percentage-point higher than the current healthcare cost trend rates:

As of June 30, 2023, the healthcare cost trend rate comparison was as follows:

		1% Decrease (4.00% decreasing to 3.00%)	Healthcare Cost Trend Rates (4.00%)	1% Increase (4.00% increasing to 5.00%)
District's total OPEB liability	$	279,003	337,720	409,491

As of June 30, 2022, the healthcare cost trend rate comparison was as follows:

		1% Decrease (4.00% decreasing to 3.00%)	Healthcare Cost Trend Rates (4.00%)	1% Increase (4.00% increasing to 5.00%)
District's total OPEB liability	$	334,289	406,468	501,883

For the years ended June 30, 2023 and 2022, the District recognized OPEB expense of $28,722 and $40,111, respectively.

OPEB Expense, 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:

		June 30, 2023		June 30, 2022	
Description		**Deferred Outflows of Resources**	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
OPEB contributions subsequent to the measurement date	$	9,000	-	9,089	-
Differences between actual and expected experience		-	(14,245)	-	(15,991)
Changes in assumptions		-	(3,178)	86,499	-
Total	$	9,000	(17,423)	95,588	(15,991)

(9) Other Post-Employment Benefits (OPEB) Plan, continued

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

At June 30, 2023, the District recognized other amounts reported by the Plan actuary as deferred outflows of resources and deferred inflows of resources related to the OPEB liability. OPEB related amounts will be recognized as expense as follows.

Actuarially Determined Deferred Outflows (Inflows) - OPEB Plan

Fiscal Year Ending June 30:		Net Change in Assumptions	Net Difference between Expected and Actual Experience	Total
2024	$	(145)	(1,746)	(1,891)
2025		(145)	(1,746)	(1,891)
2026		(145)	(1,746)	(1,891)
2027		(145)	(1,746)	(1,891)
2028		(145)	(1,746)	(1,891)
Thereafter		(2,453)	(5,515)	(7,968)
Total	$	(3,178)	(14,245)	(17,423)

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

See page 54 for the Required Supplementary Information.

(10) Defined Benefit Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Risk Pool, a cost-sharing multiple employer defined benefit pension plan 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. Cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

(10) 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, 2023 are summarized as follows:

	Miscellaneous Plan	
Description	**Tier 1**	**Tier 2**
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 - 62
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Fiscal year 2023:		
Required employee contribution rates	6.920%	6.750%
Required employer contribution rates	10.870%	7.470%
Fiscal year 2022:		
Required employee contribution rates	6.910%	6.750%
Required employer contribution rates	10.880%	7.590%

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.

For the fiscal years ended June 30, the contributions to the Plan were as follows:

	Miscellaneous Plan	
	2023	**2022**
Contributions – employer	$ 262,252	239,933
Contributions – employee (paid by employer)	35,122	37,742
Total employer paid contributions	$ 297,374	277,675

(10) Defined Benefit Pension Plan, continued

Net Pension Liability

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

	Proportionate Share of Net Pension Liability	
	2023	**2022**
Miscellaneous Plan	$ 2,410,249	1,294,203

The District's net pension liability is measured as the proportionate share of the net pension liability for the Plan. The net pension liability of the Plan is measured as of June 30, 2022 and 2021, 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, 2021 and 2020, respectively, rolled forward to June 30, 2022 and 2021, respectively, 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 net pension liability for the Plan as of the fiscal years ended June 30 were as follows:

Proportion	Miscellaneous Plan	Proportion	Miscellaneous Plan
June 30, 2022	0.02393%	June 30, 2021	0.01890%
June 30, 2023	0.02087%	June 30, 2022	0.02393%
Change	-0.00306%	Change	0.00503%

As a result of the implementation of the GASB 68 pronouncement at June 30, 2023 and 2022, the District recognized pension income and expense of $230,599 and $624,867, respectively.

(10) 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:

Description	June 30, 2023 Deferred Outflows of Resources	June 30, 2023 Deferred Inflows of Resources	June 30, 2022 Deferred Outflows of Resources	June 30, 2022 Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	$ 262,252	-	239,933	-
Net difference between actual and expected experience	15,985	-	145,131	-
Net change in assumptions	246,983	-	-	-
Net difference between projected and actual earnings on plan investments	441,495	-	-	(1,129,772)
Net difference between actual contribution and proportionate share of contribution	-	(68,633)	-	(67,955)
Net adjustment due to differences in proportions of net pension liability	-	(83,271)	18,577	-
Total	$ 966,715	(151,904)	403,641	(1,197,727)

As of June 30 2023 and 2022, employer pension contributions reported as deferred outflows of resources related to contributions subsequent to the measurement date of $262,252 and $239,933, respectively, were and will be recognized as a reduction of the net pension liability in the fiscal years ended June 30, 2024 and 2023, respectively.

The District will recognize other amounts of deferred outflows of resources and deferred inflows of resources related to pension as follows.

Fiscal Year Ending June 30:	Deferred Outflows/ (Inflows) of Resources
2024	$ 105,887
2025	86,562
2026	38,661
2027	321,449
2028	-
Thereafter	-

(10) Defined Benefit Pension Plan, continued

Actuarial Assumptions

The total pension liabilities in the June 30, 2021 and 2020, actuarial valuation reports were determined using the following actuarial assumptions:

Valuation dates	June 30, 2021 and 2020
Measurement dates	June 30, 2022 and 2021
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	2023 – 6.90% 2022 – 7.15%
Inflation	2023 – 2.30% 2022 – 2.50%
Salary increases	Varies by Entry Age and Service
Investment rate of return	2023 – 6.90% and 2022 – 7.50 % net of pension plan inves 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	2020 – 1997–2015
Post retirement benefit	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 6.90% 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.

(10) 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, 2023, the long-term expected real rate of return by asset class was as follows:

Asset Class	New Strategic Allocation	Real Return Years 1–10*
Global Equity - cap-weighted	30.00%	4.45%
Global Equity - non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100.00%	

* An expected inflation of 2.3% used for this period

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

The following tables present 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, 2023, the discount rate comparison was the following:

	Discount Rate – 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
District's net pension liability	$ 3,505,582	2,410,249	1,509,061

(10) Defined Benefit Pension Plan, continued

As of June 30, 2022, the discount rate comparison was the following:

	Discount Rate – 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
District's net pension liability	$ 2,320,903	1,294,203	445,445

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 55 through 56 for the Required Supplementary Information.

Payable to the Pension Plan

As of June 30, 2023 and 2022, the District reported no payables for the outstanding amount of contribution to the pension plan.

(11) Net Position

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

	2023	2022
Net investment in capital assets:		
Capital assets, not being depreciated	$ 10,463,739	9,153,765
Depreciable capital assets	20,291,475	20,484,105
Land improvements payable – current	(23,230)	(24,556)
Land improvements payable – non-current	(82,209)	(105,329)
Total net investment in capital assets	30,649,775	29,507,985
Restricted net position:		
Restricted – cash and cash equivalents	1,535,237	1,144,471
Total restricted net position	1,535,237	1,144,471
Unrestricted net position:		
Non-spendable net position:		
Prepaid expenses and deposits	79,037	5,148
Total non-spendable net position	79,037	5,148
Spendable net position are designated as follows:		
Total spendable net position	6,226,416	6,379,967
Total unrestricted net position	6,305,453	6,385,115
Total net position	$ 38,490,465	37,037,571

(12) Adjustments to Net Position

Governmental Accounting Standards Board Statement No. 87 Implementation

In fiscal year 2022, the District implemented GASB Statement No. 87 to recognize its lessor agreements. The nature, justification, and an explanation of the change are included in Note 1. The District did not have any lessee arrangements which required restatement.

As a result of the implementation for the District's lessor agreements, the District recorded a lease receivable, a deferred lease inflow of resources, reclassified a portion of its rental income to interest income, and has recorded prior period adjustments to restate net position as of June 30, 2021. Please see Note 4 for further information.

Capital Contribution and Accounts Receivable – Federal Grants – Airport Improvement Project

During the fiscal year ended June 30, 2022, the District determined that grant awards sourcing from Federal Aviation Administration (FAA) were not correctly recognized as capital contributions when the grant award related project expenditures were incurred in the fiscal year ended June 30, 2021. In addition, the outstanding grant award receivable was not recorded to its receivable accounts. Accordingly, the Project has adjusted its net position.

The adjustments to net position are as follows:

Net position at June 30, 2020, as previously stated	36,008,917
Effect of adjustments to record lessor lease receivables, deferred lease inflows, and interest income as a result of GASB 87	267,367
Effect of adjustment to record capital grant conrtibution revenue and receivables related to June 30, 2021	672,441
Effect of adjustment to record capital grant project activity to capital assets related to June 30, 2021	741,717
Effect of adjustment to record capital grant project activity to accounts payable related to June 30, 2021	(741,717)
Change in net position at June 30, 2021, as previously stated	(661,030)
Total adjustment to net position	278,778
Net position at June 30, 2021, as restated	36,287,695

(13) 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, 2023 and 2022, was $1,431,955 and $1,683,866, respectively.

(13) Deferred Compensation Savings Plan, continued

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.

(14) 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, 2023, 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 $10,000,000, combined single limit at $10,000,000 per occurrence, subject to the following deductibles – $500/$1,000 per occurrence for third party general/auto 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, 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 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 $1,000,000 each occurrence, with an annual aggregate of $1,000,000 per each elected/appointed official to which this coverage applies, subject to the terms, conditions, and exclusions as provided in the Memorandum of Coverages, with a deductible of $0 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 ended June 30, 2023, 2022, and 2021. 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, 2023, 2022, and 2021.

(15) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2023, that have effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 99

In April 2022, the GASB issued Statement No. 99 – *Omnibus 2022.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 100

In June 2022, the GASB issued Statement No. 100 – *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62.* The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 101

In June 2022, the GASB issued Statement No. 101 – *Compensated Absences.* The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

(15) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 101, continued

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

(16) 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, 2023 and 2022, the District had outstanding construction contracts in the amount of $4,526,266 and $667,710, respectively.

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.

CARES Act Operating Grant Award

In March 2020, the federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law to provide relief to eligible airports in the United States that were affected by the COVID-19 pandemic. The District was awarded CARES Act funds. The funds are available to the District on a reimbursable basis for up to four years, no earlier than January 20, 2020 and will be used to pay for operating expenses that may no longer be covered by revenues. During the fiscal year ended June 30, 2022, the District requested $1,276,792 in CARES Act funding reimbursements. At June 30, 2022, the District received $1,935,628 and $216,130 remained receivable. At June 30, 2023, the award balance had been collected-in-full.

Grant Awards

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

(17) Subsequent Events

Events occurring after June 30, 2023, have been evaluated for possible adjustment to the financial statements or disclosure as of February 8, 2024, 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, 2023
Last Ten Years*

Fiscal year ending		June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB liability							
Service cost	$	20,636	23,160	15,610	13,545	13,182	12,829
Interest		8,908	8,468	9,950	9,685	9,544	8,261
Employer contributions		(8,760)	(7,282)	(7,434)	(6,434)	(6,434)	(6,187)
Expected minus actual benefits		-	-	572	(338)	-	-
Experience (gains)/losses		-	(17,311)	-	(804)	-	-
Assumption changes		(89,532)	26,108	74,724	12,756	(12,594)	-
Net change in total OPEB liability		(68,748)	33,143	93,422	28,410	3,698	14,903
Total OPEB liability – beginning		406,468	373,325	279,903	251,493	247,795	232,892
Total OPEB liability – ending	$	337,720	406,468	373,325	279,903	251,493	247,795
Covered payroll	$	901,339	829,257	846,782	830,037	735,356	794,904
Total OPEB liability as a percentage of covered payroll		37.47%	49.02%	44.09%	33.72%	34.20%	31.17%
Notes to Schedule							
Valuation dates		June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Single and agent employers		Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization method		(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method		Market value	Market value	Market value	Market value	Market value	Market value
Inflation		2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Salary increases		2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Investment rate of return		3.54%	6.25%	6.25%	6.25%	6.25%	6.25%
Mortality, retirement, disability Termination		(5)	(5)	(5)	(5)	(5)	(5)
Other information		(6)	(6)	(6)	(6)	(6)	(6)

(1) Level percentage of payroll, closed
(2) Pre-retirement mortality based on RP-2014 Employee Mortality Tables, Post-retirement mortality rates based on RP-2014 Health Annuitant Mortality Table
(3) CalPERS 1997-2015 Experience Study
(4) CalPERS 2000-2019 Experience Study
(5) Mortality projected fully generational with Scale MP-2019
(6) Mortality projected fully generational with Scale MP-2021

*The District has presented information for those years for which information is available until a full 10-year trend is compiled.

Santa Maria Public Airport District
Schedules of the District's Proportionate Share of the Net Pension Liability
As of June 30, 2022
Last Ten Years*

Description		Measurement Date June 30, 2022	Measurement Date June 30, 2021	Measurement Date June 30, 2020	Measurement Date June 30, 2019	Measurement Date June 30, 2018	Measurement Date June 30, 2017	Measurement Date June 30, 2016	Measurement Date June 30, 2015	Measurement Date June 30, 2014
District's proportion of the net pension liability		0.02087%	0.02393%	0.01890%	0.01849%	0.01795%	0.01761%	0.01728%	0.01618%	0.01700%
District's proportionate share of the net pension liability	$	2,410,249	1,294,203	2,056,379	1,894,820	1,729,838	1,746,160	1,495,222	1,110,736	1,057,671
District's covered payroll	$	829,257	846,782	830,037	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		290.65%	152.84%	247.75%	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		70.00%	83.36%	72.47%	73.95%	75.06%	74.95%	76.90%	82.41%	81.15%

Notes to Schedule:
There were no changes in benefits.

Changes in assumptions:

From fiscal year June 30, 2015 to June 30, 2016:
GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan adminsitrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses.
The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.
From fiscal year June 30, 2016 to June 30, 2017:
There were no changes in assumptions.
From fiscal year June 30, 2017 to June 30, 2018:
The discount rate was reduced from 7.65% to 7.15%
From fiscal year June 30, 2018 to June 30, 2019:
The inflation rate was reduced from 2.75% to 2.50%
From fiscal year June 30, 2019 to June 30, 2020:
There were no changes in assumptions.
From fiscal year June 30, 2020 to June 30, 2021:
There were no changes in assumptions.
From fiscal year June 30, 2021 to June 30, 2022:
There were no changes in assumptions.
From fiscal year June 30, 2022 to June 30, 2023:
The discount rate was reduced from 7.15% to 6.90%
The inflation rate was reduced from 2.50% to 2.30%

* The District has presented information for those years for which information is available until a full 10-year trend is compiled.

Santa Maria Public Airport District
Schedules of Pension Plan Contributions
As of June 30, 2023
Last Ten Years*

Schedule of Pension Plan Contributions:		Fiscal Year June 30, 2023	Fiscal Year June 30, 2022	Fiscal Year June 30, 2021	Fiscal Year June 30, 2020	Fiscal Year June 30, 2019	Fiscal Year June 30, 2018	Fiscal Year June 30, 2017	Fiscal Year June 30, 2016	Fiscal Year June 30, 2015
Actuarially determined contribution	$	263,100	242,796	220,666	189,769	165,139	140,757	120,811	108,198	70,150
Contributions in relation to the actuarially determined contribution		(263,100)	(242,796)	(220,666)	(189,769)	(165,139)	(140,757)	(120,811)	(108,198)	(70,150)
Contribution deficiency (excess)	$	-	-	-	-	-	-	-	-	-
Covered payroll	$	901,339	829,257	846,782	830,037	735,356	794,904	768,476	766,034	691,152
Contribution's as a percentage of covered payroll		29.19%	29.28%	26.06%	22.86%	22.46%	17.71%	15.72%	14.12%	10.15%

Notes to schedule:

Valuation date	June 30, 2021	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	15 year Smoothed Market Method
Inflation	2.30%	2.50%	2.50%	2.50%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	6.90% (3)	7.15% (3)	7.00% (3)	7.25% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)

(1) Level of percentage payroll, closed.
(2) Depending on age, service, and type of employment.
(3) Net of pension plan investment expense, including inflation.
(4) 50 for all plans with exception of 52 for Miscellaneous 2% @ 62
(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study.
adopted by the CalPERS Board.

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Supplementary Information

Santa Maria Public Airport District
Schedule of Revenues, Expenses and Changes in Net Position – Budget to Actual
For the Fiscal Year Ended June 30, 2023

	Adopted Original Budget	Board Approved Changes	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
Operating revenues:					
Landing area usage	$ 199,700	-	199,700	140,526	(59,174)
Hangar area usage	771,200	-	771,200	781,272	10,072
Main hangar and F.B.O.	670,700	-	670,700	635,291	(35,409)
Terminal area usage	339,500	-	339,500	386,165	46,665
Land usage	1,981,056	-	1,981,056	2,296,969	315,913
Other charges and fees	44,800	-	44,800	14,499	(30,301)
Total operating revenues	4,006,956	-	4,006,956	4,254,722	247,766
Operating expenses:					
Landing area usage	1,036,920	173,960	1,210,880	1,215,426	(4,546)
Hangar area usage	119,300	(5,713)	113,587	76,108	37,479
Main hangar and Fixed Base Operations	78,800	44,782	123,582	118,169	5,413
Terminal area usage	443,700	2,095	445,795	436,092	9,703
Land usage	381,051	46,685	427,736	458,042	(30,306)
Public administration	3,958,685	371,681	4,330,366	3,742,668	587,698
Total operating expenses	6,018,456	633,490	6,651,946	6,046,505	605,441
Operating loss before depreciation	(2,011,500)	(633,490)	(2,644,990)	(1,791,783)	853,207
Depreciation expense	-	-	-	(2,591,373)	(2,591,373)
Operating loss	(2,011,500)	(633,490)	(2,644,990)	(4,383,156)	(1,738,166)
Non-operating revenue(expense)					
Property taxes	1,952,500	-	1,952,500	2,166,059	213,559
Interest and investment earnings	24,400	-	24,400	143,985	119,585
CARES Act airport grants	220,000	-	220,000	25,986	(194,014)
TSA LEO reimbursement	12,900	-	12,900	6,600	(6,300)
Airshow income (expense), net	5,790	(140,909)	(135,119)	(197,404)	(62,285)
Note receivable write-off	-	-	-	(166,218)	(166,218)
Loss on disposal of assets	-	-	-	(39,288)	(39,288)
Gain on land sale	-	-	-	1,141,941	1,141,941
Total non-operating revenues, net	2,215,590	(140,909)	2,074,681	3,081,661	1,006,980
Net loss before capital contributions	204,090	(774,399)	(570,309)	(1,301,495)	(731,186)
Capital contributions:					
Federal capital grants	9,694,600	-	9,694,600	2,589,104	(7,105,496)
Tenant improvements	-	-	-	100,249	100,249
Passenger facility charges	73,000	-	73,000	65,036	(7,964)
Capital contributions	9,767,600	-	9,767,600	2,754,389	(7,013,211)
Change in net position	9,971,690	(774,399)	9,197,291	1,452,894	(7,744,397)
Net position, beginning of year	37,037,571		37,037,571	37,037,571	
Net position, end of year	$ 47,009,261		46,234,862	38,490,465	

Santa Maria Public Airport District
Schedule of Revenues, Expenses and Changes in Net Position – Budget to Actual
For the Fiscal Year Ended June 30, 2022

	Adopted Original Budget	Board Approved Changes	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
Operating revenues:					
Landing area usage	$ 195,082	-	195,082	157,826	(37,256)
Hangar area usage	712,346	-	712,346	710,459	(1,887)
Main hangar and F.B.O.	630,095	-	630,095	614,392	(15,703)
Terminal area usage	282,623	-	282,623	344,778	62,155
Land usage	1,732,029	-	1,732,029	2,050,642	318,613
Other charges and fees	40,745	-	40,745	33,965	(6,780)
Total operating revenues	3,592,920	-	3,592,920	3,912,062	319,142
Operating expenses:					
Landing area usage	1,034,479	5,102	1,039,581	967,458	72,123
Hangar area usage	100,093	-	100,093	98,853	1,240
Main hangar and Fixed Base Operations	87,717	-	87,717	75,199	12,518
Terminal area usage	524,592	-	524,592	391,616	132,976
Land usage	398,846	-	398,846	345,734	53,112
Public administration	3,434,315	275,455	3,709,770	4,066,983	(357,213)
Total operating expenses	5,580,042	280,557	5,860,599	5,945,843	(85,244)
Operating loss before depreciation	(1,987,122)	(280,557)	(2,267,679)	(2,033,781)	233,898
Depreciation expense	(2,586,000)	-	(2,586,000)	(2,485,621)	100,379
Operating loss	(4,573,122)	(280,557)	(4,853,679)	(4,519,402)	334,277
Non-operating revenue(expense)					
Property taxes	1,818,277	-	1,818,277	1,997,321	179,044
Interest and investment earnings	26,997	-	26,997	(31,483)	(58,480)
CARES Act airport grants	2,127,763	-	2,127,763	1,276,792	(850,971)
TSA LEO reimbursement	12,880	-	12,880	12,740	(140)
Airshow income (expense), net	-	(26,989)	(26,989)	(2,028)	24,961
Total non-operating revenues, net	3,985,917	(26,989)	3,958,928	3,253,342	(705,586)
Net loss before capital contributions	(587,205)	(307,546)	(894,751)	(1,266,060)	(371,309)
Capital contributions:					
Federal capital grants	7,250,000	-	7,250,000	40,240	(7,209,760)
Tenant improvements	-	-	-	1,873,045	1,873,045
Passenger facility charges	74,295	-	74,295	102,651	28,356
Capital contributions	7,324,295	-	7,324,295	2,015,936	(5,308,359)
Change in net position	6,737,090	(307,546)	6,429,544	749,876	(5,679,668)
Net position, beginning of year	36,287,695		36,287,695	36,287,695	
Net position, end of year	$ 43,024,785		42,717,239	37,037,571	

Santa Maria Public Airport District
Schedule of Operating & Non-Operating Expenses – Budget to Actual
For the Fiscal Year Ended June 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
Operating expenses:			
Landing area usage:			
ARFF Services	$ 900,000	903,279	(3,279)
Utilities	27,379	27,379	-
Repairs and maintenance	283,501	284,768	(1,267)
Total	1,210,880	1,215,426	(4,546)
Hangar area usage:			
Utilities	32,056	31,408	648
Repairs and maintenance	76,290	44,216	32,074
Owner build area	5,241	484	4,757
Total	113,587	76,108	37,479
Main hangar and Fixed Base Operations (FBO)			
Utilities	58,967	64,783	(5,816)
Repairs and maintenance	64,615	53,386	11,229
Total	123,582	118,169	5,413
Terminal area usage:			
Utilities	109,036	108,948	88
Repairs and maintenance	336,759	327,144	9,615
Total	445,795	436,092	9,703
Land usage:			
Utilities	12,069	9,769	2,300
Mobile home park	376,077	415,675	(39,598)
Repairs and maintenance	39,590	32,598	6,992
Total	427,736	458,042	(30,306)
Public administration			
Salaries and wages	941,800	968,371	(26,571)
Benefits	621,400	141,170	480,230
Utilities	89,278	82,393	6,885
Supplies	111,000	136,711	(25,711)
Repairs and maintenance	99,994	93,204	6,790
Contractual services	1,100,162	1,034,166	65,996
Office supplies, postage and stationary	57,300	49,757	7,543
Dues and subscriptions	86,996	76,046	10,950
Advertising	100,790	93,577	7,213
Insurance	384,413	384,413	-
Bad debt expense (recovery)	-	(9,438)	9,438
Election expense	24,191	24,191	-
Travel	83,700	77,951	5,749
Fire training	47,500	16,697	30,803
Consulting services	463,245	454,809	8,436
Economic development	118,597	118,650	(53)
Total	4,330,366	3,742,668	587,698
Depreciation of capital assets	-	2,591,373	(2,591,373)
Total operating expenses	$ 6,651,946	8,637,878	(1,985,932)
Non-operating expense:			
Note receivable write-off	$ -	166,218	(166,218)
Loss on disposal of assets	-	39,288	(39,288)
Airshow (income) expense, net	135,119	197,404	(62,285)
Total non-operating expenses	$ 135,119	402,910	(267,791)

Santa Maria Public Airport District
Schedule of Operating & Non-Operating Expenses – Budget to Actual
For the Fiscal Year Ended June 30, 2022

	Final Budget	Actual	Positive (Negative)
Operating expenses:			
Landing area usage:			
ARFF Services	$ 892,230	839,440	52,790
Utilities	29,331	24,636	4,695
Repairs and maintenance	118,020	103,382	14,638
Total	1,039,581	967,458	72,123
Hangar area usage:			
Utilities	30,317	33,412	(3,095)
Repairs and maintenance	65,748	62,594	3,154
Owner build area	4,028	2,847	1,181
Total	100,093	98,853	1,240
Main hangar and Fixed Base Operations (FBO)			
Utilities	56,812	61,790	(4,978)
Repairs and maintenance	30,905	13,409	17,496
Total	87,717	75,199	12,518
Terminal area usage:			
Utilities	112,215	115,338	(3,123)
Repairs and maintenance	412,377	276,278	136,099
Total	524,592	391,616	132,976
Land usage:			
Utilities	8,647	7,078	1,569
Mobile home park	347,468	315,149	32,319
Repairs and maintenance	42,731	23,507	19,224
Total	398,846	345,734	53,112
Public administration			
Salaries and wages	929,999	957,198	(27,199)
Benefits	531,345	969,460	(438,115)
Utilities	90,214	76,561	13,653
Supplies	86,388	84,171	2,217
Repairs and maintenance	137,336	85,200	52,136
Contractual services	588,435	680,857	(92,422)
Office supplies, postage and stationary	47,471	39,276	8,195
Dues and subscriptions	71,407	73,179	(1,772)
Advertising	116,000	110,873	5,127
Insurance	311,351	311,352	(1)
Bad debt expense	-	16,953	(16,953)
Travel	83,660	58,496	25,164
Fire training	47,500	13,583	33,917
Consulting services	637,448	569,468	67,980
Other expenses	31,216	20,356	10,860
Total	3,709,770	4,066,983	(357,213)
Depreciation of capital assets	2,586,000	2,485,621	100,379
Total operating expenses	$ 8,446,599	8,431,464	15,135
Non-operating expense:			
Airshow (income) expense, net	$ 26,989	2,028	24,961
Interest earnings, net of fair value	-	31,483	(31,483)
Total non-operating expenses	$ 26,989	33,511	(6,522)

Statistical Section

Santa Maria Public Airport District
Statistical Section
June 30, 2023

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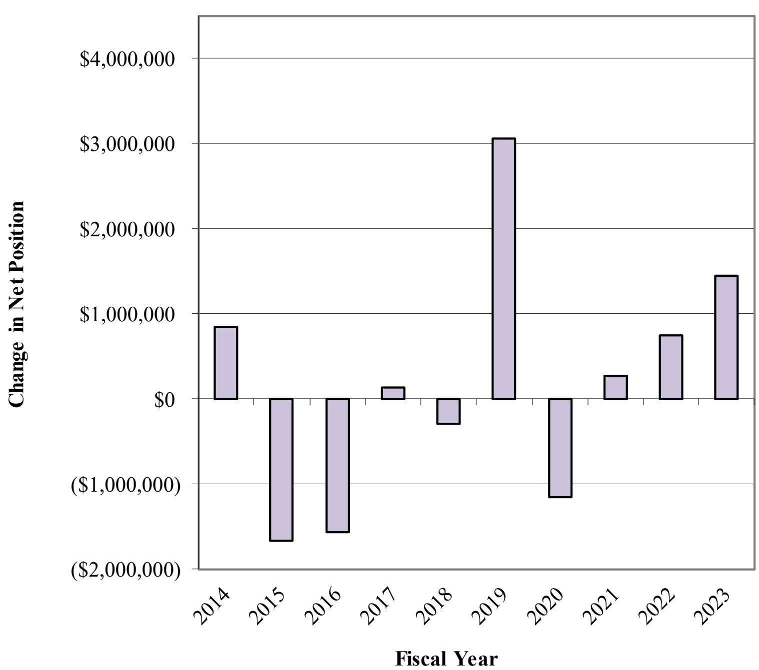
Note: The District is not presenting Debt Capacity information as the District has not had long-term debt instruments outstanding in the past ten fiscal years and is not subject to a debt limit.

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

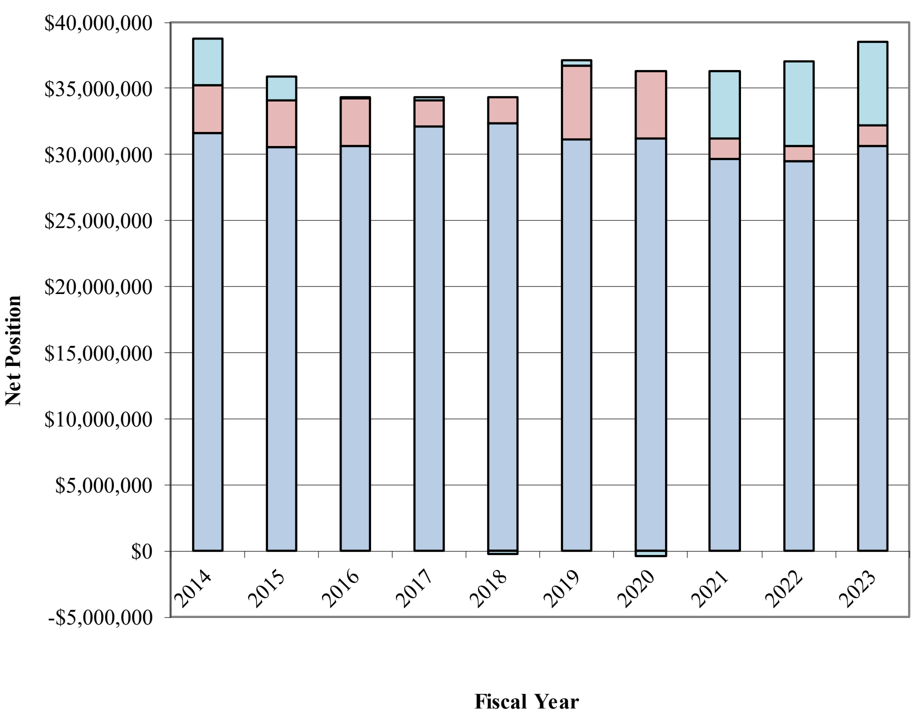
		Fiscal Year				
		2014	As Restated 2015	As Restated 2016	2017	2018
Changes in net position:						
Operating revenues (see Schedule 2)	$	3,095,288	3,096,058	3,226,304	3,310,143	3,294,618
Operating expenses (see Schedule 3)		(3,573,252)	(3,720,240)	(3,813,171)	(4,458,946)	(4,156,325)
Depreciation expense – capital recovery		(2,328,936)	(2,490,934)	(2,441,538)	(2,288,269)	(2,263,682)
Operating income(loss)		(2,806,900)	(3,115,116)	(3,028,405)	(3,437,072)	(3,125,389)
Non-operating revenues(expenses)						
Property taxes		1,337,709	1,393,188	1,498,359	1,522,529	1,663,981
Interest and investment earnings		21,372	24,181	30,371	36,311	56,218
CARES Act airport grants		-	-	-	-	-
TSA law enforcement officer reimbursement		-	-	-	-	-
Airshow income (expense), net		-	-	-	-	(1,133)
Revenue guaranty expense		-	(372,078)	(387,922)	(722,260)	(184,603)
Note receivable write-off		-	-	-	-	-
Gain/(Loss) on sale/disposition of assets		-	3,600	-	(14,794)	1,850
Gain on land sale		-	-	-	-	-
Other revenue/(expense), net		(13,881)	-	-	226	4,448
Total non-operating revenues(expenses), net		1,345,200	1,048,891	1,140,808	822,012	1,540,761
Net income before capital contributions		(1,461,700)	(2,066,225)	(1,887,597)	(2,615,060)	(1,584,628)
Capital contributions		2,309,291	405,886	327,120	2,755,237	1,300,824
Changes in net position	$	847,591	(1,660,339)	(1,560,477)	140,177	(283,804)
Net position by component:						
Net investment in capital assets	$	31,639,442	30,542,007	30,657,372	32,136,697	32,334,335
Restricted		3,591,104	3,591,381	3,590,388	1,967,435	1,967,435
Unrestricted		3,545,909	1,788,766	113,917	236,348	(245,094)
Total net position	$	38,776,455	35,922,154	34,361,677	34,340,480	34,056,676



Source: Santa Maria Public Airport District - Finance Department

Schedule 1

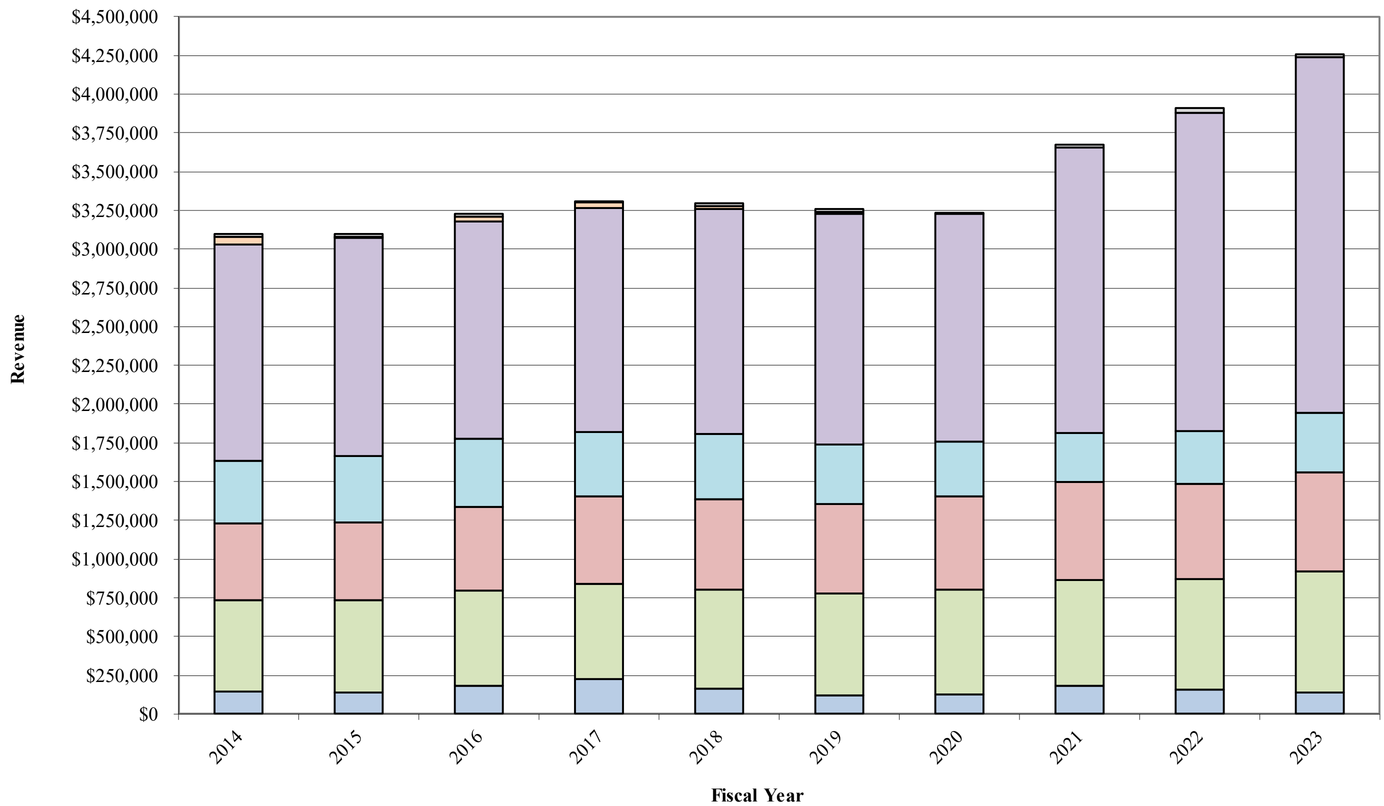
Fiscal Year				
2019	As Restated 2020	As Restated 2021	2022	2023
3,255,743	3,236,291	3,675,210	3,912,062	4,254,722
(4,560,690)	(4,749,934)	(5,091,464)	(5,945,843)	(6,046,505)
(2,102,526)	(2,300,323)	(2,448,511)	(2,485,621)	(2,591,373)
(3,407,473)	(3,813,966)	(3,864,765)	(4,519,402)	(4,383,156)
1,713,791	1,794,941	1,892,474	1,997,321	2,166,059
128,533	183,905	33,282	(31,483)	143,985
-	-	1,945,753	1,276,792	25,986
-	10,140	11,520	12,740	6,600
(210,108)	(330,132)	(8,538)	(2,028)	(197,404)
-	-	(500,000)	-	-
-	-	-	-	(166,218)
-	-	-	-	(39,288)
2,611,263	-	-	-	1,141,941
(192)	-	5,150	-	-
4,243,287	1,658,854	3,379,641	3,253,342	3,081,661
835,814	(2,155,112)	(485,124)	(1,266,060)	(1,301,495)
2,223,601	1,004,186	763,911	2,015,936	2,754,389
3,059,415	(1,150,926)	278,787	749,876	1,452,894
31,134,708	31,254,843	29,665,309	29,507,985	30,649,775
5,573,255	5,081,682	1,558,854	1,144,471	1,535,237
408,128	(371,360)	5,063,532	6,385,115	6,305,453
37,116,091	35,965,165	36,287,695	37,037,571	38,490,465



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
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	352,027	1,472,697	-	*	7,621	3,236,291
2021		183,952	682,188	629,132	318,951	1,841,187	-	*	19,800	3,675,210
2022		157,826	710,459	614,392	344,778	2,050,642	-	*	33,965	3,912,062
2023		140,526	781,272	635,291	386,165	2,296,969	-	*	14,499	4,254,722



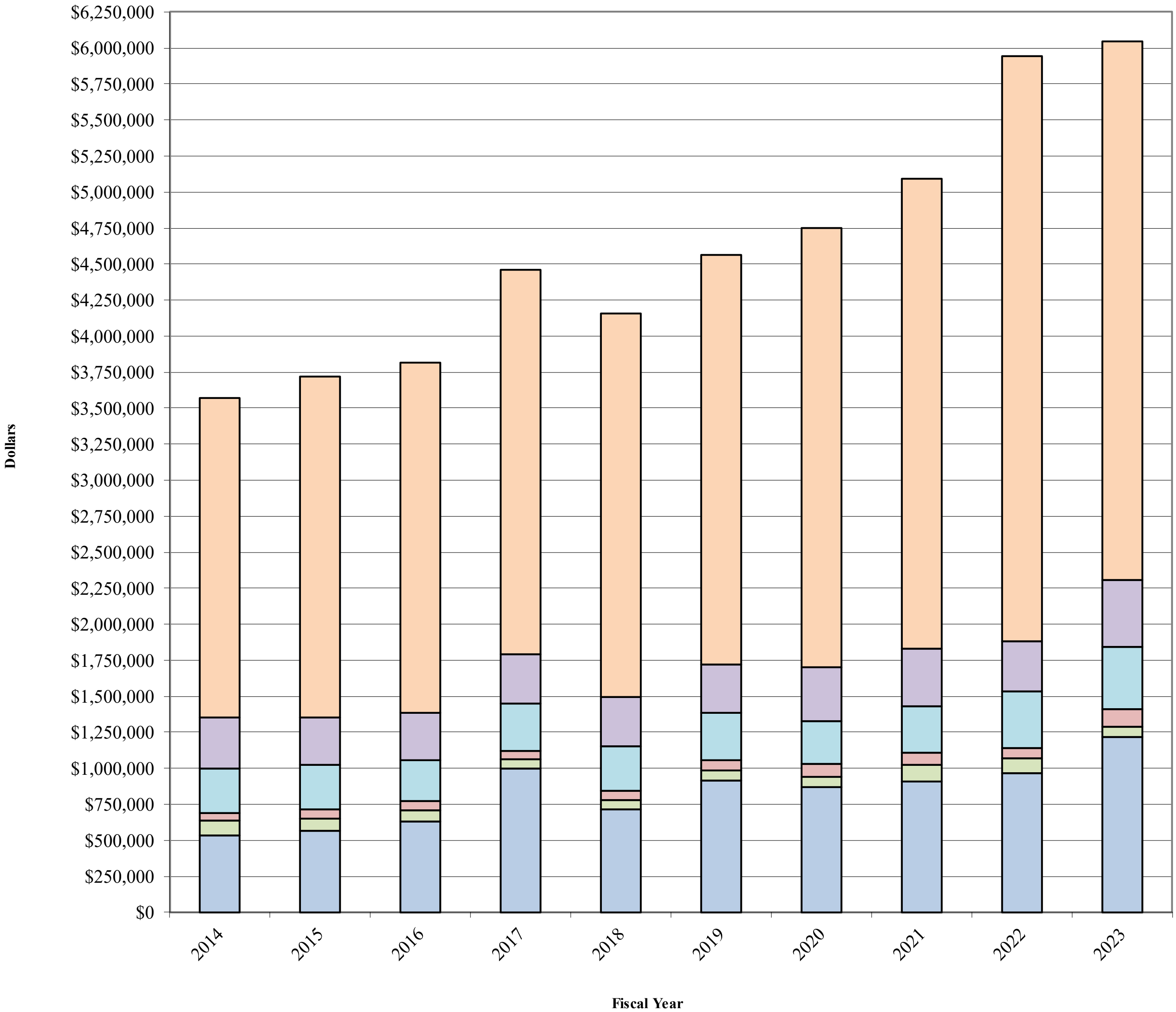
Note:
* Operating grant revenue is reported with Non-Operating Revenue (Expenses).

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
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
2021		909,124	114,715	82,643	325,866	396,424	3,262,692	5,091,464
2022		967,458	98,853	75,199	391,616	345,734	4,066,983	5,945,843
2023		1,215,426	76,108	118,169	436,092	458,042	3,742,668	6,046,505

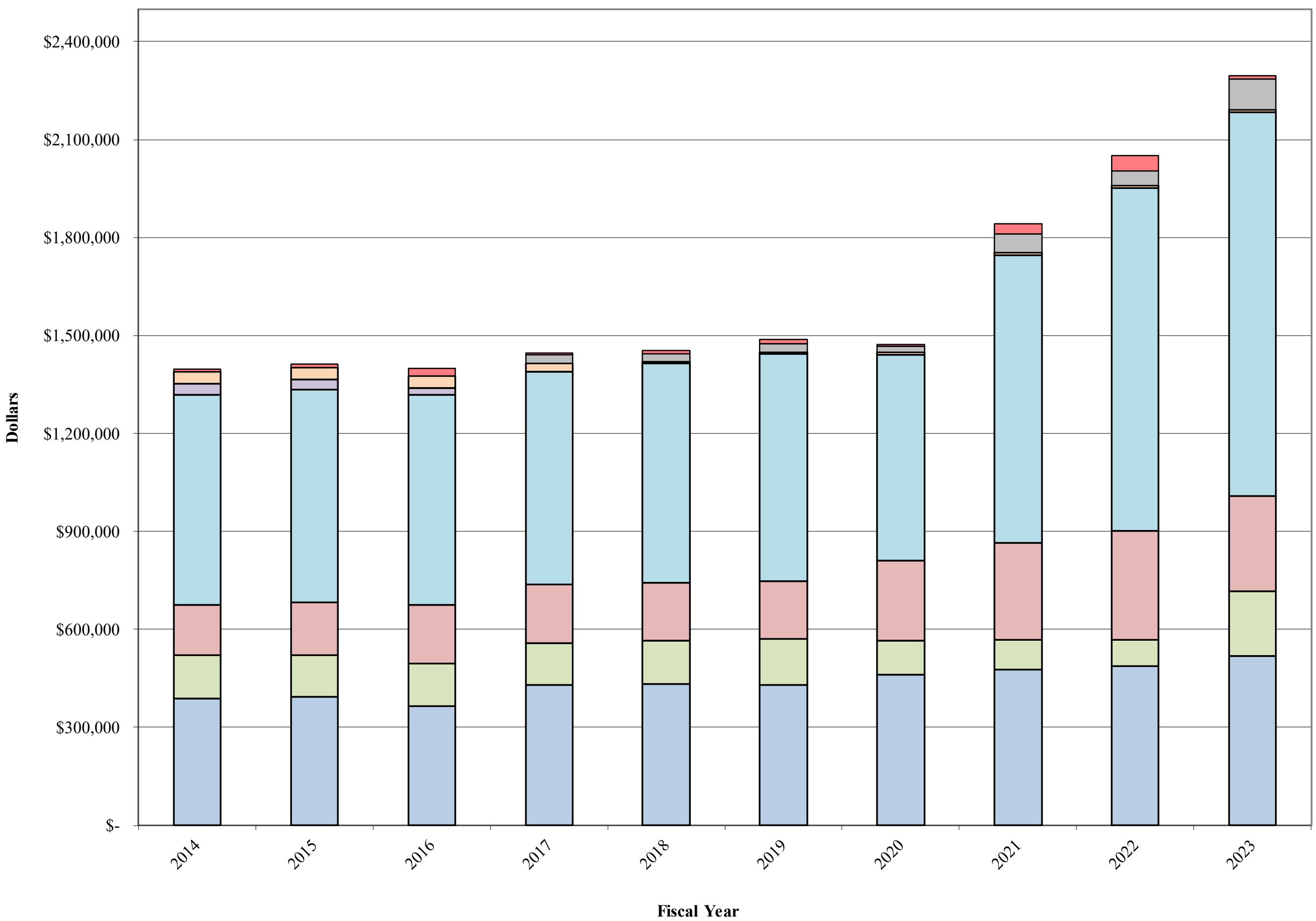


Source: Santa Maria Public Airport District - Finance Department

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	Cellular Land Lease	Other Revenue Generating Land	Total Land Usage Revenue
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	103,285	245,369	630,718	-	7,777	16,404	6,564	1,472,697
2021	476,495	92,212	295,293	882,402	-	7,379	58,096	29,310	1,841,187
2022	487,320	81,066	334,014	1,049,856	-	6,982	45,362	46,042	2,050,642
2023	519,220	198,564	291,108	1,175,119	-	7,885	92,846	12,227	2,296,969

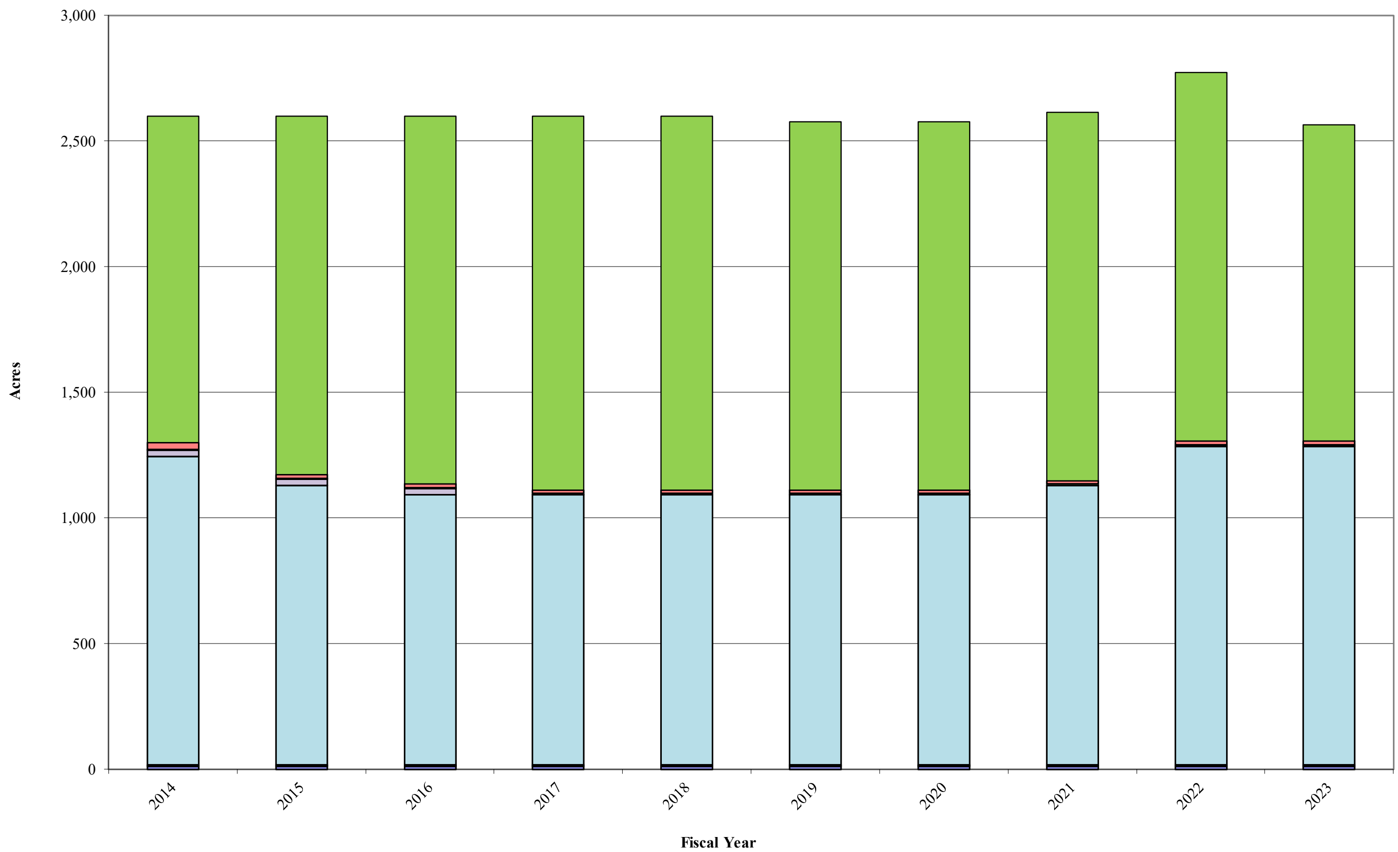


Source: Santa Maria Public Airport District - Finance Department

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
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
2021	10	3	5	1,111	-	4	1	14	1,466	2,614
2022	10	3	5	1,268	-	4	1	14	1,466	2,771
2023	10	3	5	1,268	-	4	1	14	1,260	2,565



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[1]
Last Ten Fiscal Years

Schedule 6

Land Use	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Mobile Home Park	38,942	39,297	36,596	42,922	43,145	43,110	46,258	47,650	48,732	51,922
Business Park	44,096	42,900	42,900	42,900	44,753	46,400	34,428	30,737	27,022	66,188
Hotel	30,843	32,116	36,226	36,039	35,365	35,628	49,074	59,059	66,803	58,222
Agricultural	524	586	597	606	625	647	587	794	828	927
Recreation – Golf Course	1,364	1,351	901	-	-	-	-	-	-	-
Recreation – Karting	9,147	9,147	9,147	6,648	1,700	1,650	1,944	1,845	1,746	1,971
Verizon Land Lease	-	-	-	-	-	-	-	-	-	92,846
Other Land	289	665	1,674	325	570	10	469	2,094	31	873

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	Land Leased (Acres)	Percentage of Total Land	Land Leased (Acres)	Percentage of Total Land
Gresser	Agricultural	607.00	46.48%	449.20	34.40%
Village Mobile Home Park	Mobile Home Park	10.00	0.77%	10.00	0.77%
Commercial Land – Hotel	Hotel	5.19	0.40%	5.19	0.40%
C J J Farming dba Better Produce (previously Castellanos)	Agricultural	339.57	26.00%	114.30	8.75%
Airport Business Park	Business Park	2.98	0.23%	2.98	0.23%
Terminal – TSA	Other Land	0.03	0.00%	0.03	0.00%
Terminal Consessions – Avis	Other Land	0.08 [1]	0.01%	0.08 [1]	0.01%
Corporate Hangar FBO 3409 Corsair	Other Land	0.47	0.04%	-	0.00%
Corporate Hangars 3105 Airpark	Other Land	0.11	0.01%	-	0.00%
Terminal Consessions – Hertz	Other Land	-	0.00%	0.08 [1]	0.01%
Corporate Hangar 3043 Airpark	Other Land	0.01	0.00%	-	0.00%
Corporate Hangar FBO 3940 Mitchell	Other Land	-	0.00%	0.13	0.01%
Corporate Hangar 3029 Airpark	Other Land	-	0.00%	0.07	0.01%
Terminal Restaurant	Other Land	-	0.00%	0.14	0.01%
Total attributable to ten largest lease holders		965.44	73.92%	582.20	44.58%
Total land leased		1,306	100.00%	1,306	100.00%

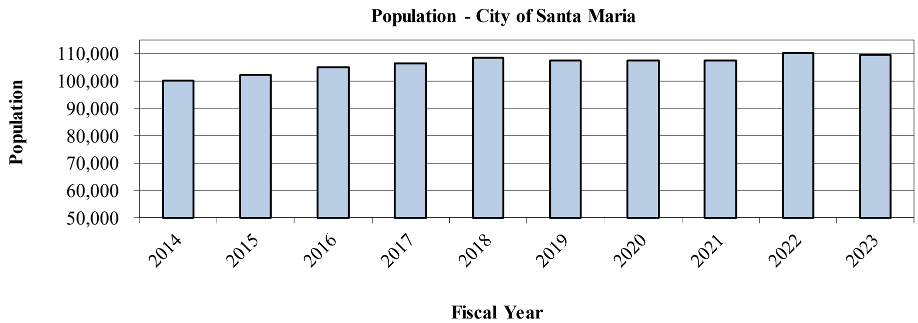
Note:
[1] Reported as acreage is equal.

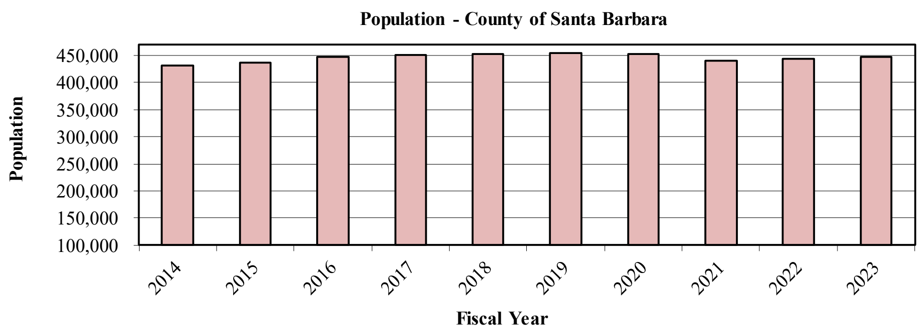
Source: Santa Maria Public Airport District – Finance Department

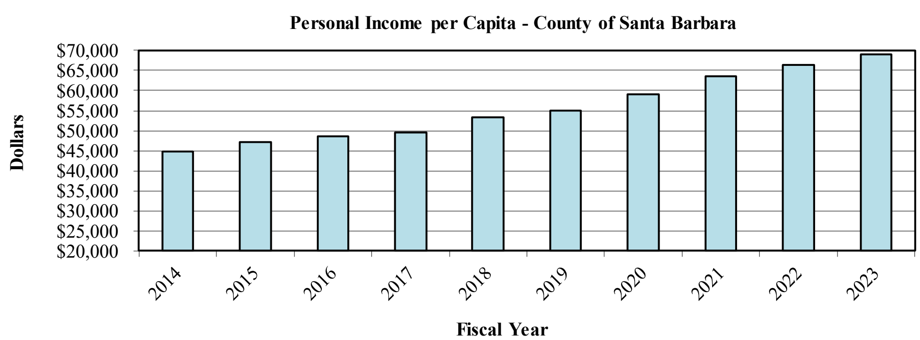
Santa Maria Public Airport District
Demographics and Economics Statistics
Last Ten Fiscal Years

Schedule 8

Year	City of Santa Maria Population[(1)]	County of San Barbara[(2)] Unemployment Rate	Population	Personal Income (thousands of dollars)	Personal Income per Capita
2014	100,222	5.4%	431,000	$ 19,300,000	$ 44,780
2015	102,087	4.7%	437,000	20,600,000	47,140
2016	105,093	4.9%	447,000	21,700,000	48,546
2017	106,280	4.3%	451,000	22,300,000	49,446
2018	108,470	3.9%	453,000	24,200,000	53,422
2019	107,356	3.9%	455,000	25,000,000	54,945
2020	107,407	4.4%	452,000	26,700,000	59,071
2021	107,445	5.9%	441,000	28,000,000	63,492
2022	110,125	4.0%	443,837	29,500,000	66,466
2023	109,477	4.1%	448,230	30,900,000 [(3)]	68,938







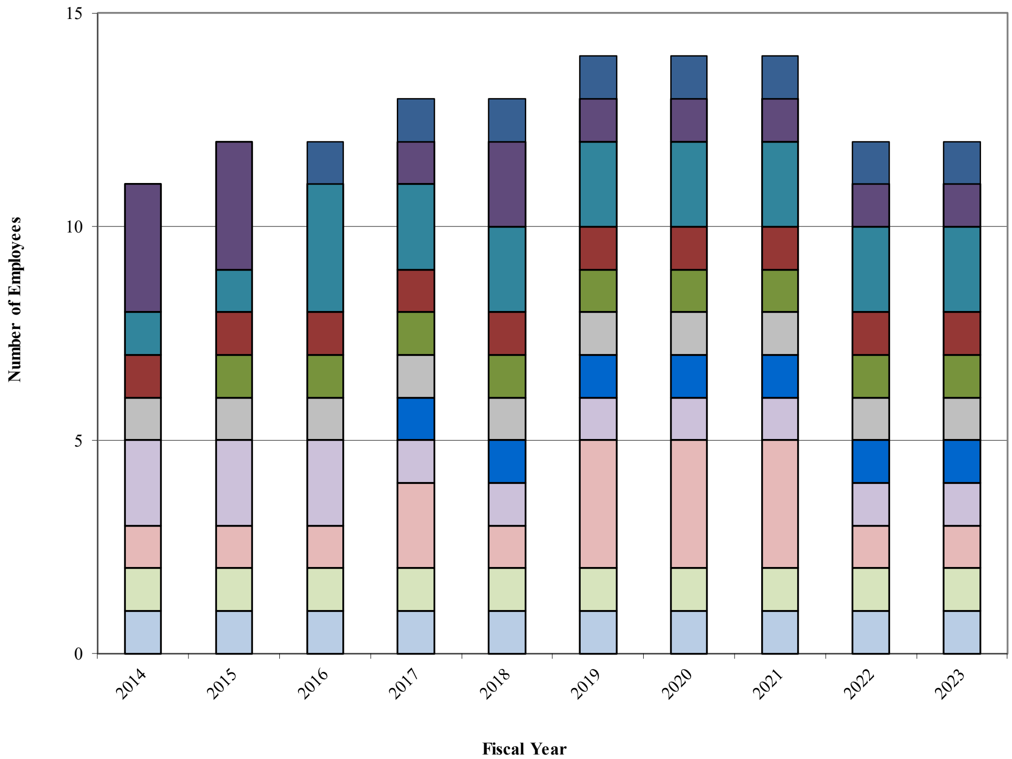
Sources: California Department of Finance and California Labor Market Info

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.
(3) Estimated, as 2023 data was not readily available.

Santa Maria Public Airport District
District Employees
Last Ten Fiscal Years

Schedule 9

Position	Fiscal Year 2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Manager	1	1	1	1	1	1	1	1	1	1
Mgr. of Finance & Admin	1	1	1	1	1	1	1	1	1	1
Accounting Clerk	1	1	1	2	1	3	3	3	1	1
Administrative Secretary	2	2	2	1	1	1	1	1	1	1
Secretary Receptionist	-	-	-	1	1	1	1	1	1	1
Mgr. of Maint. & Ops.	1	1	1	1	1	1	1	1	1	1
Operations Supervisor	-	-	-	-	-	-	-	-	-	-
Operations Officer	-	1	1	1	1	1	1	1	1	1
Maintenance Supervisor	1	1	1	1	1	1	1	1	1	1
Maintenance Worker I	1	1	3	2	2	2	2	2	2	2
Maintenance Worker II	3	3	-	1	2	1	1	1	1	1
Maintenance Worker III	-	-	1	1	1	1	1	1	1	1
	11	12	12	13	13	14	14	14	12	12



Source: Santa Maria Public Airport District - Finance Department

Santa Maria Public Airport District
Operational Information

Schedule 10

Location:	3 miles south of downtown Santa Maria, California	
Land Area:	2,565 acres	
Elevation:	261 feet	
Airport Code:	SMX	
Runways:	12/30	8,004 x 150 ft., paved, lighted
	2/20	5,130 x 75 ft., paved
Tower:	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

Flight Tower - Tracking of Flight Operations During Each Period													
	July	August	September	October	November	December	January	February	March	April	May	June	Totals
2014	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
2015	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
2016	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
2017	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
2018	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
2019	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
2020	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
2021	3,010	3,184	2,815	2,894	2,571	2,577	2,532	2,445	2,709	2,791	2,926	3,262	33,716
2022	3,077	3,086	2,943	3,010	2,729	1,942	2,661	2,844	2,472	2,718	2,822	3,290	33,594
2023	2,798	3,307	2,874	2,764	3,079	2,639	2,757	2,853	2,132	2,819	2,480	2,404	32,906
Average	3,340	3,503	3,237	3,172	3,060	2,780	2,738	2,781	2,837	2,892	2,971	3,258	36,568

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

Flight Tower - Tracking of Flight Landings During Each Period													
	July	August	September	October	November	December	January	February	March	April	May	June	Totals
2014	318	317	295	303	267	284	289	257	291	295	339	311	3,566
2015	354	301	282	322	323	216	248	222	243	240	169	152	3,072
2016	175	229	174	208	156	188	155	151	173	164	180	483	2,436
2017	373	505	431	199	213	231	273	197	199	164	173	206	3,164
2018	548	200	222	195	172	325	115	109	123	109	132	126	2,376
2019	138	181	133	106	159	137	139	127	140	133	145	141	1,679
2020	153	147	131	153	236	145	138	132	134	125	130	138	1,762
2021	142	126	123	126	110	145	101	92	109	107	97	97	1,375
2022	163	161	156	255	118	143	115	100	128	113	122	112	1,686
2023	107	117	108	101	110	122	102	101	114	104	106	107	1,299
Average	247	228	206	197	186	194	168	149	165	155	159	187	2,242

Source: Santa Maria Public Airport District - Finance Department

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

Schedule 13

	Enplaned and Deplaned Passengers During Each Period												
	July	August	September	October	November	December	January	February	March	April	May	June	Totals
2014	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
2015	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
2016	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
2017	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
2018	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
2019	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
2020	4,858	4,471	4,348	4,196	4,356	4,057	3,556	3,005	1,461	-	387	1,075	35,770
2021	1,075	1,847	1,090	2,121	2,289	1,726	1,783	1,839	2,297	3,805	4,838	6,944	31,654
2022	7,732	6,059	4,272	4,294	5,425	4,138	2,618	1,443	4,646	4,020	1,670	1,742	48,059
2023	2,577	2,119	2,395	2,038	2,846	2,631	1,797	1,782	2,219	2,256	1,854	2,875	27,389
Average	7,017	5,958	5,097	5,075	5,101	4,856	4,160	3,566	4,363	4,362	4,448	5,711	59,713

Source: Santa Maria Public Airport District - Finance Department

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

Schedule 14

	Gross Revenue Car Rental Agencies During Each Period												
	July	August	September	October	November	December	January	February	March	April	May	June	Totals
2014	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
2015	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
2016	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
2017	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
2018	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
2019	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
2020	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
2021	154,514	166,665	120,106	105,845	101,856	89,786	73,822	78,136	104,132	122,173	145,179	182,862	1,445,074
2022	189,523	183,189	152,527	140,236	144,956	132,624	109,065	107,235	119,702	143,278	162,452	139,069	1,723,856
2023	172,176	190,851	162,499	163,521	168,440	176,854	122,939	146,258	148,400	153,603	174,232	223,032	2,002,805
Average	223,503	217,288	182,160	180,498	170,217	176,285	149,032	149,332	165,426	163,385	180,175	195,648	2,152,949

Source: Santa Maria Public Airport District - Finance Department

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

Schedule 15

	Fuel Flowage Reports in Gallons During Each Period												
	July	**August**	**September**	**October**	**November**	**December**	**January**	**February**	**March**	**April**	**May**	**June**	**Totals**
2014	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
2015	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
2016	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
2017	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
2018	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
2019	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
2020	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
2021	177,639	231,831	233,974	64,233	56,456	55,776	40,547	57,006	47,572	47,870	71,667	118,262	1,202,833
2022	104,657	161,224	137,368	199,816	67,193	57,254	73,265	41,631	65,946	82,189	80,997	113,343	1,184,883
2023	99,815	102,992	188,149	161,469	139,029	171,983	48,599	88,601	47,682	174,052	95,762	143,546	1,461,679
Average	149,059	130,900	154,702	103,358	80,351	89,045	56,511	71,826	57,292	62,809	75,912	129,609	1,161,373

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	Fiscal Year 2021*			Fiscal Year 2012*		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
#Vandenberg Airforce Base	3047	1	6.25%	4300	1	8.75%
CommonSpirit Health	2170	2	4.45%	1450	3	2.95%
Santa Maria-Bonita School District	2050	3	4.20%	1400	2	2.85%
Allan Hancock College	950	5	1.95%	890	4	1.81%
Santa Maria Joint Union High School District	880	4	1.80%	871	5	1.77%
Community Health Centers	810	6	1.66%			
Windset Farms	750	7	1.54%			
Various Federal Agencies	674	8	1.38%			
City of Santa Maria	648	9	1.33%	622	6	1.27%
Safran Aerospace	622	10	1.28%	491	8	1.00%
Wal-Mart (3 locations)	440	11	0.90%			
Agro-Jal Farms						
Betteravia Farms				533	7	1.08%
Den-Mat Corporation				361	9	0.73%
Vocational Training Center				340	10	0.69%
Total	**13,041**		**26.74%**	**11,258**		**22.90%**

Note:
* Only 2021 data was avaliable at time of District ACFR 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 condu

Source - City of Santa Maria - Annual Comprehesive Financial Report 2021

Report on Compliance and Internal Controls

C.J. Brown & Company CPAs
An Accountancy Corporation

Christopher J. Brown, CPA, CGMA
Jonathan Abadesco, CPA
Jeffrey Palmer

Cypress Office:
10805 Holder Street, Suite 150
Cypress, California 90630
(657) 214-2307

Riverside Office:
5051 Canyon Crest Drive, Suite 203
Riverside, California 92507
(657) 214-2307

Independent Auditor's Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on Audits 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, 2023 and 2022, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Project's basic financial statements and have issued our report thereon dated February 8, 2024.

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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. For the year ended June 30, 2023, we identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2023-001 that we consider to be a material weakness.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contract 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*, and which are described in the accompanying schedule of findings and responses.

Project's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and responses.

The Project's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

C.J. Brown & Company, CPAs

C.J. Brown & Company CPAs
Cypress, California
February 8, 2024

Santa Maria Public Airport District
Schedule of Finding and Response
For the Year Ended June 30, 2023

Finding Number	**Finding and Recommendation**
Material Weakness	
2023-001	Year-End Closing Process
Criteria	The State Controller’s Minimum Audit Requirements for California Special Districts require an annual audit is required by a public accounting firm. A primary component of this requirement is that the auditor is independent and not part of management’s decision making or controls. As part of annual engagement communication, the auditor assumes prior to the start of our audit fieldwork: that accounts have been properly reconciled, that prepared year-end schedules and accounting records are accurate, and that the accounts and records have been reviewed by a member of management with suitable skill, knowledge, and experience.
Condition	During our audit, we noted that grant revenue in the prior period was not properly recognized as contribution revenue when the District’s grant expenditures were incurred. This is due to the lack of a process to track grant expenditures to grant receipts with proper year-end cutoff. As a result, prior period adjustments were recorded to properly recognize the grant award in the 2023, 2022, and 2021 reporting periods. In addition, our analysis revealed that the District’s capital assets and accounts payable balances were understated in 2023, 2022, and 2021 as a result.
Cause	The District’s year-end closing processes and controls did not reasonably ensure that balances are properly reconciled at year-end.
Effect	The District’s financial statements contained material misstatements.
Recommendation	The District to implement year-end closing processes and controls to reasonably ensure that balances are properly reconciled at year-end.
View of Responsible Officials	Management agrees with the audit finding. The District will review and amend its existing policies and procedures to ensure effective internal controls over the preparation and review of the District’s year-end closing of its books and records.