

Annual Financial Report

Fiscal Year Ended June 30, 2023



SBCAG

**SANTA BARBARA COUNTY
ASSOCIATION OF GOVERNMENTS**

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS

ANNUAL FINANCIAL REPORT

JUNE 30, 2023

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INDEPENDENT AUDITORS' REPORT

Santa Barbara County Association of Governments
Santa Barbara, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Santa Barbara County Association of Governments, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Santa Barbara County Association of Governments' 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, business-type activities, each major fund, and the aggregate remaining fund information of the Santa Barbara County Association of Governments, as of June 30, 2023, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Santa Barbara County Association of Governments 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 Barbara County Association of Governments' 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 Barbara County Association of Governments' 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 Barbara County Association of Governments' 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 management's discussion and analysis, the budgetary comparison information, the schedules of changes in the net OPEB liability and related ratios, the schedule of OPEB contributions, the schedule of proportionate share of net pension liability, and the schedule of pension contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2024, on our consideration of the Santa Barbara County Association of Governments' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.

Moss, Remy & Halperin LLP

Santa Maria, California
January 24, 2024

Management's Discussion and Analysis

As management of the Santa Barbara County Association of Governments (SBCAG), we offer readers of the SBCAG's financial statements this narrative overview and analysis of the financial activities of the SBCAG for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the rest of the report.

Financial Highlights

- The SBCAG's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$677,000.
- The SBCAG's net position decreased by \$10,131,196 as a result of this fiscal year's operations.
- As of the close of the current fiscal year, the SBCAG's governmental funds reported combined ending fund balances of \$28,119,667, an increase of \$19,636,312 in comparison with the prior fiscal year. Approximately 9.28% of this total amount or \$2,609,155 is available for spending at the government's discretion (Fund Balance Residual).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,609,155 or 66.8% of total General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the SBCAG's basic financial statements. The SBCAG's basic financial statements are made up of three components: (1) Government-wide Financial Statements, (2) Fund Financial Statements, and (3) Notes to Basic Financial Statements. This report also contains other supplementary information in addition to the basic financial statements and required supplementary information.

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

The *Statement of Net Position* presents information on all of the SBCAG's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the SBCAG is improving or deteriorating.

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

The government-wide financial statements can be found on pages 11-12 of this report.

Fund Financial Statements.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The SBCAG, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of SBCAG can be classified as either Governmental Funds, Proprietary Funds, or Fiduciary Funds.

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial

statements, fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The SBCAG maintains three individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Service Authority for Freeway Emergencies Fund (SAFE), and the Ordinance Number Five Highway Development Fund.

The SBCAG adopts an annual appropriated budget for its General Fund, and its two special revenue funds. Budgetary comparison statements have been provided for these three funds to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 13-16 of this report.

At June 30, 2023, SBCAG's governmental funds reported total fund balances of \$28,119,667, an increase of \$19,636,312 in comparison with the prior fiscal year's total ending fund balances. The components of total fund balance are as follows:

Restricted fund balance –\$25,510,512 is comprised of: \$505,523 in the Service Authority for Freeway Emergencies fund which represents the annual fee levied on all motor vehicles registered in Santa Barbara County for the administration, operation, and maintenance of the system of freeway call boxes installed on state highways and the operation of a freeway service patrol program and \$25,004,989 in the SBCLTA fund which is responsible for the administration of certain state and regional highway projects funded by the half percent sales and use tax approved by the electorate November 2008, known as Measure A. The specific uses of the SBCLTA funds were identified as part of the passage of the sales tax measure and cannot be used for any other purpose without board approval.

Unassigned fund balance - \$2,609,155 represents the balance of the SBCAG General Fund.

Proprietary Funds provide the same type of information as the Government-wide Financial Statements, but in more detail. The proprietary funds financial statements provide separate information for the Clean Air Express, SBCAG's commuter bus service. Proprietary funds are reported in the financial section and can be found on pages 17-19 of this report.

Fiduciary Funds are used to account for resources held for the benefit of parties outside of SBCAG. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support SBCAG's ongoing programs. Fiduciary funds are reported in the financial section and can be found on pages 20-21 of this report.

Notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 22-51 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table presents the SBCAG's net position at June 30, 2023 and June 30, 2022.

The SBCAG's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$677,000 at the close of the current fiscal year.

Overall Capital Assets experienced a decrease of \$731,791 from prior fiscal year due to normal depreciation.

During the current fiscal year, SBCAG experienced a decrease to net position of \$10,131,196. This decrease is due to several factors which both decrease and increase net position of governmental activities.

Net Position:

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets:						
Current and other assets	\$ 36,524,765	\$ 15,483,492	\$ 2,162,663	\$ 1,546,356	\$ 38,687,428	\$ 17,029,848
Long term loan receivable	1,500,000	1,500,000			1,500,000	1,500,000
Right to use asset	725,072	798,188			725,072	798,188
Capital assets	4,160,179	4,391,849	2,192,506	2,692,627	6,352,685	7,084,476
Total assets	<u>42,910,016</u>	<u>22,173,529</u>	<u>4,355,169</u>	<u>4,238,983</u>	<u>47,265,185</u>	<u>26,412,512</u>
Deferred outflows of resources:						
Deferred pensions	1,350,020	1,639,363			1,350,020	1,639,363
Deferred OPEB	227,150	210,795			227,150	210,795
	<u>1,577,170</u>	<u>1,850,158</u>			<u>1,577,170</u>	<u>1,850,158</u>
Liabilities:						
Accounts payable and accrued liabilities	9,905,098	8,500,137	307,386	144,417	10,212,484	8,644,554
Long term loan payable			1,500,000	1,500,000	1,500,000	1,500,000
Lease Payable	743,193	806,599			743,193	806,599
OPEB liabilities	1,356,413	1,462,853			1,356,413	1,462,853
Other liabilities	242,950	226,276			242,950	226,276
TIFIA loan payable	29,878,714				29,878,714	
Pension liabilities	3,796,966	2,531,680			3,796,966	2,531,680
Total liabilities	<u>45,923,334</u>	<u>13,527,545</u>	<u>1,807,386</u>	<u>1,644,417</u>	<u>47,730,720</u>	<u>15,171,962</u>
Deferred inflows of resources:						
Deferred pensions	273,008	2,199,054			273,008	2,199,054
Deferred OPEB	161,627	83,458			161,627	83,458
	<u>434,635</u>	<u>2,282,512</u>			<u>434,635</u>	<u>2,282,512</u>
Net position:						
Net Investment in capital assets	4,142,058	4,383,438	2,192,506	2,692,627	6,334,564	7,076,065
Restricted	25,510,512	6,554,319			25,510,512	6,554,319
Unrestricted	(31,523,353)	(2,724,127)	355,277	(98,061)	(31,168,076)	(2,822,188)
	<u>\$ (1,870,783)</u>	<u>\$ 8,213,630</u>	<u>\$ 2,547,783</u>	<u>\$ 2,594,566</u>	<u>\$ 677,000</u>	<u>\$ 10,808,196</u>

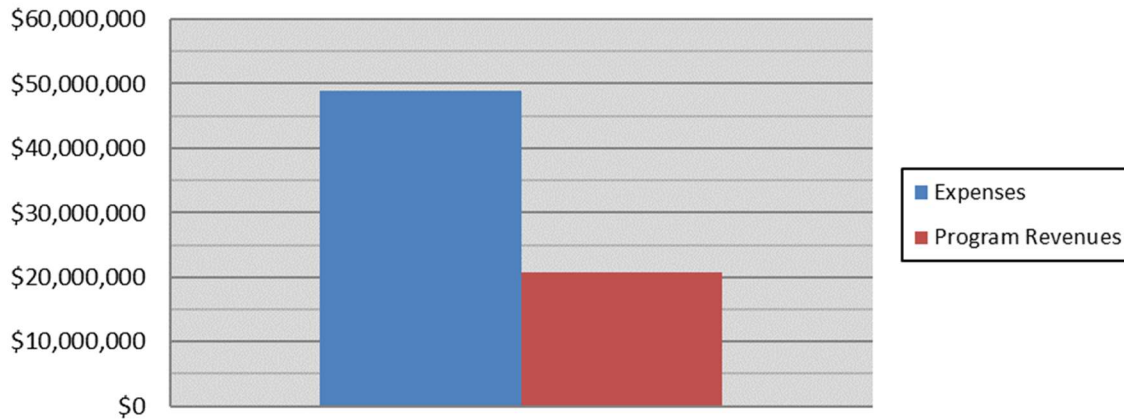
The following table demonstrates the changes in SBCAG's net position for the fiscal years ended June 30, 2023 and June 30, 2022:

Changes in Net Position:

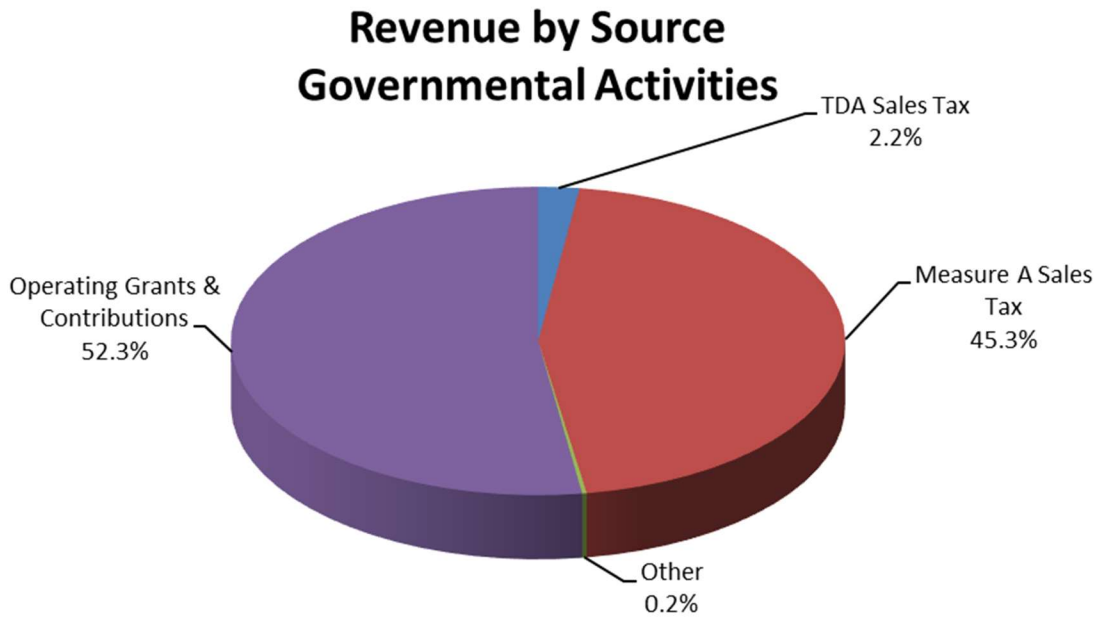
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues						
Operating grants and contributions	\$ 20,721,361	\$ 9,841,904	\$ 598,740	\$ 1,726,737	\$ 21,320,101	\$ 11,568,641
Charges for services			487,000	465,590	487,000	465,590
Capital grants and contributions				1,687,914		1,687,914
Gain from sale of equipment			224,830		224,830	
General revenues:						
TDA sales tax	856,934	873,383	270,000	180,000	1,126,934	1,053,383
Measure A sales tax	17,952,063	18,367,813	1,131,210	1,128,847	19,083,273	19,496,660
Measure A sales tax for debt service	1,446,303				1,446,303	
Investment losses	(617,642)	(314,778)	(14,192)	(8,077)	(631,834)	(322,855)
Other	93,892	66,678	30,600	4,500	124,492	71,178
Interfund transfers	(118,793)		118,793			
Total revenues	40,334,118	28,835,000	2,846,981	5,185,511	43,181,099	34,020,511
Expenses:						
General government	50,418,531	43,457,225	2,893,764	2,322,787	53,312,295	45,780,012
Total expenses	50,418,531	43,457,225	2,893,764	2,322,787	53,312,295	45,780,012
Change in net position	(10,084,413)	(14,622,225)	(46,783)	2,862,724	(10,131,196)	(11,759,501)
Net position - beginning	8,213,630	22,835,855	2,594,566	(268,158)	10,808,196	22,567,697
Net position - ending	\$ (1,870,783)	\$ 8,213,630	\$ 2,547,783	\$ 2,594,566	\$ 677,000	\$ 10,808,196

The following chart presents the cost of SBCAG's general government function as compared to program revenues. Costs not funded by program revenues are paid for with general revenues, which include Measure A and TDA sales taxes, investment earnings, and other revenue sources.

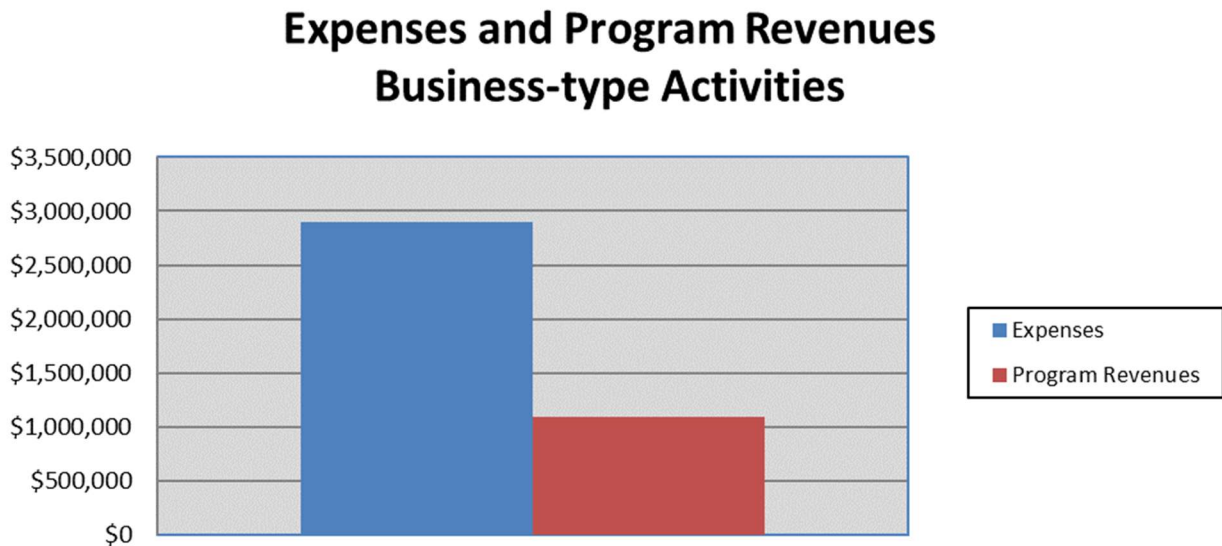
Expenses and Program Revenues Governmental Activities



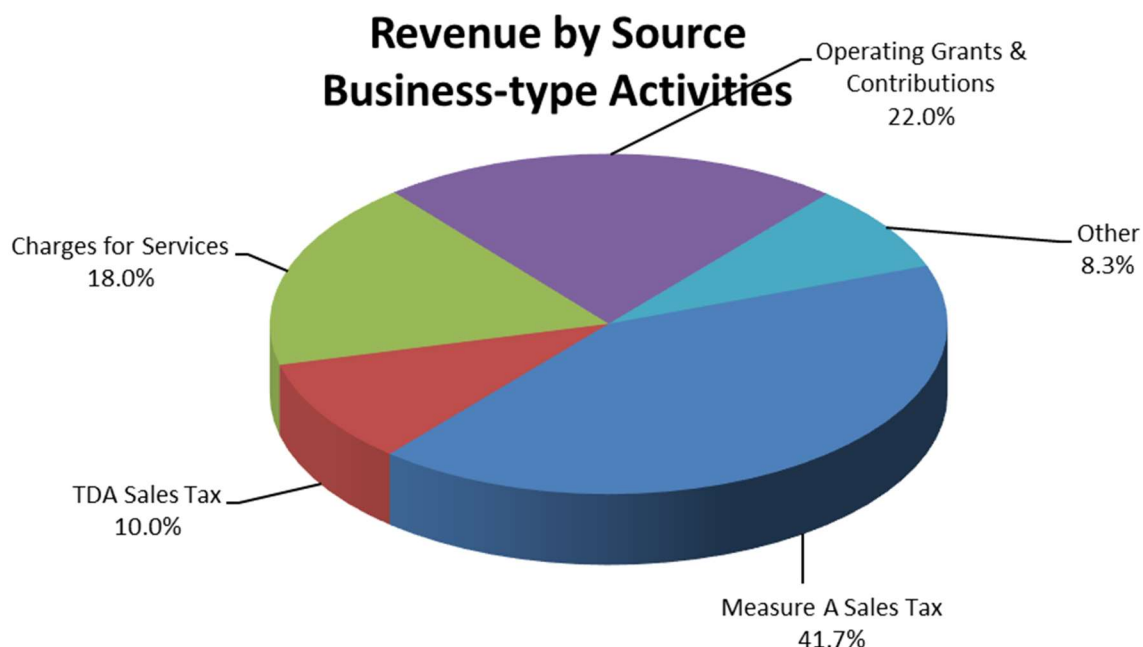
The following chart depicts SBCAG's governmental activities revenue sources. Operating grants & Contribution revenues represent the largest portion (52.3%) of resources followed by Measure A Sales tax revenues (45.3%) that flow through SBCAG.



The following chart presents the cost of SBCAG's business-type activities as compared to program revenues. Costs not funded by program revenues are paid for with general revenues, which include Measure A, investment earnings, and other revenue sources and transfers.



The following chart depicts SBCAG's business-type activities revenue sources. Measure A Sales Tax revenues represent the largest portion (41.7%) that flow through the Clean Air Express commuter bus program.



Financial Analysis of the SBCAG's Funds

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

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

As of the end of the current fiscal year, the SBCAG's governmental funds reported combined ending fund balances of \$28,119,667, an increase of \$19,636,312 in comparison with the prior fiscal year. Approximately 9.3% of this total amount or \$2,609,155 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance (\$26,050,512) is set aside and is not available for spending because it has already been restricted to future projects like those funded with Measure A, which have been previously identified.

The General Fund is the chief operating fund of the SBCAG. At the end of the current fiscal year, total fund balance reached \$2,609,155, all of which is available to spend at the governments' discretion. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Fund balance represents 67% of total General Fund expenditures.

During the current fiscal year the SBCAG's General Fund balance increased by \$680,119 as a result of normal operations.

The Service Authority for Freeway Emergencies Fund experienced a decrease of \$102,389 as a result of normal operations and operating transfers.

The Ordinance Number Five Highway Development increased by \$19,058,582 as a result of loan proceeds (\$29,878,714) for cash flow purposes and the draw on cash for the work being completed on the 101 Corridor.

General Fund Budgetary Highlights

Appropriations totaling \$137,500 were transferred into of the general fund during the fiscal year. These appropriations were to cover expenditures associated with new programs for SBCAG as directed by our board.

The General Fund expenditures were as anticipated. At the end of the fiscal year the General Fund experienced an increase to available fund balance of \$680,119.

Proprietary Fund Highlights

The enterprise fund, which includes the Clean Air Express commuter bus service, was a newly established fund in fiscal year 2018. For the year fiscal ending 2023, the total change in net position was \$(46,783), thus resulting in a total net position as of June 30, 2023 of \$2,547,783.

Capital Assets and Debt Administration

Capital Assets. The SBCAG's capital assets as of June 30, 2023, amounts to \$6,352,685 net of accumulated depreciation. This investment in capital assets includes office equipment, furniture, software, commuter buses, pool cars, highway call boxes and the acquisition of a transit facility. Capital assets experienced a decrease in SBCAG's investments in capital primarily due depreciation.

Capital Assets (net of depreciation):

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Equipment and furniture	\$ 2,201	\$ 14,265	\$ 157,309	\$ 170,588	\$ 159,510	\$ 184,853
Vehicles	293,447	337,393	2,035,197	2,522,039	2,328,644	2,859,432
Buildings	3,864,531	4,040,191			3,864,531	4,040,191
Total	<u>\$4,160,179</u>	<u>\$4,391,849</u>	<u>\$2,192,506</u>	<u>\$2,692,627</u>	<u>\$6,352,685</u>	<u>\$7,084,476</u>

Additional information on the SBCAG's capital assets can be found in Note IV.C. on page 32 of this report.

Long-term Liabilities

At the end of the current fiscal year, the SBCAG had total long-term liabilities outstanding in the amount of \$37,518,236. This amount is comprised of compensated absences of \$242,950 OPEB liabilities of \$1,356,413, net pension liabilities of \$3,796,966, Lease Payable of \$743,193, TIFIA loan payable of \$29,878,714 and an advance of Measure A revenues for Clean Air Express operations of \$1,500,000.

Additional information on the SBCAG's long-term liabilities can be found in Note IV. E, F and G. on pages 34-35 of this report.

Economic Factors and Next Fiscal Year's Budgets and Rates

The revenue and expenditure projections incorporated into the FY 2023-24 budget are based upon historical data with inflationary increases; revenue estimates for grants and sales tax revenues provided by outside agencies like the State Department of Transportation and the County Auditor's Office; and adjustments to expenditures to reflect the various stages of ongoing and new projects that the SBCAG will undertake in the coming year.

A priority of the SBCAG is to continue its longstanding policies of prudent fiscal management while ensuring long-term financial stability. The adopted budget for FY 2023-24 projects a combined increase in fund balance of \$15,869,956 which is comprised of an increase to the General fund balance of \$8,256, a decrease to the SAFE fund balance of \$7,950, an increase to the Clean Air Express fund balance of \$877,200, and a increase to the Measure A fund balance of \$14,992,450.

Requests for Information

This financial report is designed to provide a general overview of the SBCAG's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to SBCAG's Chief Financial Officer at 260 N. San Antonio Road, Suite B, Santa Barbara, CA 93110.

Basic Financial Statements

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS
Statement of Net Position
Government-wide
June 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and investments	\$ 28,151,509	\$ 1,112,124	\$ 29,263,633
Receivables	8,373,256	1,050,539	9,423,795
Internal balances	1,500,000	(1,500,000)	
Non-current assets:			
Right to Use, net of amortization	725,072		725,072
Capital assets, net of depreciation	4,160,179	2,192,506	6,352,685
Total assets	<u>42,910,016</u>	<u>2,855,169</u>	<u>45,765,185</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pensions	1,350,020		1,350,020
Deferred OPEB	227,150		227,150
Total deferred outflows of resources	<u>1,577,170</u>	<u></u>	<u>1,577,170</u>
LIABILITIES:			
Accounts payable and accrued liabilities	9,905,098	307,386	10,212,484
Compensated absences -due within one year	27,418		27,418
Lease payable-due within one year	65,334		65,334
Non-current liabilities:			
Lease Payable	677,859		677,859
Compensated absences	215,532		215,532
TIFIA loan payable	29,878,714		29,878,714
Net pension liability	3,796,966		3,796,966
Net OPEB liability	1,356,413		1,356,413
Total liabilities	<u>45,923,334</u>	<u>307,386</u>	<u>46,230,720</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pensions	273,008		273,008
Deferred OPEB	161,627		161,627
Total deferred inflows of resources	<u>434,635</u>	<u></u>	<u>434,635</u>
NET POSITION:			
Net investment in capital assets	4,142,058	2,192,506	6,334,564
Restricted for:			
Future projects	25,510,512		25,510,512
Unrestricted	(31,523,353)	355,277	(31,168,076)
Total net position	<u>\$ (1,870,783)</u>	<u>\$ 2,547,783</u>	<u>\$ 677,000</u>

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

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS
Statement of Activities
Government-wide
For the Fiscal Year Ended June 30, 2023

<u>Functions/Program</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Primary Government</u>		<u>Total</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
Governmental Activities:						
General government	\$ 50,418,531	\$ -	\$ 20,721,361	\$ (29,697,170)	\$ -	\$ (29,697,170)
Total governmental activities	<u>50,418,531</u>		<u>20,721,361</u>	<u>(29,697,170)</u>		<u>(29,697,170)</u>
Business-type activities:						
Clean Air Express	2,893,764	487,000	598,740		(1,808,024)	(1,808,024)
Total business-type activities:	<u>2,893,764</u>	<u>487,000</u>	<u>598,740</u>		<u>(1,808,024)</u>	<u>(1,808,024)</u>
Total Primary Government	<u>\$ 53,312,295</u>	<u>\$ 487,000</u>	<u>\$ 21,320,101</u>	<u>(29,697,170)</u>	<u>(1,808,024)</u>	<u>(31,505,194)</u>
		General revenues:				
				856,934	270,000	1,126,934
				17,952,063	1,131,210	19,083,273
				1,446,303		1,446,303
				(617,642)	(14,192)	(631,834)
				93,892	30,600	124,492
				(118,793)	118,793	
					224,830	224,830
			Total general revenues	<u>19,612,757</u>	<u>1,761,241</u>	<u>21,373,998</u>
			Change in net position	(10,084,413)	(46,783)	(10,131,196)
			Net position, beginning of fiscal year	8,213,630	2,594,566	10,808,196
			Net position, end of fiscal year	<u>\$ (1,870,783)</u>	<u>\$ 2,547,783</u>	<u>\$ 677,000</u>

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

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS

**Balance Sheet
Governmental Funds
June 30, 2023**

		<u>Special Revenue Funds</u>		
	<u>General Fund</u>	<u>Service Authority for Freeway Emergencies Fund</u>	<u>Ordinance Number Five Highway Development Fund</u>	<u>Total Governmental Funds</u>
ASSETS:				
Cash and investments	\$ 2,092,315	\$ 421,617	\$ 25,637,577	\$ 28,151,509
Receivables:				
Interest	8,754	2,262		11,016
Other	811			811
Due from other governments	771,405	106,382	7,483,642	8,361,429
Advances receivable			1,500,000	1,500,000
 Total assets	 <u>\$ 2,873,285</u>	 <u>\$ 530,261</u>	 <u>\$ 34,621,219</u>	 <u>\$ 38,024,765</u>
 LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts payable and accrued liabilities	264,130	24,738	9,616,230	9,905,098
 Total liabilities	 <u>264,130</u>	 <u>24,738</u>	 <u>9,616,230</u>	 <u>9,905,098</u>
 Fund balances:				
Restricted				
State and Regional Highway Projects			25,004,989	25,004,989
Callbox and Freeway Service Patrol		505,523		505,523
Unassigned	2,609,155			2,609,155
 Total fund balances	 <u>2,609,155</u>	 <u>505,523</u>	 <u>25,004,989</u>	 <u>28,119,667</u>
 Total liabilities and fund balances	 <u>\$ 2,873,285</u>	 <u>\$ 530,261</u>	 <u>\$ 34,621,219</u>	 <u>\$ 38,024,765</u>

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

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS
Reconciliation of the Balance Sheet
Governmental Funds
June 30, 2023

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances - Governmental Funds (P. 13)	\$ 28,119,667
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets at historical cost	\$ 5,395,583	
Accumulated depreciation	<u>(1,235,404)</u>	4,160,179

Right to use leased assets and accumulated amortization used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Right to use asset at historical cost	\$ 871,305	
Accumulated depreciation	<u>(146,233)</u>	725,072

Deferred outflows related to pensions and OPEB are only reported in the statement of net position

Deferred pension	\$ 1,350,020	
Deferred OPEB	<u>227,150</u>	1,577,170

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:

Net pension liability	\$ (3,796,966)	
Compensated absences	(242,950)	
TIFIA loan payable	(29,878,714)	
Lease payable	(743,193)	
OPEB liabilities	<u>(1,356,413)</u>	(36,018,236)

Deferred inflows related to pensions and OPEB are only reported in the statement of net position

Deferred pension	\$ (273,008)	
Deferred OPEB	<u>(161,627)</u>	(434,635)

Net position of governmental activities	<u>\$ (1,870,783)</u>
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The notes to basic financial statements are an integral part of this statement.

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2023

	General Fund	Special Revenue Funds		Total Governmental Funds
		Service Authority for Freeway Emergencies Fund	Ordinance Number Five Highway Development Fund	
REVENUES:				
Transportation Development Act tax	\$ 856,934	\$ -	\$ -	\$ 856,934
Measure A sales tax	538,387		17,413,676	17,952,063
Measure A sales tax for debt service			1,446,303	1,446,303
Use of money and property	3,091	10,904	(631,637)	(617,642)
Intergovernmental	3,033,337	543,779	17,144,245	20,721,361
Other	93,892			93,892
Total revenues	4,525,641	554,683	35,372,587	40,452,911
EXPENDITURES:				
Current:				
Salaries and benefits	2,992,254	91,246	389,604	3,473,104
Services and supplies	811,483	197,526	44,546,922	45,555,931
Other	14,445			14,445
Debt Service:				
Principal on lease	63,406			63,406
Interest on lease	23,331			23,331
Interest on TIFA Loan			1,446,303	1,446,303
Total expenditures	3,904,919	288,772	46,382,829	50,576,520
Excess (deficiency) of revenues over (under) expenditures	620,722	265,911	(11,010,242)	(10,123,609)
OTHER FINANCING SOURCES (USES):				
Proceeds from loan			29,878,714	29,878,714
Transfers in	406,967		228,777	635,744
Transfers out	(347,570)	(368,300)	(38,667)	(754,537)
Total other financing sources (uses)	59,397	(368,300)	30,068,824	29,759,921
Net change in fund balances	680,119	(102,389)	19,058,582	19,636,312
Fund balances, beginning of fiscal year	1,929,036	607,912	5,946,407	8,483,355
Fund balances, end of fiscal year	\$ 2,609,155	\$ 505,523	\$ 25,004,989	\$ 28,119,667

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

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2023

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

Net change in fund balances - total governmental funds (p. 15): \$ 19,636,312

- (1) Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Also, the loss on disposal of capital assets does not use current financial resources but decreases net position. The net effect of the capital asset transactions is presented below:

Capital outlay	\$ -	(231,670)
Depreciation	<u>(231,670)</u>	

- (2) Right to use assets are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets are allocated over length of the lease. The net effect of the lease transactions is presented below:

Accumulated amortization	<u>(73,116)</u>	(73,116)
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- (3) The change in compensated absences does not use current financial resources and, therefore, is not reported as an expenditure in governmental funds. (16,674)

- (4) The issuance of lease payable provides current financial resources to governmental funds, while the repayment of the principal of lease payable consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. The amount is the net effect of these differences in the treatment of lease payable and related items.

Principal payments on lease liability	<u>63,406</u>	63,406
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- (5) In the government funds, pensions are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. 498,754

- (6) In the government funds, OPEB are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. (82,711)

- (7) In governmental funds, proceeds and repayments of long-term debt are reported as other financing sources and expenditures, respectively. In the government-wide statements, proceeds and repayments of long term debt are reported as increases or decreases in liabilities respectively. This is the amount by which proceeds from the issuance of debt of \$29,878,714 is greater than repayments of debt of \$0 in the period. (29,878,714)

Change in net position of governmental activities (p. 12) \$ (10,084,413)

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

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS
Statement of Net Position
Proprietary Fund
June 30, 2023

	Business-type Activities- Enterprise Fund
	Clean Air Express
ASSETS:	
Cash and investments	\$ 1,112,124
Receivables:	
Charges for services	34,418
Rent from Building & Land	51,800
Interest	11,555
Due from other governments	952,766
Capital Assets (net of accumulated depreciation)	2,192,506
Total assets	4,355,169
LIABILITIES AND FUND BALANCES:	
Current Liabilities:	
Accounts payable and accrued liabilities	307,386
Total current liabilities	307,386
Non Current Liabilities:	
Advances Payable	1,500,000
Total non-current liabilities	1,500,000
Total Liabilities	1,807,386
Net position	
Net investment in capital assets	2,192,506
Unrestricted	355,277
Total net position	\$ 2,547,783

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

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2023

	Business-type Activities- Enterprise Fund
	Clean Air Express
OPERATING REVENUES:	
Charges for services	\$ 487,000
Total operating revenues	487,000
OPERATING EXPENSES	
Current:	
Salaries and benefits	143,375
Services and supplies	1,687,593
Fuel	357,417
Depreciation	705,379
Total expenses	2,893,764
Operating income(loss)	(2,406,764)
NON-OPERATING REVENUES (expenses)	
Measure A sales tax	1,131,210
Transportation Development Act	270,000
Intergovernmental	598,740
Gain from sale of vehicles	224,830
Other revenues	30,600
Use of money and property	(14,192)
Total non-operating revenues	2,241,188
Net position before other financing sources (uses)	(165,576)
OTHER FINANCING SOURCES (Uses)	
Interfund transfers	118,793
Change in net position	(46,783)
Net position, beginning of fiscal year	2,594,566
Net position, end of fiscal year	\$ 2,547,783

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

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2023

	Business-type Activities- Enterprise Fund
	Clean Air Express
Cash flows from operating activities	
Receipts from customers and users	\$ 526,415
Payments to employees	(143,374)
Payments to suppliers and service providers	(1,886,284)
Net cash used by operating activities	(1,503,243)
Cash flows from noncapital financing activities	
Local Sales Tax Measure	1,148,138
Local Transportation Fund	299,417
Other federal contributions	400,000
Other state contributions	466,102
Other noncapital financing	
Net cash provided by noncapital financing activities	2,313,657
Cash flows from capital and related financing activities	
Gain from sale of vehicles	173,030
Purchase of Capital assets	(201,016)
Net cash used by capital and related financing activities	(27,986)
Cash flows from investing activities	
Use of money and property	6,374
Net cash provided by investing activities	6,374
Net increase in cash and cash equivalents	788,802
Cash and cash equivalents - beginning	323,322
Cash and cash equivalents - ending	\$ 1,112,124
Reconciliation of cash and cash equivalents to Statement of Net Position	
Cash and investments per Statement of Net Position	1,112,124
Total cash and cash equivalents per Statement of Net Position	\$ 1,112,124
Reconciliation of operating income(loss) to net cash used by operating activities:	
Operating Income(loss)	\$ (2,406,764)
Depreciation	705,379
Decrease in accounts payable	158,727
Increase in accounts and other receivables	39,415
Net cash used by operating activities	\$ (1,503,243)

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

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

Expendable Trust Funds

	Local Transportation Fund	State Transit Assistance Fund	SB1 -State of Good Repair Fund	1/2 Cent Sales Tax Fund	Access for All Fund	Surface Transportation Program Fund	Total Fiduciary Funds
ASSETS:							
Cash and investments	\$ 2,377,660	\$ 34,039,666	\$ 3,097,410	\$ 1,783,610	\$ 96,936	\$29,475,458	\$ 70,870,740
Interest receivable	3,765	182,893	17,728	143,531	1,518	179,205	528,640
Due from other governments	4,422,408	1,901,884	146,843	9,687,073			16,158,208
Total assets	6,803,833	36,124,443	3,261,981	11,614,214	98,454	29,654,663	87,557,588
LIABILITIES							
Due to other governments	4,451,802	29,464,091	3,221,722	11,675,590	95,936	3,396,443	52,305,584
Total liabilities	4,451,802	29,464,091	3,221,722	11,675,590	95,936	3,396,443	52,305,584
NET POSITION:							
Restricted for future projects						19,938,235	19,938,235
Held in trust for other governments	2,352,031	6,660,352	40,259	(61,376)	2,518	6,319,985	15,313,769
TOTAL NET POSITION	\$ 2,352,031	\$ 6,660,352	\$ 40,259	\$ (61,376)	\$ 2,518	\$26,258,220	\$ 35,252,004

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

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2023

	Expendable Trust Funds						Totals
	Local Transportation Fund	State Transit Assistance Fund	SB1 -State of Good Repair Fund	1/2 Cent Sales Tax Fund	Access for All Fund	Surface Transportation Program Fund	
Additions							
Sales Tax							
TDA	\$ 24,620,494	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,620,494
Measure A				54,436,366			54,436,366
State Transit Assistance		7,325,096					7,325,096
State of Good Repair (SB1)			858,633				858,633
Surface Transportation Program Exchange						6,671,057	6,671,057
Use of Money and Property	(422)	400,128	32,964	331,963	7,717	830,227	1,602,577
Total Additions	24,620,072	7,725,224	891,597	54,768,329	7,717	7,501,284	95,514,223
Deductions							
Claims paid or payable to claimants:							
City of Buellton	5,776	47,650		489,063			542,489
City of Carpinteria	14,024			1,030,096			1,044,120
City of Goleta	34,368			2,255,433			2,289,801
City of Guadalupe	489,360	78,821	742	704,305			1,273,228
City of Lompoc	2,911,543	566,170	9,662	3,181,302		180,585	6,849,262
City of Santa Barbara	98,892			5,388,984			5,487,876
City of Santa Maria	6,395,030	1,325,689	13,821	7,873,934			15,608,474
City of Solvang	753,806	165,470	177,713	510,281			1,607,270
County of Santa Barbara	569,116			9,524,104		865,571	10,958,791
Easy Lift	528,698	94,695		301,732			925,125
SBMTD	10,045,256	2,662,625	611,277	2,954,722			16,273,880
SMOOTH	757,227	70,632		82,174			910,033
SBCAG Transit Programs		3,127	64,176				67,303
SBCAG Highway Development				17,403,675		14,563,060	31,966,735
Clean Air Express	150,000	109,627	19,407	1,131,210			1,410,244
SBCAG Planning Allocation	689,204			538,387			1,227,591
SBCAG Administration	137,700			10,000			147,700
Measure A sales tax for debt service				1,446,303			1,446,303
Other	1,800			4,000			5,800
Total Deductions	23,581,800	5,124,506	896,798	54,829,705	-	15,609,216	100,042,025
Change in net position	1,038,272	2,600,718	(5,201)	(61,376)	7,717	(8,107,932)	(4,527,802)
Net Position (deficit), beginning of fiscal year	1,313,759	4,059,634	45,460	-	(5,199)	34,366,152	39,779,806
Net Position - end of fiscal year	\$ 2,352,031	\$ 6,660,352	\$ 40,259	\$ (61,376)	\$ 2,518	\$ 26,258,220	\$ 35,252,004

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

Notes to the Financial Statements

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS

Notes to Basic Financial Statements

June 30, 2023

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Santa Barbara County Association of Governments (SBCAG) is a voluntary council of governments formed in 1966 under a joint powers agreement executed by each of the general purpose local governments in Santa Barbara County. The SBCAG's thirteen member board consists of the five members of the County Board of Supervisors and one city council representative from each of the eight incorporated cities within the County. The purpose of the SBCAG is to engage in regional planning, programming, project delivery, and operational activities.

The accompanying financial statements present the activities of the SBCAG (the primary government) and its blended component unit, the Santa Barbara County Local Transportation Authority (SBCLTA). A blended component unit is a legally separate entity for which the primary government is considered to be financially accountable. Financial accountability is demonstrated by the SBCAG Board acting as the governing board for the SBCLTA. A blended component unit, although a legally separate entity, is, in substance, part of the government's operations, so data from this unit is combined (blended) with the data of the primary government for reporting purposes.

Blended Component Unit

The SBCLTA is responsible for the administration of certain state and regional highway projects funded by the half percent sales and use tax approved by the electorate as Measure D in November 1989 and the currently approved extension named Measure A in November 2008. Additional detailed financial information for the SBCLTA can be obtained from the Santa Barbara County Association of Governments, 260 North San Antonio Road, Suite B, Santa Barbara, CA 93110.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements consist of the statement of net position and the statement of activities and report information on all of the non-fiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements, and eliminations have been made to minimize the double counting of internal activities.

The statement of activities demonstrates the degree to which the direct and indirect 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. Indirect expenses benefit more than one specific function or segment and are allocated accordingly. 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, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Individual governmental funds are reported as separate columns in the fund financial statements.

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS

Notes to Basic Financial Statements

June 30, 2023

I. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources* measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the SBCAG considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

For the governmental fund financial statements, the SBCAG considers most revenues susceptible to accrual, and recognizes revenue if the accrual criteria has been met. Specifically, intergovernmental revenues, interest, and charges for services are all susceptible to accrual when the underlying exchange transaction occurs, and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant and accounting requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by SBCAG.

The SBCAG's accounts are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The focus of governmental fund financial statements is on major funds rather than the reporting funds by type. Each major governmental fund is presented in a separate column, and all non-major funds are aggregated into one column.

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows.

Proprietary funds are accounted for using the *economic resources* measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting revenues are recognized in the period in which they are earned while expenses are recognized in the period in which liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operation of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS

Notes to Basic Financial Statements

June 30, 2023

I. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

SBCAG's accounts are organized into major, proprietary and fiduciary funds, as follows:

Major Governmental Funds

The **General Fund** is SBCAG's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Service Authority for Freeway Emergencies (SAFE) Fund** is used to account for an annual fee levied on all motor vehicles registered in Santa Barbara County for the administration, operation, and maintenance of the system of freeway call boxes installed on state highways in the County and for the operation of the freeway service patrol program.

The **Ordinance Number Five Highway Development Fund** is used to account for the SBCLTA's share of Measure A ½ cent sales tax revenues which is used to finance the development and construction of previously approved projects as identified in the Measure A Investment Plan.

Proprietary Fund

The SBCAG has one proprietary fund, the Clean Air Express which accounts for the activities of the commuter bus services managed by SBCAG.

Fiduciary Funds

The **Local Transportation Fund** is used to account for Transportation Development Act revenues, which are claimed by local agencies for pedestrian and bike facilities, transit services, and streets and roads.

The **State Transit Assistance Fund** is used to account for Transportation Development Act revenues, which are claimed by local agencies for transit and transportation planning purposes.

The **SB1- State of Good Repair Fund** is used to account for the funding received for the Road Repair and Accountability Act of 2017 (Senate Bill 1), which are claimed by local agencies for transit infrastructure repair and service improvements.

The **½ Cent Sales Tax Fund** is used to account for revenues received from the Measure A half percent sales tax for state and regional highway projects, public transit, local street and road projects, and administrative expenses. Ordinance Number Five specifies that the proceeds from the half percent sales tax shall be divided among state and regional projects identified in the Expenditure Plan.

The **Access for All Fund** is used to administer the California Public Utilities Commission Senate Bill (SB) 1376 program funding for accessibility for persons with disabilities.

The **Surface Transportation Program Fund** is used to administer the receipt and disbursement of State Highway Account funds. Under ISTEA and TEA-21, SBCAG receives an annual apportionment of federal Surface Transportation Program funds that are to be used for transportation projects within Santa Barbara County. These federal funds are then exchanged with Caltrans for a like amount of State Highway Account funds.

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS

Notes to Basic Financial Statements

June 30, 2023

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Position

1. Cash and Investments

The SBCAG's cash and cash equivalents include cash on hand, cash held by fiscal agent, and investments held by the Treasurer of the County of Santa Barbara in a cash management investment pool (the "pool").

The pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. California Government Code statutes and the County Treasury Oversight Committee set forth the various investment policies that the County Treasurer must follow.

State statutes and the County's investment policy authorize the County Treasurer to invest in U.S. Government Treasury and Agency Securities, bankers' acceptances, commercial paper, Corporate bonds and notes repurchase agreements, and the State Treasurer's Local Agency Investment Fund (LAIF). In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and External Investment Pools", investments held by the County Treasurer are stated at fair value. The fair value of pooled investments is determined annually and is based on current market prices received from the securities custodian. The fair value of participants' position in the pool is the same as the value of the pool shares. The method used to determine the value of participants' equity withdrawn is based on the book value of the participants' percentage participation at the date of such withdrawal. LAIF is required to invest in accordance with state statutes. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State statute.

Most SBCAG funds are required by legal provisions to participate in the County's cash management investment pool.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". The SBCAG only accrues revenues at fiscal year-end and accrues only those revenues it deems collectible; therefore, there are no allowances for uncollectible accounts. All accounts receivable are expected to be collected within one year. \$8,361,429 of intergovernmental accounts receivable due is from federal, state, and local governments.

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS

Notes to Basic Financial Statements

June 30, 2023

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Position (continued)

3. **Capital Assets**

Capital assets, which include general office equipment, furniture, software, highway call boxes, and commuter buses, are reported in the applicable governmental column in the government-wide financial statements. SBCAG uses a capitalization threshold of \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date on which they were contributed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated or amortized using the straight-line method over the following estimated useful lives:

Office equipment	3-5 years
Office furniture	10 years
Software	3 years
SAFE call boxes	10 years
Pool vehicle	5 years
Vehicles (commuter buses)	12 years
Buildings	25 years
Electric Infrastructure	30 years

4. **Compensated Absences**

It is SBCAG's policy to permit employees to accumulate earned, but unused, vacation and sick leave benefits. Upon separation or retirement, employees are paid for accumulated, unused vacation benefits only. All vacation pay is accrued when incurred in the government-wide financial statements. In accordance with GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Government Fund Financial Statements", a liability for these amounts is reported in the governmental funds financial statements only if they have matured, for example, as a result of employee resignations and retirements prior to fiscal year-end and are paid by the SBCAG subsequent to fiscal year-end.

Employees, upon separation or retirement, do not receive any payment for accumulated, unused sick leave. However, employees eligible for retirement benefits may apply their unused sick leave toward determining their length of service for purposes of determining their retirement benefits. No liability is accrued for unpaid accumulated sick leave since it is the SBCAG's policy to record the cost of sick leave only when it is used.

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS

Notes to Basic Financial Statements

June 30, 2023

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Position (continued)

5. Pensions

In the government wide financial statements, retirement plans (pensions) are required to be recognized and disclosed using the accrual basis of accounting regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

In general, SBCAG recognizes a net pension liability, which represents its proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by the Santa Barbara County Employee's Retirement System (SBCERS). The net pension liability is measured as of SBCAG's prior fiscal year-end. Changes in the net pension liability are recorded, in the period incurred as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

For purposes of measuring the net pension liability and deferred outflows/inflows of resources relating to pensions and pension expense, information about the fiduciary net position of SBCAG's pension plan with SBCERS and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by SBCERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred. Each subsequent year will incorporate an additional closed basis five-year period of recognition.

6. Other Postemployment Benefits (OPEB)

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

7. 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," "Items Previously Reported as Assets and Liabilities," SBCAG 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 a consumption of net position by the government that is applicable to a future reporting period. Refer to Note V.E, page 38 and 39 and Note V.F pages 47 and 50 for a detailed listing of the deferred outflows of resources that SBCAG has reported.

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS

Notes to Basic Financial Statements

June 30, 2023

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Position (continued)

7. Deferred Outflows and Inflows of Resources (continued)

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the government that is applicable to a future reporting period. Refer to Notes V.E, page 38 and 39, and Note V.F pages 47 and 50 for a detailed listing of the deferred inflows of resources SBCAG has reported.

8. Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position.

On September 27, 2022, SBCAG closed on its TIFIA Loan borrowing with the U.S. Department of Transportation (U.S. DOT)/ Build America Bureau. The TIFIA Loan is critical in completion of the Santa Barbara Highway 101 High Occupancy Vehicle (HOV) project for cash flow needs anticipated for construction costs. The total borrowing amount allowed on this loan was \$75 million of this amount SBCAG requested and received \$29,878,714. The proceeds from this loan are shown as other financing sources in the Ordinance Number Five Highway Development Fund. SBCAG intends to pay back the loan over the life of the ½ cent sales tax measure referenced as Measure A which ends in 2040. The Department of Tax and Fee Administration redirects debt service payments required under the loan borrowing to US. Bank our trustee bank prior to any disbursements of monthly sales tax revenues. In the Statement of Changes in Fiduciary Net Position, debt service payments made thus far are shown as a deduction in the ½ cent sales tax fund.

9. Fund Balance

In the fund financial statements, governmental funds report fund balance as non-spendable, restricted, committed, assigned or unassigned based primarily on the extent to which SBCAG is bound to honor constraints on how specific amounts can be spent.

Nonspendable fund balance – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – amounts that can only be used for specific purposes determined by formal action of the County’s highest level of decision-making authority (the SBCAG Board) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

Assigned fund balance – amounts that are constrained by the SBCAG’s intent to be used for specific purposes. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose. This is also the classification for residual funds in the County’s special revenue funds.

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS

Notes to Basic Financial Statements

June 30, 2023

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Position (continued)

9. Fund Balance (continued)

Unassigned fund balance – the residual classification for SBCAG’s funds that includes amounts not contained in the other classifications. The SBCAG Board establishes, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year.

10. Net Position

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

Net position that is net investment in capital assets consist of capital assets, net of accumulated depreciation, and reduced by the outstanding principal of related debt. Restricted net position is the portion of net position that has external constraints placed on it by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

II. Right to Use Asset

SBCAG has recorded right to use lease assets as a result of implementing GASB Statement No. 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

Budgets are adopted annually on a cash basis for the General Fund, and the special revenue funds. The cash basis differs from U.S Generally Accepted Accounting Principles (GAAP); therefore, a reconciliation of the budgetary cash basis to GAAP is presented in the Note to Required Supplementary Information on page 55.

Amendments to the adopted budget require SBCAG Board approval. Reported budget amounts are as originally adopted and subsequently amended. Annual appropriations lapse at fiscal year end. Budgetary control is generally exercised at the expenditure object level within each fund.

Supplemental appropriations for those funds which the SBCAG adopted an annual budget were completed to allow for unforeseen budgetary changes and meet financial system control processes.

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS

Notes to Basic Financial Statements

June 30, 2023

IV. Detailed Notes on All Funds

A. Cash and Investments

Cash and investments as of June 30, 2023, are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 29,263,633
Fiduciary funds:	
Cash and investments	<u>70,870,740</u>
Total cash and investments	<u>\$ 100,134,373</u>

Cash and investments as of June 30, 2023, consist of the following:

Cash on hand	\$ 450
Cash equivalents in County Investment Pool	<u>100,133,923</u>
Total cash and investments	<u>\$ 100,134,373</u>

SBCAG categorizes its fair value measurements within the fair value hierarchy established by U.S. 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. SBCAG had investments in the Santa Barbara County Investment Pool, , that pool is measured under Level 1, Level 2 or Level 3.

1. Investments Authorized by SBCAG’s Investment Policy

The SBCAG investment policy only authorizes investment in the local government investment pool administered by the Santa Barbara County Treasurer. The Santa Barbara County Treasurer’s investment policy does not contain any specific provision intended to limit SBCAG’s exposure to interest rate risk, credit risk, and concentration of credit risk. All investments made in accordance with the California Government Code and in general the Treasurer’s policy is more restrictive than State Law.

2. 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. The weighted average days to maturity (WAM) of the investments contained in the Santa Barbara County Treasurer investment pool was approximately 643 days at June 30, 2023.

Information about the sensitivity of the fair values of the SBCAG’s investment to market interest rate fluctuation is provided by the following table that shows the maturity date of each investment:

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity 12 Months or More</u>
Cash equivalents in County Investment Pool	\$ 100,133,923	\$ 100,133,923
	<u>\$ 100,133,923</u>	<u>\$ 100,133,923</u>

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS

Notes to Basic Financial Statements

June 30, 2023

IV. Detailed Notes on All Funds (continued)

A. Cash and Investments (continued)

3. Disclosures Relating to Credit Risk and Concentration of Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Treasurer mitigates these risks by holding a diversified portfolio of high quality investments as set forth in its investment policy.

This investment policy stipulates specific parameters by type of investment for credit quality, maturity length and maximum percentage investments. The policy is prepared in accordance with State law. It is annually reviewed by the Treasury Oversight Committee and any proposed changes are approved by the County of Santa Barbara Board of Supervisors pursuant to the requirements of Sections 53646(a) and 27133 of the California Government Code.

<u>Investment Type</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Exempt from Disclosure</u>	<u>Not Rated</u>
Cash equivalents in County				
Investment Pool	\$ 100,133,923	N/A	\$ -	\$ 100,133,923
	<u>\$ 100,133,923</u>		<u>\$ -</u>	<u>\$ 100,133,923</u>

4. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Santa Barbara County Treasurer investment policies do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provisions 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. 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. At June 30, 2023 SBCAG had no deposits with financial institutions in excess of federal depository insurance limits.

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 investments or collateral securities that are in the possession of another party. All securities held in the Santa Barbara County Treasurer investment pool are deposited in trust for safekeeping with a custodial bank different from the County's primary bank. Securities are not held in broker accounts.

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS

Notes to Basic Financial Statements

June 30, 2023

IV. Detailed Notes on All Funds (continued)

A. Cash and Investments (continued)

5. Investment in Santa Barbara County Treasurer Investment Pool

SBCAG is a voluntary participant in the Santa Barbara County Treasurer’s investment pool that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of SBCAG’s investment in this pool is reported in the accompanying financial statements at amounts based upon SBCAG’s pro-rata share of the fair value provided by the Santa Barbara County Treasurer for the entire investment pool. The balance available for withdrawal is based on the accounting records maintained by the Santa Barbara County Treasurer.

B. Unearned Revenue

Governmental funds also defer revenue recognition in connection with resources that have been received as of fiscal year-end, but not yet earned. As of June 30, 2023, no unearned revenue was reported in the governmental funds.

C. Capital Assets

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Equipment/Furniture	\$ 287,155	\$ -	\$ -	\$ 287,155
Vehicles	469,458			469,458
Software	19,702			19,702
Buildings	4,391,513			4,391,513
Call Boxes	227,755			227,755
Total capital assets	<u>5,395,583</u>			<u>5,395,583</u>
Less accumulated depreciation:				
Equipment/Furniture	272,890	12,064		284,954
Vehicles	132,065	43,946		176,011
Software	19,702			19,702
Buildings	351,322	175,660		526,982
Call Boxes	227,755			227,755
Total accumulated depreciation	<u>1,003,734</u>	<u>231,670</u>		<u>1,235,404</u>
Total capital assets, net of depreciation	<u>4,391,849</u>	<u>(231,670)</u>		<u>4,160,179</u>
Governmental activities	<u>\$ 4,391,849</u>	<u>\$ (231,670)</u>	<u>\$ -</u>	<u>\$ 4,160,179</u>
Business-type activities:				
Vehicles	\$ 6,459,147	\$ 205,258	\$ 2,930,201	\$ 3,734,204
Equipment	173,475			173,475
Total capital assets	<u>6,632,622</u>	<u>205,258</u>	<u>2,930,201</u>	<u>3,907,679</u>
Less accumulated depreciation:				
Vehicles	3,937,108	692,100	2,930,201	1,699,007
Equipment	2,887	13,279		16,166
Total accumulated depreciation	<u>3,939,995</u>	<u>705,379</u>	<u>2,930,201</u>	<u>1,715,173</u>
Total capital assets, net of depreciation	<u>2,692,627</u>	<u>(500,121)</u>		<u>2,192,506</u>
Business-type activities:	<u>\$ 2,692,627</u>	<u>\$ (500,121)</u>	<u>\$ -</u>	<u>\$ 2,192,506</u>

Depreciation expense of \$231,670 was charged to the general government function and \$705,379 to business-type activities (Clean Air Express).

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS

Notes to Basic Financial Statements

June 30, 2023

IV. Detailed Notes on All Funds (continued)

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balance at June 30, 2023 was as follows:

Receivable Fund	Payable Fund	Amount
Ordinance Number Five Highway Development Fund	Clean Air Express	\$ 1,500,000
		<u>\$ 1,500,000</u>

Advances are used to move future revenues that are designated by Ordinance and authorized by action of the governing body.

Transfers to/from other funds:

Transfer From	Transfer To	Amount
Service Authority for Freeway Emergencies	General Fund	\$ 368,300
General Fund	Ordinance Number Five Highway Development Fund	\$ 228,777
Ordinance Number Five Highway Development Fund	General Fund	\$ 38,667
General Fund	Clean Air Express Proprietary Fund	\$ 118,793
		<u>\$ 754,537</u>

Transfers are used to move revenues from funds required by statute or budget to collect them for expenditures authorized by the budget.

E. Lease Payable

The SBCAG leases its office space under a non-cancelable operating lease with the County of Santa Barbara. This lease went into effect May 1, 2003 for a period of thirty years. On August 23, 2021, the County requested that the Association relinquish the right to use a portion of leased premises identified in the May 1, 2003 lease agreement. First amendment to the lease agreement was therefore created to reduce the square footage and thereby reduce rent payment to the County. This amendment did not change the expiration date of the lease of July 2033.

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS

Notes to Basic Financial Statements

June 30, 2023

IV. Detailed Notes on All Funds (continued)

E. Lease Payable (continued)

The lease liability is measured at a discount rate of 3%, which is the US treasury bill rate. As a result of the lease, SBCAG leases payable at fiscal year-end were \$806,599. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023, were as follows:

Fiscal Year Ending June 30	Principal Payments	Interest Payments	Total
2024	\$ 65,334	\$ 21,402	\$ 86,736
2025	67,322	19,415	86,737
2026	69,369	17,367	86,736
2027	71,479	15,258	86,737
2028	73,653	13,083	86,736
2029-2033	396,036	30,420	426,456
	<u>\$ 743,193</u>	<u>\$ 116,945</u>	<u>\$ 860,138</u>

SBCAG also leases one copy machine under a lease agreement expiring June 1, 2027. The total cost for this lease agreement amounted to \$ 4,254 for the fiscal year ended June 30, 2023. The amount due was below the threshold to be considered a lease payable.

F. Right to Use Asset

Right to use activity for SBCAG for the fiscal year ended June 30, 2023 was as follows:

	Balance July 1	Additions	Reductions	Balance June 30
Right to use assets				
Leased office	\$ 871,305	\$ -	\$ -	\$ 871,305
Total right to use assets	<u>871,305</u>			<u>871,305</u>
Less accumulated amortization for:				
Leased office	73,117	73,116		146,233
Total accumulated amortization	<u>73,117</u>	<u>73,116</u>		<u>146,233</u>
Right to use assets, net	<u>\$ 798,188</u>	<u>\$ (73,116)</u>	<u>\$ -</u>	<u>\$ 725,072</u>

G. Long-Term Liabilities

Long-term liabilities in the Governmental Funds at June 30, 2023, consist of employee compensated absences, net OPEB liabilities, net pension liabilities and lease payable. Payments for long-term liabilities are recorded in the funds incurring the obligations.

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS

Notes to Basic Financial Statements

June 30, 2023

IV. Detailed Notes on All Funds (continued)

G. Long-Term Liabilities (continued)

Long-term liability activity for the year fiscal ended June 30, 2023 was as follows:

Summary of additions and deletions to general long term liabilities

As of 6/30/2023

	Balance 7/1/22	Additions	Reductions	Balance 6/30/23	Due Within One Year
Governmental activities:					
Compensated absences	\$ 226,276	\$ 243,094	\$ 226,420	\$ 242,950	\$ 27,418
Net OPEB liability	1,462,853		106,440	1,356,413	
Net pension liability	2,531,680	1,265,286		3,796,966	
TIFIA loan payable		29,878,714		29,878,714	
Lease payable	806,599		63,406	743,193	65,334
Total long-term liabilities	<u>\$ 5,027,408</u>	<u>\$ 31,387,094</u>	<u>\$ 396,266</u>	<u>\$ 36,018,236</u>	<u>\$ 92,752</u>

Long-term liabilities in the Fiduciary Fund Funds financial statements at June 30, 2023, reflect the payment of debt service on a long term TIFIA loan.

On September 27, 2022, SBCAG closed on its TIFIA Loan borrowing with the U.S. Department of Transportation (U.S. DOT)/ Build America Bureau. The TIFIA Loan is critical in completion of the Santa Barbara Highway 101 High Occupancy Vehicle (HOV) project for cash flow needs anticipated for construction costs. The total borrowing amount allowed on this loan was \$75 million of this amount SBCAG requested and received \$29,878,714. The proceeds from this loan are shown as other financing sources in the Ordinance Number Five Highway Development Fund. SBCAG intends to pay back the loan over the life of the ½ cent sales tax measure referenced as Measure A which ends in 2040. The Department of Tax and Fee Administration redirects debt service payments required under the loan borrowing to US. Bank our trustee bank prior to any disbursements of monthly sales tax revenues. In the Statement of Changes in Fiduciary Net Position, debt service payments made thus far are shown as a deduction in the ½ cent sales tax fund.

Until the construction phase of the HOV project is complete, the TIFIA loan requires only interest payments to be withheld by the trustee bank and deposited in an interest fund. The trustee bank ensures payments are made based on the debt service schedule developed as part of the TIFIA loan process. As of June 30, 2023 \$1,446,303 in interest only debt service payments were withheld by the SBCLTA trustee bank US Bank.

While the SBCLTA does not anticipate default, pursuant to the TIFIA loan indenture all proceed would be due and payable if default were to occur.

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS

Notes to Basic Financial Statements

June 30, 2023

V. Other Information

A. Risk Financing

The SBCAG is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. These risks are covered by commercial insurance purchased from independent third parties. There have been no reductions in insurance coverage as compared to the previous year, and for the past three fiscal years, no settlement amounts have exceeded insurance coverage.

B. Related Party Transactions

The SBCAG utilizes the Financial Information Network of the County of Santa Barbara for the maintenance of its books and records. Financial transactions are initiated and approved by the SBCAG, but the County Auditor-Controller performs data entry, report generation, warrant issuance, and other related functions on behalf of the SBCAG. The County Treasurer deposits the SBCAG's cash into the County's cash management investment pool where it is commingled and invested with the funds of other pool participants.

The SBCAG is not a component unit of the County of Santa Barbara; however, SBCAG's investment pool deposits are included in the basic financial statements of the County of Santa Barbara in an investment trust fund.

The SBCAG typically reimburses the County of Santa Barbara each year for a share of County overhead costs. For the fiscal year ended June 30, 2023, SBCAG paid \$49,301 to the County for allocated overhead costs.

C. Commitments and Contingencies

The SBCAG receives Federal financial assistance from the U.S. Department of Transportation. This financial assistance is provided to the SBCAG as a reimbursement of expenditures incurred in the administration of certain Federal programs. Federal financial assistance is recognized as revenue at the time related expenditures are incurred, not when the funds are actually received. Although the SBCAG's financial assistance programs have been audited through June 30, 2023, in accordance with the provisions of OMB Uniform Guidance, these programs may be subject to further financial and compliance audits by the reimbursing agencies. The amount of any expenditure that may be disallowed by the reimbursing agencies cannot be determined at this time although the SBCAG expects such amounts, if any, to be immaterial.

In order to complete state and regional highway projects funded by Measure A sales tax revenues, the SBCLTA has entered into various agreements. At June 30, 2023, the aggregate outstanding commitments under these agreements were \$70,096,172 for design services, support on construction, consultant, and project management support primarily on the 101 corridor. Additional agreements totaling approximately \$5,264,494 are also outstanding as of June 30, 2023. These services deal primarily with consultant contracts on various programs for which SBCAG is responsible such as the Freeway Service Patrol, Traffic Solutions, the Clean Air Express Commuter bus program.

D. Deferred Compensation Plan

The SBCAG offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to substantially all employees at their option, allows participants to defer a portion of their salary until future years. This deferral acts as a savings plan which shelters funds from state and federal taxation until withdrawal. Deferred

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS

Notes to Basic Financial Statements

June 30, 2023

V. Other Information (continued)

D. Deferred Compensation Plan (continued)

compensation cannot be withdrawn from the plan by participants until termination, retirement, death, or extreme financial hardship. Amounts deferred by employees and the related income are held in trust by the plan provider for the exclusive benefit of the participants and their beneficiaries. These amounts are not owned by the SBCAG nor are they available to the SBCAG's creditors. Under the provisions of GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans", the SBCAG is not required to report the value of the plan assets since the assets are held in trust for the exclusive benefit of the participants and their beneficiaries. Consequently, the values of the plan assets and any related liability to plan participants have been excluded from the SBCAG's financial statements.

E. Retirement Plan

Plan Description

The Santa Barbara County Employees' Retirement System (Retirement System) was established on January 1, 1944, and is administered by the Board of Retirement to provide service retirement, disability, death, and survivor benefits for its employees and contracting districts. It is governed by the California Constitution; California State Government Code §31450 (County Employees' Retirement Law of 1937 (CERL)); and the bylaws, policies and procedures adopted by the Retirement System's Board of Retirement. The Santa Barbara County Board of Supervisors may also adopt resolutions, as permitted by the CERL, which may affect the benefits of the Retirement System members. The Retirement System operates a cost sharing multiple-employer defined benefit plan. Members include all permanent employees working full time, or at least 50% part time for the County, and independent special districts: Carpinteria, Summerland Fire Protection District, Mosquito and Vector Management District of Santa Barbara County, Goleta Cemetery District, Santa Maria Cemetery District, Oak Hill Cemetery District, Carpinteria Cemetery District, Summerland Sanitary District, Santa Barbara County Air Pollution Control District, Santa Barbara County Association of Governments, and the Santa Barbara County Superior Court.

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS

Notes to Basic Financial Statements

June 30, 2023

V. Other Information (continued)

E. Retirement Plan (continued)

Plan Description (continued)

The Retirement System has six County retirement plans of which one plan (consisting of two rate tiers) is currently available for new employees. All new safety and general members will be enrolled in Plan 8, pursuant to the Public Employees' Pension Reform Act ("PEPRA"). PEPRA has also created limits on pensionable compensation tied to the Social Security taxable wage base and requires member contributions of 50% of normal cost. All plans provide benefits as defined by CERL upon retirement, death or disability of members. Benefits are based on age, years of service, final average salary, and the benefit options selected. Cost-of-living adjustments after retirement are provided in all plans except General Plan 2.

Fiduciary Responsibility

The Retirement System is controlled by the Board of Retirement which is a fiduciary for the accounting and control of member and employer contributions, investment income and member benefits. The Retirement System publishes its own Annual Comprehensive Financial Report and receives its own independent audit. The Retirement System is also a legally separate entity from the County and not a component unit.

Additional detailed information and separately issued financial statements of the Retirement System can be obtained from the Santa Barbara County Employees' Retirement System located at 130 Robin Hill Road, Suite 100, Goleta, CA 93117 or www.sbcers.org/resources/financial-reports.

Funding Policy

Contributions are made by members and employers at rates recommended by an independent actuary, approved by the Board of Retirement, and adopted by the County Board of Supervisors.

For SBCAG employees, a portion of the member's contribution is paid by the SBCAG. Employee contributions are based upon each individual member's age of entry into the system. Employee contributions cannot be withdrawn until separation from employment.

Employer Contribution

Employer contribution rates are as follows:

General Plan 8	County: 32.47%	All SBCAG employees enrolled in plan on or after January 1, 2013
General Plan 5A	County: 37.55%	All SBCAG employees enrolled in plan prior to the establishment of General Plan 8

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

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS

Notes to Basic Financial Statements

June 30, 2023

V. Other Information (continued)

E. Retirement Plan (continued)

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

At June 30, 2023, SBCAG reported a liability of \$3,796,966 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 updated to June 30, 2022 using standard update procedures. SBCAG's proportion of the net pension liability was based on a projection of SBCAG's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, actuarially determined. At June 30, 2022, SBCAG's proportion was 0.5101%, which was a decrease of 0.0261% from its proportion measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, SBCAG recognized pension expense of \$450,913. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2023, SBCAG 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>
Differences between expected and actual experience	\$ 198,956	\$ 8,993
Changes in assumptions	58,533	15,211
Net difference between projected and actual earnings on retirement plan investments		23,663
Changes in proportion	255,553	218,475
Differences between SBCAG's contributions and proportionate share of contributions	14,650	6,666
SBCAG's contributions subsequent to the measurement date	822,328	
	<u>\$ 1,350,020</u>	<u>\$ 273,008</u>

Deferred outflows of resources and deferred inflows of resources represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

\$822,328 reported as deferred outflows of resources related to pensions resulting from SBCAG's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2024.

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

<u>Fiscal year ended June 30</u>	<u>Amount</u>
2024	\$ 114,667
2025	18,810
2026	(191,963)
2027	313,170
	<u>\$ 254,684</u>

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS

Notes to Basic Financial Statements

June 30, 2023

V. Other Information (continued)

E. Retirement Plan (continued)

Actuarial Assumptions

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

Expected Return on Assets	7.00% net of investment expense
Administrative expenses	Administrative expenses are assumed to be \$5.6 million for the fiscal year ending June 30, 2022, to be split between employees and employers based on their share of the overall contributions. This is equivalent to a 3.00% load to both the member and employer contribution rates. Administrative expenses are assumed to increase by the assumed wage inflation of 3.00% each year.
Basic COLA	The cost of living as measured by the Consumer Price Index (CPI) will increase at the rate of 2.75% per year.
Post-Retirement COLA	Benefits are assumed to increase after retirement at the rate of 2.60% per year for General Plan 5 and Plan 8 (PEPRA)

The actuarial assumptions used in the June 30, 2021, updated to June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2016 through June 30, 2019.

The long-term expected rate of return, measured as of June 30, 2021, on pension plan investments (7.0 percent) was determined using a building block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting 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:

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

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS

Notes to Basic Financial Statements

June 30, 2023

V. Other Information (continued)

E. Retirement Plan (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will continue to be made at the required rates. Employer contributions were assumed to be made in accordance with the contribution policy in effect for the June 30, 2021 actuarial valuation. That policy includes contributions equal to the actuarially determined contribution, reflecting a payment equal to the employers' share of the annual Normal Cost, a portion of the expected Administrative Expenses, an amortization payment for the creation of Safety Plan 6 over a closed period (seven years remaining as of June 30, 2021 actuarial valuation), and amount necessary to amortize the Unfunded Actuarial Liability as of June 30, 2013 as a level percentage of payroll over a closed period (nine years remaining as of June 30, 2021 actuarial valuation). Changes in the Unfunded Actuarial Liability established after June 30, 2013 are amortized over 19-year closed periods, reflecting a five-year ramp-down in the amortization payment. Therefore, the long-term expected rate of return on Plan investments was applied to all periods 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 SBCAG's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the SBCAG'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%
	<hr/>	<hr/>	<hr/>
SBCAG's proportionate share of net pension plan liability	\$ 7,090,267	\$ 3,796,966	\$ 1,102,725

Pension Plan Fiduciary Net Position

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

F. Other Post-Employment Benefits

Plan Description

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

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS

Notes to Basic Financial Statements

June 30, 2023

V. Other Information (continued)

F. Other Post-Employment Benefits (continued)

Plan Description (continued)

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

Retiree health premiums for SBCERS are rated separately from the premiums for active employees. CalPERS retiree health premiums are community-rated as described in Paragraph 13a(2) of GASB Statement No. 45. The premium rates reflect the projected health claims experience for all participating employers and the same premiums are charged for both active employees and retirees. For this reason, there is no implicit rate subsidy and only direct subsidies are valued.

All SBCAG retirees depending upon employment status as of December 31, 2009, how soon they retire after termination of employment and elections made by the members, retirees will receive one of the following three options for health benefits:

1. Retiree health benefits through CalPERS, with a limited employer subsidy. The limit was \$517 in calendar year 2011, and it was increased to \$527 in 2013 and will continue to be set at this rate beyond for future years. If the monthly premium for the health plan selected is less than the limit, the subsidy is limited to the entire premium. The health plans can include coverage for an eligible spouse and/or dependents. After a member's death, a surviving spouse is eligible to continue coverage. The maximum subsidy for a surviving spouse is the same as it is for a retiree.
2. Coverage in SBCERS' health plans, with a monthly subsidy equal to \$15 per month per year of benefits service. If the monthly premium for the health plan selected is less than \$15 times years of service, the subsidy is limited to the entire premium.

The health plans can include coverage for an eligible spouse and/or dependents. After the member's death, a surviving spouse is eligible to continue health plan coverage. The monthly subsidy benefit will be equal to \$15 per year of service multiplied by the survivor continuation percentage applicable for pension benefits.

If a member is eligible for a disability retirement benefit, the member can receive a monthly health plan subsidy of \$187 per month or a \$15 per year of service, whichever is greater.

3. Some retirees who choose not to participate in an employer-sponsored health plan receive a cash benefit of \$4 per month per year of service. After the member's death, a surviving spouse is eligible to receive a monthly cash benefit equal to \$4 per year of service times the survivor continuation percentage applicable for pension benefit

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS

Notes to Basic Financial Statements

June 30, 2023

V. Other Information (continued)

F. Other Post-Employment Benefits (continued)

Plan Benefits

Employees who were actively employed as of December 31, 2009 are eligible for CalPERS retiree health benefits, provided they meet the eligibility criteria. If they were vested in the SBCERS retirement plan, terminate employment with SBCAG and retire within 120 days of termination, they are eligible to receive health benefits through CalPERS, with employer contribution limited as specified by resolution (\$527 in 2013). Both retirees and their qualified dependents are eligible for health coverage. Alternatively, retirees who were actively employed as of December 31, 2009 may choose a monthly cash benefit of \$4 per year of service. If employees who were actively employed as of December 31, 2009 are vested in the SBCERS retirement plan, terminate employment with SBCAG, but do not retire within 120 days, they will be eligible to receive the monthly benefit of \$15 per year of service to be used toward SBCERS retiree health benefits. Once again, they are also eligible to elect a monthly cash benefit of \$4 per year of service when they begin receiving pension benefits. If these members do not commence receiving pension benefits within 120 days of termination, they will not be eligible for the health care coverage provide through CalPERS.

All employees hired on or after January 1, 2010 will only be eligible for CalPERS Retiree Health benefits provided they terminate their employment from SBCAG and retire within 120 days. These employees will not be eligible for either the \$4 or \$15 benefit plans otherwise offered by SBCERS.

Retirees as of December 31, 2009, who had selected the monthly benefit of \$15 per year of service toward SBCERS benefits were moved to the CalPERS plan as of January 2010 if they retired within 120 days of termination. They were also eligible to switch to the \$4 cash benefit. For the following valuation, it was assumed that these retirees will continue with the benefits chosen as of the valuation date.

Retirees as of December 31, 2009, who had selected the monthly benefit of \$15 per year of service toward SBCERS benefits and had not retired within 120 days of termination remained with the SBCERS benefits. They are eligible to change to the \$4 cash benefit. For the following valuation, it was assumed that those who were covered by the \$15 SBCERS benefit as of the valuation date will continue to receive those benefits.

Members who terminated employment prior to January 1, 2010 with a vested deferred pension benefit from SBCERS are only eligible for the \$15 SBCERS benefit or the \$4 cash benefit. This is because they did not retire from SBCAG within 120 days of terminating employment.

At the time of the following valuation, only the \$15 SBCERS subsidy and \$4 cash benefits were available to SBCAG members.

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS

Notes to Basic Financial Statements

June 30, 2023

V. Other Information (continued)

F. Other Post-Employment Benefits (continued)

Employees Covered - CalPERS

As of the June 30, 2021 actuarial valuation, the following current and former employees were covered by the benefit terms under The SBCAG's plan through CalPERS

Inactive plan employees or beneficiaries currently receiving benefits	10
Inactive employees entitled to but not receiving benefits	0
Participating active employees	19
Total	29

Although an OPEB trust has been established, current benefits are paid on a pay-as-you go basis.

Actuarial Methods and Assumptions- CalPERS

The total OPEB liability measured as of June 30, 2022 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	We assumed 2.50% per year used for pension purposes. Actuarial standards require using the same rate for OPEB that is used for pension.
Investment return/Discount rate	We assumed 6.75% per year net of expenses. This is based on an assumed long-term return on plan assets. We used the "Building Block Method": Our assessment of long-term returns for employer assets is based on long term historical returns for surplus funds invested pursuant to California Government Codes Sections 53601 et seq.
Healthcare cost trend rates	We assumed 4% per year. Our long-term trend assumption is based on the conclusion that, while medical trends will continue to be cyclical, the average increase over time cannot continue to outstrip general inflation by a wide margin. Trend increases in excess of general inflation result in dramatic increases in unemployment, the number of uninsured and the number of underinsured. These effects are nearing a tipping point which will inevitably result in fundamental changes in health care finance and/or delivery which will bring increases in health care costs more closely in line with general inflation. We do not believe it is reasonable to project historical trend vs. inflation differences several decades into the future.
Payroll increase	We assumed 2.75% per year. Since benefits do not depend on salary (as they do for pensions), this assumption is only used to determine the accrual pattern of the Actuarial Present Value of Projected Benefit Payments.
Mortality rates	Were based on 2017 CalPERS Mortality for Miscellaneous and Schools Employees.

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS

Notes to Basic Financial Statements

June 30, 2023

V. Other Information (continued)

F. Other Post-Employment Benefits (continued)

Actuarial Methods and Assumptions- CalPERS (continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting 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 assets class are summarized in the following table.

<u>Asset Class</u>	<u>Percentage of Portfolio</u>	<u>Assumed Gross Return</u>
All Equities	59%	7.545%
All Fixed Income	25%	4.250%
Real Estate Investment Trusts	8%	7.250%
All Commodities	3%	7.545%
Treasury Inflation Protected Securities (TIPS)	5%	3.000%
Total	<u>100%</u>	

Discount rate- CalPERS

The discount rate used to measure the total OPEB liability was 6.75%. We assumed that contributions would be sufficient to fully fund the obligation over a period not to exceed 26 years. We used historic 26 year real rates of return for each asset class along with our assumed long-term inflation assumption to set the discount rate. We offset the expected investment return by investment expenses of 50 basis points.

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS

Notes to Basic Financial Statements

June 30, 2023

V. Other Information (continued)

F. Other Post-Employment Benefits (continued)

Changes in the net OPEB Liability- CalPERS

The table below shows the changes in the net OPEB liability during the measurement period ending on June 30, 2022.

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balance as of June 30, 2022 (Valuation date June 30, 2021)	<u>\$ 977,567</u>	<u>\$ 214,605</u>	<u>\$ 762,962</u>
Changes recognized for the measurement period:			
Service Cost	22,230		22,230
Interest	64,832	(32,569)	97,401
Net investment income			
Contributions - employer		88,356	(88,356)
Change in assumptions			
Benefit payments	(63,356)	(63,356)	
Experience Gains/Losses	6,948		6,948
Administrative expense		(59)	59
Net change	<u>30,654</u>	<u>(7,628)</u>	<u>38,282</u>
Balance at June 30, 2023 (Measurement date June 30, 2022)	<u><u>\$ 1,008,221</u></u>	<u><u>\$ 206,977</u></u>	<u><u>\$ 801,244</u></u>

Sensitivity of the net OPEB Liability to Changes in the Discount Rate- CalPERS

The following table shows the net OPEB liability with a discount rate 1% higher and 1% lower than assumed in the valuation.

	<u>1% Decrease 5.75%</u>	<u>Current rate 6.75%</u>	<u>1% Increase 7.75%</u>
Net OPEB Liability	\$ 901,368	\$ 801,244	\$ 716,086

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

The following table shows the net OPEB liability with a healthcare cost trend rate 1% higher and 1% lower than assumed in the valuation.

	<u>1% Decrease 3.00%</u>	<u>Current rate 4.00%</u>	<u>1% Increase 5.00%</u>
Net OPEB Liability	\$ 775,721	\$ 801,244	\$ 827,707

OPEB Plan Fiduciary Net Position

SBCAG is invested in CalPERS' California Employers' Retiree Benefit Trust Fund (CERBT). CalPERS issues a publicly available financial report that may be obtained from the CalPERS' website at <https://www.calpers.ca.gov/page/employer/benefit-programs/cerbt>.

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS

Notes to Basic Financial Statements

June 30, 2023

V. Other Information (continued)

F. Other Post-Employment Benefits (continued)

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

For the fiscal year ended June 30, 2023, the SBCAG recognized OPEB expense of \$87,193 which represents the change in the OPEB liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss and actuarial assumptions or methods. For fiscal year ended June 30, 2023, the SBCAG reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to measurement date	\$ 99,673	\$ -
Differences between expected and actual experience	80,849	40,738
Changes in assumptions	23,872	
Net difference between projected and actual earnings on plan investments	20,167	
	<u>\$ 224,561</u>	<u>\$ 40,738</u>

The \$99,673 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2022 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

<u>Fiscal year ending June 30:</u>	
2024	\$ 15,388
2025	15,714
2026	14,732
2027	21,325
2028	11,748
Thereafter	5,243
	<u>\$ 84,150</u>

Employees Covered - SBCERS

As of June 30, 2021 actuarial valuation, the following current and former employees were covered by the benefit terms under the SBCAG plan through SBCERS:

Inactive plan employees or beneficiaries currently receiving benefits	8
Inactive employees entitled to but not receiving benefits	9
Participating active employees	<u>7</u>
Total	<u>24</u>

The SBCAG currently funds SBCERS benefits on a pay-as-you go basis.

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS

Notes to Basic Financial Statements

June 30, 2023

V. Other Information (continued)

F. Other Post-Employment Benefits (continued)

Actuarial Methods and Assumptions – SBCERS

The total OPEB liability measured as of June 2022 was determined using the following actuarial assumption, applied to all periods included in the measurement, unless otherwise specified. SBCAG funds Other Post-Employment Benefits using a pay-as you go funding method, therefore a discount rate of 3.54% was used to reflect the current municipal bond rate applicable to the Plan, which was the Bond Buyer Go 20-Bond Municipal Bond Index as of June 24, 2022. Key Actuarial Assumptions are as follows:

Plan Election	<i>Non-Medicare Eligible Retirees:</i> We assumed that 40% of future retirees will select a monthly subsidy for employer health plan benefits of \$15 per year of service, while 60% will select the \$4 cash benefit option
Medical Trend	Since the dollar amounts 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 liabilities reflected.
Amortization Cost	Actual valuation of assets on hand to pay future benefits is subtracted from the actuarial accrued liability producing the unfunded actuarial accrued liability. Current contribution rates are fixed so no specific amortization method is applied.
Actuarial Value of Plan Assets	Participating employers of the Santa Barbara County Employees' Retirement System contribute to a 401(h) account. It is assumed these assets will be used to pay for retiree health benefits. The actuarial value of assets is equal to market value.
Funding	The cost of benefits provided by the plan is funded by participating employers such as SBCAG.

The actuarial assumptions used in the valuation as of June 30, 2021, updated to June 30, 2022, were based on 1) the demographic assumptions determined in the actuarial experience study on July 1, 2016 – June 30, 2019 for the Pension Plan, and 2) implementation of the OPEB Funding Policy, and 3) 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.

The OPEB assets are invested in the same commingled vehicles as the pension plan, but with a simpler asset allocation. It is expected that as the OPEB assets continue to grow, the asset allocation will shift to be more like that of the pension plan. Therefore, in the long run, we expect the OPEB plan to realize the same long-term rate of return as the pension plan. The long-term expected rate of return, measured as of June 30, 2022, on pension plan investment (7.0%) was

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS

Notes to Basic Financial Statements

June 30, 2023

V. Other Information (continued)

F. Other Post-Employment Benefits (continued)

Actuarial Methods and Assumptions – SBCERS (continued)

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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Discount rate- SBCERS

The discount rate used to measure the total OPEB liability was 3.54 percent. The projection of cash flows used to determine the discount rate assumed that the SBCAG contributions will continue based upon the current OPEB (401(h) Account) funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make projected future benefit payment for current members for all future years. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Change in Assumptions

The discount rate increased from 2.16% to 3.54%.

Changes in the OPEB Liability- SBCERS

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

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance as of June 30, 2022 (Valuation date June 30, 2021)	<u>\$ 699,891</u>	<u>\$ -</u>	<u>\$ 699,891</u>
Service Cost	23,746		23,746
Interest	15,346		15,346
Difference between expected and actual experience	(44,362)		(44,362)
Change in assumptions	(136,972)		(136,972)
Employer contributions		3,007	(3,007)
Administrative expenses		(527)	527
Benefit payments	(2,480)	(2,480)	
Net change	<u>(144,722)</u>		<u>(144,722)</u>
Balance at June 30, 2023 (Measurement date June 30, 2022)	<u><u>\$ 555,169</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 555,169</u></u>

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS

Notes to Basic Financial Statements

June 30, 2023

V. Other Information (continued)

F. Other Post-Employment Benefits (continued)

Sensitivity of the OPEB Liability to Changes in the Discount Rate-SBCERS

The following table shows the OPEB liability with a discount rate 1% higher and 1% lower than assumed in the valuation.

	<u>1% Decrease</u>	<u>Current rate</u>	<u>1% Increase</u>
	2.54%	3.54%	4.54%
Net OPEB Liability	\$ 650,248	\$ 555,169	\$ 478,477

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

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- SBCERS

For the fiscal year ended June 30, 2023, the SBCAG recognized OPEB expense of (\$29,657) OPEB expenses represent the change in the OPEB liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss and actuarial assumptions or methods. For fiscal year ended June 30, 2023, the SBCAG reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to measurement date	\$ 2,489	\$ -
Differences between expected and actual experience		29,575
Changes in assumptions		91,314
Net difference between projected and actual earnings on plan investments	100	
	<u>\$ 2,589</u>	<u>\$ 120,889</u>

The \$2,489 reported as deferred outflows of resources related to contributions after the June 30, 2022 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

Fiscal year ending <u>June 30:</u>	
2024	\$ (60,377)
2025	<u>(60,412)</u>
	<u>\$ (120,789)</u>

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS

Notes to Basic Financial Statements

June 30, 2023

V. Other Information (continued)

G. New Accounting Pronouncements

None that affect these financial statements.

H. Future Accounting Pronouncements

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

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

I. Subsequent Event

None

Required Supplementary Information

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual (Cash Basis)
General Fund
For the Fiscal Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Transportation Development Act tax	\$ 845,000	\$ 845,000	\$ 857,339	\$ 12,339
Measure A sales tax	512,400	512,400	546,445	34,045
Use of money and property	3,000	3,000	15,312	12,312
Intergovernmental	3,038,400	3,335,704	3,025,576	(310,128)
Other	1,224,500	1,301,400	1,028,223	(273,177)
Total revenues	<u>5,623,300</u>	<u>5,997,504</u>	<u>5,472,895</u>	<u>(524,609)</u>
EXPENDITURES:				
Current:				
Salaries and benefits	3,699,200	3,699,200	3,572,506	126,694
Services and supplies	3,608,500	3,537,400	1,446,395	2,091,005
Other	24,600	24,600	16,152	8,448
Capital Outlay	8,500,000	4,700,000	210,403	4,489,597
Total expenditures	<u>15,832,300</u>	<u>11,961,200</u>	<u>5,245,456</u>	<u>6,715,744</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,209,000)</u>	<u>(5,963,696)</u>	<u>227,439</u>	<u>6,191,135</u>
OTHER FINANCING SOURCES:				
Transfers in	378,300	378,300	406,967	28,667
Total other financing sources	<u>378,300</u>	<u>378,300</u>	<u>406,967</u>	<u>28,667</u>
Net change in fund balance	(9,830,700)	(5,585,396)	634,406	6,219,802
Fund balance, beginning of fiscal year	1,529,907	1,529,907	1,529,907	
Fund balance, end of fiscal year	<u>\$ (8,300,793)</u>	<u>\$ (4,055,489)</u>	<u>\$ 2,164,313</u>	<u>\$ 6,219,802</u>

The note to the required supplementary information is an integral part of this statement.

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual (Cash Basis)
Service Authority for Freeway Emergencies Fund
For the Fiscal Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Use of money and property	\$ 4,800	\$ 4,800	\$ 4,964	\$ 164
Intergovernmental	611,812	611,812	536,574	(75,238)
Other	50	50		(50)
Total revenues	<u>616,662</u>	<u>616,662</u>	<u>541,538</u>	<u>(75,124)</u>
EXPENDITURES:				
Current:				
Services and supplies	408,600	408,600	280,187	128,413
Total expenditures	<u>408,600</u>	<u>408,600</u>	<u>280,187</u>	<u>128,413</u>
Excess (deficiency) of revenues over (under) expenditures	<u>208,062</u>	<u>208,062</u>	<u>261,351</u>	<u>53,289</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(368,600)	(368,600)	(368,300)	
Total other financing uses	<u>(368,600)</u>	<u>(368,600)</u>	<u>(368,300)</u>	
Net change in fund balance	(160,538)	(160,538)	(106,949)	53,589
Fund balance, beginning of fiscal year	543,074	543,074	543,074	
Fund balance, end of fiscal year	<u>\$ 382,536</u>	<u>\$ 382,536</u>	<u>\$ 436,125</u>	<u>\$ 53,589</u>

The note to the required supplementary information is an integral part of this statement.

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual (Cash Basis)
Ordinance Number Five - Highway Development (Measure A) Fund
For the Fiscal Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Measure A sales tax	\$ 16,215,200	\$ 16,215,200	\$ 17,674,122	\$ 1,458,922
Intergovernmental	24,574,500	25,332,700	14,963,051	(10,369,649)
Total revenues	<u>40,789,700</u>	<u>41,547,900</u>	<u>32,637,173</u>	<u>(8,910,727)</u>
EXPENDITURES:				
Current:				
Services and supplies	56,765,600	50,744,300	43,116,588	7,627,712
Capital Outlay		4,300,000		4,300,000
Total expenditures	<u>56,765,600</u>	<u>55,044,300</u>	<u>43,116,588</u>	<u>11,927,712</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(15,975,900)</u>	<u>(13,496,400)</u>	<u>(10,479,415)</u>	<u>3,016,985</u>
OTHER FINANCING SOURCES (USES):				
Loan proceeds		75,000,000	29,878,714	(45,121,286)
Transfers out	10,000	10,000	(38,667)	(48,667)
Total other financing sources	<u>10,000</u>	<u>75,010,000</u>	<u>29,840,047</u>	<u>(45,169,953)</u>
Net change in fund balance	(15,965,900)	61,513,600	19,360,632	(42,152,968)
Fund balance, beginning of fiscal year	7,159,152	7,159,152	7,159,152	
Fund balance, end of fiscal year	<u>\$ (8,806,748)</u>	<u>\$ 68,672,752</u>	<u>\$ 26,519,784</u>	<u>\$ (42,152,968)</u>

The note to the required supplementary information is an integral part of this statement.

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS

Note to Required Supplementary Information

Stewardship, Compliance, and Accountability

A. Budgetary Information

Budgets are adopted annually on a cash basis for the General Fund and each of our two special revenue funds. The cash basis differs from accounting principles generally accepted in the United States of America (U.S. GAAP); therefore, a reconciliation of the budgetary cash basis to U.S. GAAP is presented below.

Amendments to the adopted budget require SBCAG Board approval. Reported budget amounts are as originally adopted and subsequently amended. Annual appropriations lapse at fiscal year end. Budgetary control is generally exercised at the expenditure object level within each fund.

Supplemental appropriations for those funds which the SBCAG adopted an annual budget were used to shift costs from fund to fund rather than to implement to expenditures.

B. Excess of Expenditures Over Appropriations

For the fiscal year ended June 30, 2023, appropriation adjustments were completed in the General fund totaling \$137,500 to cover expenditures associated with new programs. In addition, the Santa Barbara County Local Transportation Authority had appropriation adjustments totaling \$ 1,721,300 for costs on transit related items associated with the regional bus facility.

C. Budgetary/U.S. GAAP Basis Differences

Accounting principles used by the SBCAG in developing data on a budgetary basis differ from those used in preparing financial statements in conformity with accounting principles generally accepted in the United States of America (USGAAP). The following table reconciles the amounts on the Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (which are presented on a non-USGAAP budgetary basis) to the amounts on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds for the following governmental funds:

	<u>General Fund</u>	<u>Service Authority for Freeway Emergencies</u>	<u>Ord. No. Five Highway Development</u>
Fund balances (budgetary basis)	\$ 2,164,313	\$ 436,125	\$ 26,519,784
Basis differences:			
Revenue accruals	780,970	108,644	8,983,642
Expenditure accruals	(264,130)	(24,738)	(9,616,230)
Fair value adjustments	(71,998)	(14,508)	(882,207)
Fund balance (GAAP basis)	<u>\$ 2,609,155</u>	<u>\$505,523</u>	<u>\$25,004,989</u>

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS
Schedule of Changes in SBCAG's Net OPEB Liability and Related Ratios
California Public Employee Retirement System (CalPERS)
As of June 30, 2023
Last 10 Years*

	<u>FY 2023</u>	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>
Total OPEB liability						
Service cost	\$ 22,230	\$ 13,119	\$ 12,768	\$ 16,646	\$ 16,200	\$ 15,766
Interest	64,832	56,518	55,074	57,901	56,323	54,254
Changes of assumptions		32,714				
Expected minus actual benefit payments				(6,367)		
Experience gains/losses	6,948	99,665	3,091	(63,999)		
Benefit payments	(63,356)	(49,319)	(49,814)	(44,909)	(49,123)	(32,657)
Net change in total OPEB liability	<u>30,654</u>	<u>152,697</u>	<u>21,119</u>	<u>(40,728)</u>	<u>23,400</u>	<u>37,363</u>
Total OPEB liability - beginning	977,567	824,870	803,751	844,479	821,079	783,716
Total OPEB liability - ending (a)	<u>1,008,221</u>	<u>977,567</u>	<u>824,870</u>	<u>803,751</u>	<u>844,479</u>	<u>821,079</u>
Plan fiduciary net position						
Contributions	\$ 88,356	\$ 74,319	\$ 74,814	\$ 69,909	\$ 74,123	\$ 57,657
Actual investment income	(32,569)	44,054	4,097	6,702	4,565	3,463
Administrative expense	(59)	(61)	(65)	(21)	(104)	(17)
Investment gains/losses				1,650		
Benefit payments	(63,356)	(49,319)	(49,814)	(44,909)	(49,123)	(32,657)
Net change in plan fiduciary net position	<u>(7,628)</u>	<u>68,993</u>	<u>29,032</u>	<u>33,331</u>	<u>29,461</u>	<u>28,446</u>
Plan fiduciary net position- beginning	214,605	145,612	116,580	83,249	53,788	25,342
Plan fiduciary net position - ending (b)	<u>206,977</u>	<u>214,605</u>	<u>145,612</u>	<u>116,580</u>	<u>83,249</u>	<u>53,788</u>
SBCAG's net OPEB liability - ending (a)- (b)	<u>\$ 801,244</u>	<u>\$ 762,962</u>	<u>\$ 679,258</u>	<u>\$ 687,171</u>	<u>\$ 761,230</u>	<u>\$ 767,291</u>
Plan fiduciary net position as a percentage of the total OPEB liability	20.53%	21.95%	17.65%	14.50%	9.86%	6.55%
Covered payroll	\$ 2,184,620	\$ 2,292,307	\$ 2,154,357	\$ 2,077,979	\$ 1,832,848	\$ 2,035,082
SBCAG's net OPEB liability as a percentage of covered payroll	36.68%	33.28%	31.53%	33.07%	41.53%	37.70%
Measurement date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017

* Fiscal year 2018 was the first year of implementation. Additional years will be presented as they become available.

The information presented above relates solely to SBCAG and not CalPERS as a whole.

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS
Schedule of Changes in SBCAG's Net OPEB Liability and Related Ratios
Santa Barbara County Employees' Retirement System (SBCERS)
As of June 30, 2023
Last 10 Years*

	<u>FY 2023</u>	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>
Total OPEB liability						
Service cost	\$ 23,746	\$ 24,943	\$ 16,799	\$ 20,490	\$ 23,053	\$ 29,502
Interest	15,346	15,261	22,960	23,299	23,474	19,856
Actual and expected experience difference	(44,362)	(22,470)	(123,248)	(22,663)	(67,591)	
Changes of assumptions	(136,972)	5,730	117,431	37,067	(27,872)	(82,792)
Benefit payments	(2,480)	(3,370)	(3,617)	(1,243)	(5,293)	(3,637)
Net change in total OPEB liability	(144,722)	20,094	30,325	56,950	(54,229)	(37,071)
Total OPEB liability - beginning	699,891	679,797	649,472	592,522	646,751	683,822
Total OPEB liability - ending (a)	<u>\$ 555,169</u>	<u>\$ 699,891</u>	<u>\$ 679,797</u>	<u>\$ 649,472</u>	<u>\$ 592,522</u>	<u>\$ 646,751</u>
Plan fiduciary net position						
Contributions	\$ 3,007	\$ 3,885	\$ (580)	\$ 6,520	\$ -	\$ -
Actual investment income						
Administrative expense	(527)	(515)	(515)	(565)		
Investment gains/losses						
Benefit payments	(2,480)	(3,370)	(3,617)	(1,243)		
Net change in plan fiduciary net position			(4,712)	4,712		
Plan fiduciary net position- beginning			4,712			
Plan fiduciary net position - ending (b)				4,712		
SBCAG's net OPEB liability - ending (a)- (b)	<u>\$ 555,169</u>	<u>\$ 699,891</u>	<u>\$ 679,797</u>	<u>\$ 644,760</u>	<u>\$ 592,522</u>	<u>\$ 646,751</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.73%	n/a	n/a
Covered payroll	\$ 938,500	\$ 1,256,696	\$ 2,141,976	\$ 2,128,548	\$1,826,864	\$1,164,432
SBCAG's total OPEB liability as a percentage of covered payroll	59.15%	55.69%	31.74%	30.29%	32.43%	55.54%
Measurement date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017

* Fiscal year 2018 was the first year of implementation. Additional years will be presented as they become available.

The information presented above relates solely to SBCAG and not the SBCERS as a whole.

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS
Schedule of OPEB Contributions
As of June 30, 2023
Last 10 Years*

As of June 30, 2023, the plan is not administered through qualified trust. Therefore, there is no Actuarially Determined Contribution (ADC). Benefit payments were made on a pay-as-you go basis for the fiscal year ended June 30, 2023 as follows:

California Public Employee Retirement System (CalPERS)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Employer contributions	\$ 74,673	\$ 63,356	\$ 49,319	\$ 49,814	\$ 44,909	\$ 39,747
OPEB Trust	25,000	25,000	25,000	25,000	25,000	25,000
Total CalPERS contributions	<u>\$ 99,673</u>	<u>\$ 88,356</u>	<u>\$ 74,319</u>	<u>\$ 74,814</u>	<u>\$ 69,909</u>	<u>\$ 64,747</u>

Santa Barbara Employees' Retirement System (SBCERS)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Employer contributions	\$ 2,489	\$ 2,480	\$ 3,370	\$ -	\$ 5,955	\$ 5,293
Total SBCERS contributions	<u>\$ 2,489</u>	<u>\$ 2,480</u>	<u>\$ 3,370</u>	<u>\$ -</u>	<u>\$ 5,955</u>	<u>\$ 5,293</u>

* Fiscal year 2018 was the first year of implementation. Additional years will be presented as they become available.

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
As of June 30, 2023
Last 10 Years *

The following table provides required supplementary information regarding SBCAG's pension plan.

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	0.5101%	0.5362%	0.5056%	0.5221%	0.4621%	0.4852%	0.5023%	0.4982%	0.5061%
Proportionate share of the net pension liability	\$ 3,796,966	\$ 2,531,680	\$ 5,337,818	\$ 4,454,596	\$ 3,993,233	\$ 4,564,615	\$ 4,222,905	\$ 3,625,042	\$ 3,088,924
Covered payroll	\$ 2,184,620	\$ 2,292,307	\$ 2,154,357	\$ 2,077,979	\$ 1,832,848	\$ 2,035,082	\$ 1,928,739	\$ 1,858,941	\$ 1,834,104
Proportionate share of the net pension liability as percentage of covered payroll	173.8%	110.4%	247.8%	214.4%	217.9%	224.3%	218.9%	195.0%	168.4%
Plan's total pension liability	\$ 4,641,199,825	\$ 4,463,050,962	\$ 4,249,671,331	\$ 4,051,341,557	\$ 3,866,167,644	\$ 3,742,076,485	\$ 3,395,252,229	\$ 3,260,156,781	\$ 3,123,968,401
Plan's fiduciary net position	\$ 3,896,842,594	\$ 3,990,898,759	\$ 3,193,931,965	\$ 3,198,134,055	\$ 3,002,018,510	\$ 2,801,306,795	\$ 2,554,538,523	\$ 2,532,528,974	\$ 2,513,629,759
Plan fiduciary net position as a percentage of the total pension liability	83.96%	89.42%	75.16%	78.94%	77.65%	74.86%	75.24%	77.68%	80.46%

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

See Note to Required Supplementary Information

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS
SCHEDULE OF PENSION CONTRIBUTIONS
As of June 30, 2023
Last 10 Years *

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 822,328	\$ 824,450	\$ 816,049	\$ 733,180	\$ 664,756	\$ 604,559	\$ 633,668	\$ 627,209	\$ 607,935
Contribution in relation to the actuarially determined contributions	822,328	824,450	816,049	733,180	664,756	604,559	633,668	627,209	607,935
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$2,333,726	\$2,184,620	\$2,292,307	\$2,154,357	\$2,077,979	\$ 1,832,848	\$ 2,035,082	\$ 1,928,739	\$ 1,858,941
Contributions as a percentage of covered payroll	35.24%	37.74%	35.60%	34.03%	31.99%	32.98%	31.14%	32.52%	32.70%
See Note to Required Supplementary Information									
Notes to Schedule									
Valuation Date:	6/30/2021	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2013