

Reports of Independent Auditors and Financial Statements with
Required Supplementary Information

Santa Maria Cemetery District

June 30, 2025

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Moss, Levy & Hartzheim LLP

Certified Public Accountants

Report of Independent Auditors

The Board of Trustees
Santa Maria Cemetery District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Santa Maria Cemetery District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Santa Maria Cemetery District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the Santa Maria Cemetery District, as of June 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute

assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or

historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 7, 2026, on our consideration of the Santa Maria Cemetery 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* and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in cursive script that reads "Moss, Levy & Hartzheim LLP".

Santa Maria, California
May 7, 2026

Basic Financial Statements

Santa Maria Cemetery District

Statement of Net Position

June 30, 2025

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 6,635,450
Prepaid expenditures	134,014
Capital assets, net	<u>9,166,319</u>
Total assets	<u>15,935,783</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pensions	219,201
Deferred OPEB	<u>17,943</u>
Total deferred outflows of resources	<u>237,144</u>
LIABILITIES	
Accounts payable	94,446
Compensated absences, current portion	7,828
Noncurrent liabilities	
Compensated absences	7,828
OPEB liability	285,069
Net pension liability	<u>569,035</u>
Total liabilities	<u>964,206</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred pensions	68,793
Deferred OPEB	<u>15</u>
Total deferred inflows of resources	<u>68,808</u>
NET POSITION	
Net investment in capital assets	9,166,319
Restricted	
Perpetual care	3,116,504
Maintenance	964,511
Unrestricted	<u>1,892,579</u>
Total net position	<u>\$ 15,139,913</u>

See accompanying notes to basic financial statements.

Santa Maria Cemetery District

Statement of Activities

For the Year Ended June 30, 2025

		Program Revenues		Net (Expense)
	Expenses	Charges for Services	Operating Contributions and Grants	Revenue and Changes in Net Position
Governmental activities				
Cemetery	\$ 1,855,291	\$ 1,638,696	\$ —	\$ (216,595)
Total governmental activities	<u>\$ 1,855,291</u>	<u>\$ 1,638,696</u>	<u>\$ —</u>	<u>(216,595)</u>
General revenues				
Taxes:				
Secured and unsecured property taxes				1,097,362
Investment income				357,159
Intergovernmental				2,243
Rental income				<u>15,846</u>
Total general revenues				<u>1,472,610</u>
Change in net position				1,256,015
Net position, beginning of year				<u>13,883,898</u>
Net position, end of year				<u>\$ 15,139,913</u>

See accompanying notes to basic financial statements.

Santa Maria Cemetery District
 Balance Sheet – Governmental Funds
 June 30, 2025

	<u>General Fund</u>	<u>Permanent Fund</u>	<u>Total</u>
ASSETS			
ASSETS			
Cash and investments	\$ 2,554,435	\$ 4,081,015	\$ 6,635,450
Prepaid expenditures	<u>134,014</u>	<u>–</u>	<u>134,014</u>
Total assets	<u>\$ 2,688,449</u>	<u>\$ 4,081,015</u>	<u>\$ 6,769,464</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	<u>\$ 94,446</u>	<u>\$ –</u>	<u>\$ 94,446</u>
Total liabilities	<u>94,446</u>	<u>–</u>	<u>94,446</u>
FUND BALANCES			
Nonspendable			
Prepaid expenditures	134,014	–	134,014
Perpetual care	–	3,116,504	3,116,504
Restricted			
Maintenance	–	964,511	964,511
Unassigned	<u>2,459,989</u>	<u>–</u>	<u>2,459,989</u>
Total fund balances	<u>2,594,003</u>	<u>4,081,015</u>	<u>6,675,018</u>
Total liabilities and fund balances	<u>\$ 2,688,449</u>	<u>\$ 4,081,015</u>	<u>\$ 6,769,464</u>

See accompanying notes to basic financial statements.

Santa Maria Cemetery District

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2025

Total fund balances \$ 6,675,018

Amounts reported for governmental activities in the statement of net position are different because:

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including net OPEB assets, capital assets and accumulated depreciation.

Capital assets at historical cost	\$ 11,586,654	
Accumulated depreciation	<u>(2,420,335)</u>	
Net		9,166,319

Long-Term Liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Compensated absences	\$ (15,656)	
OPEB liability	(285,069)	
Net pension liability	<u>(569,035)</u>	
Total		(869,760)

Deferred outflows and inflows of resources: In governmental funds, deferred outflows and inflows of resources are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources are reported.

Deferred inflows of resources relating to pensions	\$ (68,793)	
Deferred inflows of resources relating to OPEB	(15)	
Deferred outflows of resources relating to pensions	219,201	
Deferred outflows of resources relating to OPEB	<u>17,943</u>	
Net		168,336

Total net position \$ 15,139,913

See accompanying notes to basic financial statements.

Santa Maria Cemetery District

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds For the Year Ended June 30, 2025

	General Fund	Permanent Fund	Total
REVENUES			
Property taxes	\$ 1,097,362	\$ –	\$ 1,097,362
Intergovernmental	2,243	–	2,243
Sale of burial rights	672,753	–	672,753
Charges for services	774,902	–	774,902
Investment income	173,122	184,037	357,159
Endowment care	–	172,812	172,812
Rental income	15,846	–	15,846
Miscellaneous	18,229	–	18,229
	<u>2,754,457</u>	<u>356,849</u>	<u>3,111,306</u>
Total revenues			
EXPENDITURES			
Salaries and employee benefits	901,908	–	901,908
Services and supplies	874,612	–	874,612
Capital outlay	1,018,078	–	1,018,078
	<u>2,794,598</u>	<u>–</u>	<u>2,794,598</u>
Total expenditures			
Net change in fund balances	<u>(40,141)</u>	<u>356,849</u>	<u>316,708</u>
FUND BALANCES, beginning of year	<u>2,634,144</u>	<u>3,724,166</u>	<u>6,358,310</u>
FUND BALANCES, end of year	<u>\$ 2,594,003</u>	<u>\$ 4,081,015</u>	<u>\$ 6,675,018</u>

See accompanying notes to basic financial statements.

Santa Maria Cemetery District

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in the Fund Balances to the Statement of Activities For the Year Ended June 30, 2025

Net change in fund balances \$ 316,708

Amounts reported for governmental activities in the statement of activities are different because:

Capital assets are reported in governmental funds as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which additions to capital assets of \$997,642 is less than depreciation expense of (\$178,022) in the period.

838,496

In the statement of activities, compensated absences are measured by the amounts earned during each year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount paid). This year, vacation earned was less than the amounts used by \$21,839

21,839

In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:

67,101

In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between accrual-basis OPEB costs and actual employer contributions was:

11,871

Change in net position

\$ 1,256,015

See accompanying notes to basic financial statements.

Santa Maria Cemetery District

Notes to Basic Financial Statements

June 30, 2025

Note 1 – Organization

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

Note 2 – Summary of Significant Accounting Policies

A. Reporting Entity

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

B. Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Basis of Presentation

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

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

Santa Maria Cemetery District

Notes to Basic Financial Statements

June 30, 2025

extent to which each governmental function is self-financing or draws from the general revenues of the District.

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

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

D. **Basis of Accounting**

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

Revenues – exchange and non-exchange transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Available” means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, “available” means collectible within the current period or within 60 days after fiscal year-end.

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

Unearned revenue – Unearned revenues arise when assets are received before revenue recognition criteria have been satisfied. Grants received before eligibility requirements are met are recorded as unearned revenue.

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

Santa Maria Cemetery District
Notes to Basic Financial Statements
June 30, 2025

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

E. Fund Accounting

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

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

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

F. Budgets and Budgetary Accounting

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

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

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

G. Investments

Investments are stated at fair value.

H. Prepaid Expenditures

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

I. Encumbrances

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

Santa Maria Cemetery District
Notes to Basic Financial Statements
June 30, 2025

J. Capital Assets

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

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

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

Equipment	7 to 10 years
Structures	10 to 50 years

K. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the American Institute of Certified Public Accountants, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

L. Long-term Obligations

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

M. Compensated Absences

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

Santa Maria Cemetery District

Notes to Basic Financial Statements

June 30, 2025

N. Fund Balances

Fund balance of the governmental fund is classified as follows:

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

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

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

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

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

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

O. Deferred Outflows and Inflows of Resources

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

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

Santa Maria Cemetery District

Notes to Basic Financial Statements

June 30, 2025

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the District that is applicable to a future reporting period. The District has two items which qualify for reporting in this category; refer to Note 7 and Note 8 for a detailed listing of the deferred inflows of resources the District has reported.

P. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Santa Barbara County Employees' Retirement System (SBCERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by SBCERS. 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.

Q. Other Postemployment Benefits (OPEB)

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

R. Future Accounting Pronouncements

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

Statement No. 103	"Financial Reporting Model Improvements"	The provisions of this statement are effective for years beginning after June 15, 2025.
Statement No. 104	"Disclosure of Certain Capital Assets"	The provisions of this statement are effective for years beginning after June 15, 2025.

Santa Maria Cemetery District
Notes to Basic Financial Statements
June 30, 2025

Note 3 – Cash and Investments

On June 30, 2025, the District had the following cash and investments on hand:

Cash and Investments	
Cash in bank	\$ 593,245
Imprest cash	100
Cash held with trustee	23,610
Investments held with trustee	1,937,479
Restricted cash and investments	
Cash held with trustee	54,679
Investments held with trustee	<u>4,026,337</u>
 Total cash and investments	 <u><u>\$ 6,635,450</u></u>

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

Cash and investments, statement of net position	<u>\$ 6,635,450</u>
	<u><u>\$ 6,635,450</u></u>

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

Investment Type	Fair Value	Fair Value Measurement		
		Level 1	Level 2	Level 3
Medium-term corporate notes	\$ 2,052,589	\$ –	\$ 2,052,589	\$ –
Negotiable certificates of deposit	277,405	–	277,405	–
Local agency bonds	769,325	–	769,325	–
Mutual funds	906,212	906,212	–	–
U.S. Treasury Securities	109,719	109,719	–	–
U.S. Government Guaranteed MBS/CMO				
Government National Mortgage Association	1,247,237	–	1,247,237	–
U.S. Agency Obligations				
Federal Home Loan Mortgage Corporation	228,419	–	228,419	–
Federal National Mortgage Association	<u>372,910</u>	<u>–</u>	<u>372,910</u>	<u>–</u>
 Total investments measured at fair value	 <u><u>\$ 5,963,816</u></u>	 <u><u>\$ 1,015,931</u></u>	 <u><u>\$ 4,947,885</u></u>	 <u><u>\$ –</u></u>

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

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Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 Years	None	None
U.S. Treasury Obligations	5 Years	None	None
State Obligations – CA and Others	5 Years	None	None
U.S. Agency Securities	5 Years	None	None
Bankers' Acceptances	180 Days	40%	None
Commercial Paper	270 Days	25%	\$0
Negotiable Certificates of Deposit	5 Years	30%	None
Non-negotiable Certificates of Deposit	5 Years	50%	None
Placement Services Deposits	5 Years	50%	None
Repurchase and Reserve Repurchase Agreements	92 Days	20%	None
Medium-Term Notes	5 Years	30%	None
Mutual Funds	N/A	20%	\$0
Money Market Mutual Funds	N/A	None	None
Mortgage Pass-Through Securities	N/A	20%	None
County Pooled Investment Fund	N/A	None	None
State Registered Warrants, Notes or Bonds	N/A	None	None
Notes and Bonds for other Local California Agencies	5 Years	None	None
California Cooperative Liquid Asset Securities Systems	5 Years	None	None
Local Agency Investment Fund	5 Years	None	\$75,000,000

Disclosures relating to interest rate risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

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

Investment Type	Total Fair Value	Term to Maturity			
		12 Months or Less	13 to 24 Months	25 to 60 Months	Greater than 60 Months
Medium-term corporate notes	\$ 2,052,589	\$ 783,526	\$ 207,858	\$ 1,061,205	\$ –
Negotiable certificates of deposit	277,405	–	–	205,273	72,132
Local agency bonds	769,325	554,405	214,920	–	–
Mutual funds	906,212	906,212	–	–	–
U.S. Treasury Securities	109,719	109,719	–	–	–
U.S. Government Guaranteed MBS/CMO					
Government National Mortgage Association	1,247,237	–	–	–	1,247,237
Federal Home Loan Mortgage Corporation					
U.S. Agency Obligations					
Federal Home Loan Mortgage Corporation	228,419	–	–	135,198	93,221
Federal National Mortgage Association	372,910	–	–	220,057	152,853
	<u>\$ 5,963,816</u>	<u>\$ 2,353,862</u>	<u>\$ 422,778</u>	<u>\$ 1,621,733</u>	<u>\$ 1,565,443</u>

Disclosures relating to credit risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of rating by a

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

Investment Type	Total Fair Value	Minimum Rating	Actual Ratings at Year-end				
			AA+	AA-	A+	A	Not Rated
Medium-term corporate notes	\$ 2,052,589	A	\$ 99,364	\$ 89,606	\$ 244,582	\$ 1,084,679	\$ 534,358
Negotiable certificates of deposit	277,405	N/A	-	-	-	-	277,405
Local agency bonds	769,325	N/A	50,000	537,570	152,549	29,206	-
Mutual funds	906,212	N/A	-	-	-	-	906,212
U.S. Treasury Securities	109,719	N/A	-	-	-	-	109,719
U.S. Government Guaranteed MBS/CMO							
Government National Mortgage Association	1,247,237	N/A	-	-	-	-	1,247,237
U.S. Agency Obligations							
Federal Home Loan Mortgage Corporation	228,419	N/A	228,419	-	-	-	-
Federal National Mortgage Association	372,910	N/A	372,910	-	-	-	-
	<u>\$ 5,963,816</u>		<u>\$ 750,693</u>	<u>\$ 627,176</u>	<u>\$ 397,131</u>	<u>\$ 1,113,885</u>	<u>\$ 3,074,931</u>

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

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

As of June 30, 2025, none of the District's deposits with financial institutions in excess of depository insurance limits were held in uncollateralized accounts.

Note 4 – Property Taxes

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

Property Valuations – established by the Assessor of the County of Santa Barbara for the secured and unsecured property tax rolls; the utility property tax roll is valued by the State Board of Equalization. Under the provision of Article XIII A of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978), properties are assessed at 100% of full value. From the base assessment, subsequent annual increases in valuation are limited to a maximum of 2%.

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However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from limitations and is subject to annual reappraisal.

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

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

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

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

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

Santa Maria Cemetery District
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Note 5 – Capital Assets

Capital assets activity for the year ended June 30, 2025 was as follows:

	Beginning July 1, 2024	Additions	Deletions	Ending June 30, 2025
Capital assets not subject to depreciation				
Land	\$ 4,442,432	\$ –	\$ –	\$ 4,442,432
Construction in progress	112,609	959,768	–	1,072,377
Total capital assets not subject to depreciation	<u>4,555,041</u>	<u>959,768</u>	<u>–</u>	<u>5,514,809</u>
Capital assets subject to depreciation				
Structures and improvements	5,374,806	–	–	5,374,806
Furniture and equipment	638,729	58,310	–	697,039
Total capital assets subject to depreciation	<u>6,013,535</u>	<u>58,310</u>	<u>–</u>	<u>6,071,845</u>
Less accumulated depreciation for				
Structures and improvements	1,767,967	151,090	–	1,919,057
Furniture and equipment	472,786	28,492	–	501,278
Total accumulated depreciation	<u>2,240,753</u>	<u>179,582</u>	<u>–</u>	<u>2,420,335</u>
Total capital assets subject to depreciation, net	<u>3,772,782</u>	<u>(121,272)</u>	<u>–</u>	<u>3,651,510</u>
Total capital assets, net	<u>\$ 8,327,823</u>	<u>\$ 838,496</u>	<u>\$ –</u>	<u>\$ 9,166,319</u>

Note 6 – Long-term Liabilities

The following is a summary of long-term liability activity for the year ended June 30, 2025:

	Beginning July 1, 2024	Additions	Deletions	Ending June 30, 2025	Due Within One Year
Governmental Activities					
Compensated absences	\$ 37,495	\$ –	\$ 21,839	\$ 15,656	\$ 7,828
OPEB liability	296,219	–	11,150	285,069	–
Net pension liability	675,059	–	106,024	569,035	–
	<u>\$ 1,008,773</u>	<u>\$ –</u>	<u>\$ 139,013</u>	<u>\$ 869,760</u>	<u>\$ 7,828</u>

Santa Maria Cemetery District

Notes to Basic Financial Statements

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Note 7 – Pension Plan

A. General Information about the Pension Plan

Plan description – The District participates in the Santa Barbara County Employees’ Retirement System (SBCERS), a cost-sharing multiple-employer defined benefit pension plan administered by Santa Barbara County. SBCERS was established on January 1, 1944, under the provisions of the County Employees Retirement Law of 1937 (CERL). On April 28, 1994, the District’s Board of Directors adopted Resolution No. 1984-01, authorizing participation in SBCERS.

SBCERS administers six pension plans for County and participating employers. Following the enactment of the California Public Employees’ Pension Reform Act of 2013 (PEPRA), the County established Plan 8, which includes separate benefit tiers for safety and general members. Effective January 1, 2013, Plan 8 is the only pension plan available to employees newly hired into SBCERS-covered positions. PEPRA introduced several statewide reforms applicable to new members, including higher minimum retirement ages, increased required member contribution rates, and the exclusion of certain forms of compensation from pensionable earnings. Additionally, PEPRA limits pensionable compensation to an amount aligned with the Social Security taxable wage base. These statutory changes are expected to reduce the long-term pension costs for the District.

The District’s employees are enrolled in General Plan 5A (applicable to employees hired prior to June 25, 2012) or General Plan 8 (for employees hired on or after January 1, 2013). Both plans provide retirement, disability, and death benefits based on age, years of service, final average salary (typically the highest 12 consecutive months), and the benefit options selected. Cost-of-living adjustments (COLAs) after retirement are provided in accordance with plan provisions.

Fiduciary responsibility – SBCERS is governed by its own Retirement Board, which acts as a fiduciary agent responsible for the administration of member and employer contributions, investment management, and benefit disbursement. SBCERS issues a publicly available Annual Comprehensive Financial Report (ACFR), which includes financial statements, note disclosures, and required supplementary information related to the pension plan. The report is available at www.sbcers.org or by contacting SBCERS at 3916 State Street, Suite 210, Santa Barbara, CA 93105.

Benefits provided – Pension benefits are provided in accordance with CERL and plan provisions upon retirement, disability, or death. Retirement benefits are calculated based on years of service, final average compensation, and age at retirement. Employees must accrue at least five years of service credit to become vested. Non-vested employees who terminate employment may withdraw their accumulated contributions with accrued interest. Vested employees who terminate service may elect to leave their contributions on deposit to apply for a deferred retirement. Differences between expected or actual experience for vested and non-vested benefits may result in an increase or decrease to pension expense and net pension liability.

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

Disability benefits for service-connected incidents are based on final average compensation or the regular retirement allowance, if eligible. Non-service-connected disability benefits are calculated based on either years of service and final average compensation or the regular retirement benefit, depending on eligibility. Death benefits vary based on retirement status and other plan factors.

Santa Maria Cemetery District

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Annual COLAs are provided to eligible retirees each April. The adjustment is based on the change in the Bureau of Labor Statistics Consumer Price Index for All Urban Consumers (CPI-U) in the Los Angeles-Riverside-Orange County area as of the prior January 1. The amount of the COLA is subject to a maximum limit, as specified in the provisions of each plan. Additional details on retirement, disability, and death benefit formulas, as well as COLA limitations, are available in the SBCERS ACFR.

The plans' provisions and benefits in effect at June 30, 2025, are summarized as follows:

Hire Date	General Plan 5A	PEPRA Plan 8
	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 57	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-62	52-67
Monthly benefits, as a % of eligible compensation	0.6681% to 1.3093%	0.0100% to 0.0250%
Required employee contribution rates	3.02% - 6.12%	8.48% - 9.20%
Required employer contribution rates	36.72%	31.33% - 32.05%

Contributions – Pursuant to Article XVI of the Constitution of the State of California and the provisions of CERL, contribution requirements for active employees and participating employers are established and may be amended by the SBCERS Board of Retirement. Employee contributions are required as a percentage of annual compensation and vary by tier and benefit formula. The District's contractually required employer contribution rates for the years ended June 30, 2025, were actuarially determined as a percentage of annual payroll. These rates are intended to fund the cost of benefits earned during the year, when combined with employee contributions. Additional amounts necessary to fund any unfunded actuarial accrued liability are the responsibility of the participating employers. Contributions to the pension plan from the District were \$154,015 for the year ended June 30, 2025. Active members are defined as employees who are currently accruing service credit and/or making contributions to the plan.

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

At June 30, 2025, the District reported a liability of \$569,035 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023, rolled forward to June 30, 2024, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, actuarially determined.

The District's proportionate share of net pension liability for the plan as of June 30, 2025 was as follows:

Proportion - June 30, 2023	0.0885%
Proportion - June 30, 2024	<u>0.0847%</u>
Change - Decrease	<u><u>-0.0038%</u></u>

Santa Maria Cemetery District
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For the year ended June 30, 2025, the District recognized pension expense of \$101,438. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits.

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 154,015	\$ —
Differences between expected and actual experience	25,585	2,511
Changes in assumptions	35,617	—
Net difference between projected and actual earnings on retirement plan investments	—	25,613
Adjustment due to differences in proportions	2,981	39,346
Difference in actual contributions and proportionate share of contributions	<u>1,003</u>	<u>1,323</u>
	<u>\$ 219,201</u>	<u>\$ 68,793</u>

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner. \$154,015 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026.

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

<u>Year ending June 30,</u>	<u>Amount</u>
2026	\$ (36,755)
2027	53,523
2028	(10,735)
2029	<u>(9,640)</u>
	<u>\$ (3,607)</u>

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Actuarial assumptions – The total pension liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions. Total pension liability represents the portion of the actuarial present value of projected benefit payments attributable to past periods of service for current and inactive employees.

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation Rate	3.00%
Investment Rate of Return	7.00% net of investment expense
Salary Increases	3.30% plus merit component
COLA Increases:	
Basic COLA	2.75%
Post-Retirement COLA	2.90%
Post-Retirement Mortality Rates	Sex-distinct Public 2010 Above-Median Income and sex distinct Public Safety 2010 Health Annuity Tables, with generational mortality improvements projected from 2010 using Projections Scale MP-2019 without adjustments

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Expected Real Rate of Return
Emerging Markets Equity	7.00%	8.75%
Developed Market Non-U.S. Equity	11.00%	6.00%
Private Equity	10.00%	7.50%
Broad U.S. Equity	19.00%	4.30%
Core Fixed Income	17.00%	1.50%
Custom Non-Core Fixed Income	11.00%	4.35%
Custom Real Return	15.00%	4.18%
Custom Real Estate	10.00%	4.04%
	<u>100%</u>	

Discount rate – The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the District will be made at contractually

Santa Maria Cemetery District

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required rates, actuarially determined. Based on those assumptions, the pension fund's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. In theory, the discount rate may differ from the long-term expected rate of return discussed previously. However, based on the projected availability of the pension fund's fiduciary net position, the discount rate is equal to the long-term expected rate of return on pension plan investments and was applied to all period of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate –

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

	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension plan liability	\$ 1,158,039	\$ 569,035	\$ 85,460

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

C. Payable to the Pension Plan

At June 30, 2025, the District had no amount outstanding for contributions to the pension plan required for the year ended June 30, 2025.

Note 8 – Post Employment Benefits Other Than Pensions (OPEB)

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

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

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

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

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

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

Employees covered – As of June 30, 2023, the actuarial valuation date, the following current and former employees were covered by the benefit terms under the District’s Plan:

Active employees	2
Inactive employees or beneficiaries currently receiving benefits	<u>10</u>
	<u><u>12</u></u>

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

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Notes to Basic Financial Statements

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Actuarial methods and assumptions – The total OPEB liability measured as of June 30, 2024 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3% plus an additional longevity and promotion increase compounded based on years of service
Discount rate	3.93%
Inflation	2.75%
Expected investment return	7.00%
Healthcare cost trend rates	The Healthcare Cost Trend Rate is not applicable because the total cost of health benefits is not valued. Only the monthly benefit provided is valued using the assumption that no future increase will be granted to the amount
Future retiree plan election	60% - monthly subsidy of \$15 per year of service; 40% - \$4 cash benefit option
Mortality rates	<p><u>Healthy Lives</u> - based on sex distinct Public General 2010 and Public Safety 2010 Above-Median Income Employee Mortality Tables for active General and Safety members, respectively, with generational mortality improvements projected from 2010 using 80% of Projection Scale MP-2020, without adjustment. Safety active members are also subject to the 2021 CalPERS Preretirement Industrial Mortality Table for duty-related deaths, with generational improvements projected from 2017 using 80% of Projection Scale MP-2020. For healthy retirees, General annuitant rates use the Public General 2010 Above-Median Income Retiree Mortality Table and Safety annuitant rates use the Public Safety 2010 Above-Median Income Retiree Mortality Table, both with generational improvements projected from 2010 using 80% of Projection Scale MP-2020.</p> <p><u>Disabled Lives</u> - differentiated by type of disability: duty disabilities use the 2021 CalPERS Industrial Disabled Annuitant Mortality Table, non-duty disabilities use the 2021 CalPERS Non-Industrial Disabled Annuitant Mortality Table, and General active members assumed to become disabled use a blended rate of 60% industrial and 40% non-industrial, reflecting the assumption that 60% of General disabilities are service related—all with generational improvements projected from 2017 using 80% of Projection Scale MP-2020. Mortality rates for Safety disabled retirees are based on the 2021 CalPERS Industrial Disabled Annuitant Mortality Table, with generational improvements projected from 2017 using 80% of Projection Scale MP-2020.</p>

The actuarial assumptions used in the valuation as of June 30, 2023, updated to June 30, 2024, were based on 1) the demographic assumptions determined in the actuarial experience study on July 1, 2019 – June 30, 2022 for the Pension Plan, and 2) current experience for OPEB Plan election by retirees. As the benefit for the OPEB plan is a fixed payment per year of service that is currently lower than the premiums paid for coverage, and expected to remain so into the future, no age-related costs are required to be developed.

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Notes to Basic Financial Statements
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Changes in assumptions – The discount rate increased from 3.65% to 3.93%.

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

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

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

<u>Reporting Date</u>	<u>Measurement Date</u>	<u>Municipal 20-Year High Grade Rate Index</u>	<u>Discount Rate</u>
June 30, 2024	June 30, 2023	3.65%	3.65%
June 30, 2025	June 30, 2024	3.93%	3.93%

Changes in the OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2024 (Valuation Date June 30, 2023)	\$ <u>296,219</u>
Changes recognized for the measurement period:	
Service cost	2,637
Interest	11,580
Changes in assumptions	(8,205)
Differences between expected and actual experience	1,056
Benefit payments	<u>(18,218)</u>
Net changes	<u>(11,150)</u>
Balance at June 30, 2025 (Measurement Date, June 30, 2024)	<u>\$ <u>285,069</u></u>

Santa Maria Cemetery District

Notes to Basic Financial Statements

June 30, 2025

Sensitivity of the OPEB liability to changes in the discount rate – The following presents the net OPEB asset of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2024:

	1% Decrease 2.93%	Discount Rate 3.93%	1% Increase 4.93%
Net OPEB Liability	\$ 316,210	\$ 285,069	\$ 258,609

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

OPEB expense and deferred outflows/inflows of resources related to OPEB – For the year ended June 30, 2025, the District recognized OPEB expense of \$22,204. As of year ended June 30, 2025, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions subsequent to the measurement date	\$ 17,943	\$ –
Net difference between projected and actual earnings on retirement plan investments	–	15
	<u>\$ 17,943</u>	<u>\$ 15</u>

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to the net OPEB asset to be recognized in future periods in a systematic and rational manner. \$17,943 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2026.

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

Year Ending June 30,	Amount
2026	\$ (6)
2027	(7)
2028	(2)
2029	–
2030	–
	<u>\$ (15)</u>

Santa Maria Cemetery District

Notes to Basic Financial Statements

June 30, 2025

Note 9 – Commitments and Contingencies

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

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

Required Supplementary Information

Santa Maria Cemetery District
Schedule of Proportionate Share of Net Pension Liability – Last 10 Years
As of June 30, 2025

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Proportion of the net pension liability	0.0847%	0.0885%	0.0931%	0.0939%	0.0922%
Proportionate share of the net pension liability	\$ 569,035	\$ 675,059	\$ 692,997	\$ 443,351	\$ 973,392
Covered payroll	\$ 498,374	\$ 446,276	\$ 458,785	\$ 436,041	\$ 432,128
Proportionate share of the net pension liability as percentage of covered payroll	114.18%	151.26%	151.05%	101.68%	225.26%
Plan's total pension liability	\$ 5,101,040,082	\$ 4,894,868,588	\$ 4,641,199,825	\$ 4,463,050,962	\$ 4,249,671,331
Plan's fiduciary net position	\$ 4,429,215,921	\$ 4,132,090,005	\$ 3,896,842,594	\$ 3,990,898,759	\$ 3,193,931,965
Plan fiduciary net position as a percentage of the total pension liability	86.83%	84.42%	83.96%	89.42%	75.16%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the net pension liability	0.0949%	0.0968%	0.0686%	0.0877%	0.0930%
Proportionate share of the net pension liability	\$ 809,694	\$ 836,496	\$ 803,417	\$ 737,306	\$ 676,694
Covered payroll	\$ 416,374	\$ 402,235	\$ 375,402	\$ 336,886	\$ 347,004
Proportionate share of the net pension liability as percentage of covered payroll	194.46%	207.96%	214.02%	218.86%	195.01%
Plan's total pension liability	\$ 4,051,341,557	\$ 3,866,167,644	\$ 3,742,076,485	\$ 3,395,252,229	\$ 3,260,156,781
Plan's fiduciary net position	\$ 3,198,134,055	\$ 3,002,018,510	\$ 2,801,306,795	\$ 2,554,538,523	\$ 2,532,528,974
Plan fiduciary net position as a percentage of the total pension liability	78.94%	77.65%	74.86%	75.24%	77.68%

Notes to Schedule

There were no changes in assumptions for the year ended June 30, 2025.

Santa Maria Cemetery District
Schedule of Pension Contributions – Last 10 Years
As of June 30, 2025

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contribution	\$ 154,015	\$ 143,231	\$ 137,862	\$ 147,056	\$ 135,661
Contributions in relation to the contractually required contribution	<u>154,015</u>	<u>143,231</u>	<u>137,862</u>	<u>147,056</u>	<u>135,661</u>
Contribution deficiency (excess)	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>
Covered payroll	\$ 425,620	\$ 498,374	\$ 446,276	\$ 458,785	\$ 436,041
Contributions as a percentage of covered payroll	36.19%	28.74%	30.89%	32.05%	31.11%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 133,033	\$ 132,762	\$ 125,502	\$ 107,330	\$ 102,183
Contributions in relation to the contractually required contribution	<u>133,033</u>	<u>132,762</u>	<u>125,502</u>	<u>107,330</u>	<u>102,183</u>
Contribution deficiency (excess)	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>
Covered payroll	\$ 432,128	\$ 416,374	\$ 402,235	\$ 375,402	\$ 336,886
Contributions as a percentage of covered payroll	30.79%	31.89%	31.20%	28.59%	30.33%

Notes to Schedule

There were no changes in assumptions for the year ended June 30, 2025.

Santa Maria Cemetery District

Schedule of Changes in the OPEB Liability and Related Ratios – Last 10 Years*

As of June 30, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total OPEB Liability					
Service cost	\$ 2,637	\$ 3,049	\$ 7,532	\$ 6,874	\$ 10,628
Interest on the total OPEB liability	11,580	12,703	8,736	11,695	15,571
Actual and expected experience difference	1,056	(21,047)	(9,700)	(129,514)	(5,249)
Change in assumptions	(8,205)	(18,329)	(60,531)	2,738	81,324
Net investment income	–	–	–	–	587
Benefit payments	(18,218)	(18,489)	(17,029)	(16,395)	(16,500)
Net change in total OPEB liability	<u>(11,150)</u>	<u>(42,113)</u>	<u>(70,992)</u>	<u>(124,602)</u>	<u>86,361</u>
Total OPEB liability - beginning	<u>296,219</u>	<u>338,332</u>	<u>409,324</u>	<u>533,926</u>	<u>447,565</u>
Total OPEB liability - ending	<u>\$ 285,069</u>	<u>\$ 296,219</u>	<u>\$ 338,332</u>	<u>\$ 409,324</u>	<u>\$ 533,926</u>
Covered payroll	\$ 136,185	\$ 135,799	\$ 132,641	\$ 192,128	\$ 390,769
Total OPEB liability as a % of covered payroll	209.32%	218.13%	255.07%	213.05%	136.63%
	<u>2020</u>	<u>2019</u>	<u>2018</u>		
Total OPEB Liability					
Service cost	\$ 9,369	\$ 9,670	\$ 10,190		
Interest on the total OPEB liability	16,126	15,208	13,123		
Actual and expected experience difference	(541)	(496)	–		
Change in assumptions	19,288	(14,922)	(41,535)		
Changes in benefit terms	–	–	–		
Benefit payments	(17,299)	(17,299)	(17,299)		
Net change in total OPEB liability	<u>26,943</u>	<u>(7,839)</u>	<u>(35,521)</u>		
Total OPEB liability - beginning	<u>420,622</u>	<u>428,461</u>	<u>463,982</u>		
Total OPEB liability - ending	<u>\$ 447,565</u>	<u>\$ 420,622</u>	<u>\$ 428,461</u>		
Covered payroll	\$ 386,901	\$ 383,916	\$ 343,598		
Total OPEB liability as a % of covered payroll	115.68%	109.56%	124.70%		

*Year 2018 was the first year of implementation, therefore only eight years are shown.

Notes to Schedule

Changes in assumptions – For the year ended June 30, 2025, the discount rate increased from 3.65% to 3.93%.

Santa Maria Cemetery District
Schedule of OPEB Contributions – Last 10 Years*
As of June 30, 2025

The District's contribution for the year ended June 30, 2025 was \$17,943. The District did not have an actuary calculate the Actuarially Determined Contribution for the year ended June 30, 2025, therefore the District does not need to comply with GASB 75's Required Supplementary Information requirements.

The District's contribution for the year ended June 30, 2024 was \$17,225. The District did not have an actuary calculate the Actuarially Determined Contribution for the year ended June 30, 2024, therefore the District does not need to comply with GASB 75's Required Supplementary Information requirements.

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

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

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

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

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

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

*Year 2018 was the first year of implementation, therefore only eight years are shown.

Santa Maria Cemetery District
 General Fund – Budgetary Comparison Schedule
 For the Year Ended June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 1,049,800	\$ 1,049,800	\$ 1,097,362	\$ 47,562
Charges for services	960,000	960,000	774,902	(185,098)
Sale of burial rights	705,000	705,000	672,753	(32,247)
Investment income	200,000	200,000	173,122	(26,878)
Rental income	29,000	29,000	15,846	(13,154)
Miscellaneous	5,000	5,000	18,229	13,229
Intergovernmental	3,800	3,800	2,243	(1,557)
Total revenues	<u>2,952,600</u>	<u>2,952,600</u>	<u>2,754,457</u>	<u>(198,143)</u>
EXPENDITURES				
Salaries and benefits	1,010,800	1,010,800	901,908	108,892
Services and supplies	1,039,800	1,039,800	874,612	165,188
Capital outlay	1,580,000	1,580,000	1,018,078	561,922
Total expenditures	<u>3,630,600</u>	<u>3,630,600</u>	<u>2,794,598</u>	<u>836,002</u>
Net change in fund balance	(678,000)	(678,000)	(40,141)	637,859
FUND BALANCE, beginning of year	<u>2,634,144</u>	<u>2,634,144</u>	<u>2,634,144</u>	<u>–</u>
FUND BALANCE, end of year	<u>\$ 1,956,144</u>	<u>\$ 1,956,144</u>	<u>\$ 2,594,003</u>	<u>\$ 637,859</u>



Moss, Levy & Hartzheim LLP

Certified Public Accountants

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

To the Board of Trustees
Santa Maria Cemetery District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Santa Maria Cemetery District (the “District”), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Santa Maria Cemetery District’s basic financial statements, and have issued our report thereon dated May 7, 2026

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Santa Maria Cemetery District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Santa Maria Cemetery District’s internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

A handwritten signature in black ink that reads "Moss, Levy & Hartzheim LLP". The signature is written in a cursive, flowing style.

Santa Maria, California
May 7, 2026