

**SUMMERLAND
SANITARY DISTRICT
June 30, 2020 and 2019
FINANCIAL STATEMENTS**



BARTLETT, PRINGLE & WOLF, LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

SUMMERLAND SANITARY DISTRICT

TABLE OF CONTENTS

| | <u>Page</u> |
|--|-------------|
| Independent Auditor's Report..... | 1 - 2 |
| Management's Discussion and Analysis..... | 3 - 9 |
| Basic Financial Statements: | |
| Statement of Net Position..... | 10 |
| Statement of Revenues, Expenses and Changes in Net Position..... | 11 |
| Statement of Cash Flows..... | 12 |
| Notes to Financial Statements..... | 13 - 31 |
| Required Supplementary Information: | |
| Santa Barbara County Employees' Retirement System – Schedule of Summerland Sanitary District's Proportionate Share of the Net Pension Liability..... | 32 |
| Santa Barbara County Employees' Retirement System – Schedule of Summerland Sanitary District's Contributions..... | 33 |
| Other Post-Employment Benefits (OPEB) Plan – Schedule of Changes in the Net OPEB Liability and Related Ratios..... | 34 |



INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Summerland Sanitary District:**

Report on the Financial Statements

We have audited the accompanying financial statements of Summerland Sanitary District (the District) as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the State Controller's Office and state regulations governing special districts; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the State Controller's *Minimum Audit Requirements of California Special Districts*. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2020 and 2019, and the changes in net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Other Matter

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 9, the Santa Barbara County Employees' Retirement System Schedule of Summerland Sanitary District's Proportionate Share of the Net Pension Liability on page 32, the Santa Barbara County Employees' Retirement System Schedule of Summerland Sanitary District's Contributions on page 33, and the Other Postemployment Benefits (OPEB) Plan Schedule of Changes in the Net OPEB Liability and Related Ratios on page 34, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Bartlett, Pringle & Wolf, LLP

Santa Barbara, California
January 14, 2021

SUMMERLAND SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Financial Statements

This discussion and analysis provides an introduction and a brief description of the District's financial statements, including the relationship of the statements to each other and the significant differences in the information they provide. The District's financial statements include four components:

- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows
- Notes to the Financial Statements

The statement of net position includes all the District's assets and deferred outflows and liabilities and deferred inflows, with the difference reported as net position. Net position may be displayed in the categories:

- Net Investment in Capital Assets
- Restricted Net Position
- Unrestricted Net Position

The statement of net position includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

The statement of revenues, expenses and changes in net position presents information which shows how the District's net position changed during the year. All of the current year's revenues and expenses are recorded when the underlying transaction occurs, regardless of the timing of the related cash flows. The statement of revenues, expenses and changes in net position measures the success of the District's operations over the past year and determines whether the District has recovered its costs through user fees and other charges.

The statement of cash flows provides information regarding the District's cash receipts and cash disbursements during the year. This statement reports cash activity in four categories:

- Operating
- Non-capital financing
- Capital and related financing
- Investing

This statement differs from the statement of revenues, expenses and changes in net position because the statement of cash flows accounts only for transactions that result in cash receipts or cash disbursements.

SUMMERLAND SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Statements (Continued)

The notes to the financial statements provide a description of the accounting policies used to prepare the financial statements and present material disclosures required by generally accepted accounting principles that are not otherwise present in the financial statements. The notes to the basic financial statements can be found on pages 13 through 31.

Financial Highlights

- The District's net position increased by 6.1% or \$214,581 to \$3,711,427 in fiscal year 2020 as a result of a \$214,581 increase from operations. In the prior year, the District's net position increased by 3.4% or \$116,036 to \$3,496,846 in fiscal year 2019 as a result of a \$116,036 increase from operations.
- The District's operating revenues increased by 0.9% or \$9,165 in fiscal year 2020. In the prior year, operating revenues increased by 10.2% or \$94,000.

Financial Analysis of the District

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

Statement of Net Position

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

The District has an Operations Fund, A Restricted Capital Facilities Fund, and an Unrestricted Board Designated Fund for Capital Replacement and Repair (respectively fund 5215, 5216 and 5217).

The District's net position at June 30, 2020 totaled \$3,711,427 compared to \$3,496,846 at June 30, 2019. The increase in net position can be attributed to an increase from operations.

**SUMMERLAND SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Condensed Statement of Net Position

The following is a summary of the District's statement of net position as of June 30, 2020 compared to June 30, 2019:

| | <u>2020</u> | <u>2019</u> | <u>Change</u> |
|--|---------------------|---------------------|-------------------|
| Assets: | | | |
| Current assets | \$ 1,820,888 | \$ 1,639,153 | \$ 181,735 |
| Restricted assets | 342,877 | 303,605 | 39,272 |
| Capital assets, net | 2,589,792 | 2,543,720 | 46,072 |
| Other assets | 1,664 | 1,664 | - |
| Total assets | <u>4,755,221</u> | <u>4,488,142</u> | <u>267,079</u> |
| Deferred Outflows of Resources: | | | |
| Deferred pensions | 364,223 | 364,746 | (523) |
| Deferred other post-employment benefits | 11,805 | 4,694 | 7,111 |
| Total deferred outflows of resources | <u>376,028</u> | <u>369,440</u> | <u>6,588</u> |
| Liabilities: | | | |
| Current liabilities | 46,349 | 17,489 | 28,860 |
| Long-term liabilities | 1,258,618 | 1,222,440 | 36,178 |
| Total liabilities | <u>1,304,967</u> | <u>1,239,929</u> | <u>65,038</u> |
| Deferred Inflows of Resources: | | | |
| Deferred pensions | 94,760 | 99,649 | (4,889) |
| Deferred other post-employment benefits | 20,095 | 21,158 | (1,063) |
| Total deferred inflows of resources | <u>114,855</u> | <u>120,807</u> | <u>(5,952)</u> |
| Net Position: | | | |
| Net investment in capital assets | 2,589,792 | 2,543,720 | 46,072 |
| Restricted | 311,461 | 303,605 | 7,856.00 |
| Unrestricted | 55,872 | 109 | 55,763.00 |
| Unrestricted, board designated for capital | 754,302 | 649,412 | 104,890.00 |
| Total net position | <u>\$ 3,711,427</u> | <u>\$ 3,496,846</u> | <u>\$ 214,581</u> |

Assets of the District exceed liabilities by \$3,711,427 as of June 30, 2020 and \$3,496,846 as of June 30, 2019.

A large portion of the District's net position (70% and 73% as of June 30, 2020 and June 30, 2019, respectively) reflects its net investment in capital assets used to acquire those assets that are still outstanding. The District uses these capital assets to provide sewer service to customers within the District's service area; consequently, these assets are *not* available for future spending.

Restricted net position as of June 30, 2020 and June 30, 2019 was \$311,461 and \$303,605, respectively, and is restricted for capital outlay.

At the end of the fiscal years 2020 and 2019, the District shows a positive balance in its unrestricted net position of \$810,174 and \$649,521, respectively, which may be utilized in future years. As of June 30, 2020 and June 30, 2019, \$754,302 and \$649,412, respectively, of the unrestricted balance was designated and reserved by the board for capital replacement and repair.

**SUMMERLAND SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Statement of Net Position (Continued)

The following is a summary of the District's statement of net position as of June 30, 2019 compared to June 30, 2018:

| | <u>2019</u> | <u>2018</u> | <u>Change</u> |
|--|---------------------|---------------------|-------------------|
| Assets: | | | |
| Current assets | \$ 1,639,153 | \$ 1,566,516 | \$ 72,637 |
| Restricted assets | 303,605 | 244,857 | 58,748 |
| Capital assets, net | 2,543,720 | 2,602,879 | (59,159) |
| Other assets | 1,664 | 2,404 | (740) |
| Total assets | <u>4,488,142</u> | <u>4,416,656</u> | <u>71,486</u> |
| Deferred Outflows of Resources: | | | |
| Deferred pensions | 364,746 | 322,031 | 42,715 |
| Deferred other post-employment benefits | 4,694 | 4,912 | (218) |
| Total deferred outflows of resources | <u>369,440</u> | <u>326,943</u> | <u>42,497</u> |
| Liabilities: | | | |
| Current liabilities | 17,489 | 29,127 | (11,638) |
| Long-term liabilities | 1,222,440 | 1,223,791 | (1,351) |
| Total liabilities | <u>1,239,929</u> | <u>1,252,918</u> | <u>(12,989)</u> |
| Deferred Inflows of Resources: | | | |
| Deferred pensions | 99,649 | 95,722 | 3,927 |
| Deferred other post-employment benefits | 21,158 | 14,149 | 7,009 |
| Total deferred inflows of resources | <u>120,807</u> | <u>109,871</u> | <u>10,936</u> |
| Net Position: | | | |
| Net investment in capital assets | 2,543,720 | 2,602,879 | (59,159) |
| Restricted | 303,605 | 229,422 | 74,183 |
| Unrestricted | 109 | 1,649 | (1,540) |
| Unrestricted, board designated for capital | 649,412 | 546,860 | 102,552 |
| Total net position | <u>\$ 3,496,846</u> | <u>\$ 3,380,810</u> | <u>\$ 116,036</u> |

Assets of the District exceed liabilities by \$3,496,846 as of June 30, 2019 and \$3,380,810 as of June 30, 2018.

A large portion of the District's net position (73% and 77% as of June 30, 2019 and June 30, 2018, respectively) reflects its net investment in capital assets used to acquire those assets that are still outstanding. The District uses these capital assets to provide sewer service to customers within the District's service area; consequently, these assets are *not* available for future spending.

Restricted net position as of June 30, 2019 and June 30, 2018 was \$303,605 and \$229,422, respectively, and is restricted for capital outlay.

**SUMMERLAND SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Statement of Net Position (Continued)

At the end of the fiscal years 2019 and 2018, the District shows a positive balance in its unrestricted net position of \$649,521 and \$548,509, respectively, which may be utilized in future years. As of June 30, 2019, \$649,412 of the unrestricted balance was designated and reserved by the board for capital replacement and repair.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position shows how the District's net position changed during the fiscal year. Net position increased by \$214,581 for the fiscal year ended June 30, 2020 and increased by \$116,036 for the fiscal year ended June 30, 2019. Following is a summary of the District's statement of revenues, expenses and changes in net position for the year ending June 30, 2020 compared to June 30, 2019:

Condensed Statements of Revenues, Expenses and Changes in Net Position

| | <u>2020</u> | <u>2019</u> | <u>Change</u> |
|---------------------------------|---------------------|---------------------|-------------------|
| Revenues: | | | |
| Operating revenues | \$ 1,024,495 | \$ 1,015,330 | \$ 9,165 |
| Non-operating revenues | 400,897 | 285,147 | 115,750 |
| Total revenues | <u>1,425,392</u> | <u>1,300,477</u> | <u>124,915</u> |
| Expenses: | | | |
| Operating expenses | 1,062,440 | 1,036,190 | 26,250 |
| Depreciation | 148,371 | 148,251 | 120 |
| Total expenses | <u>1,210,811</u> | <u>1,184,441</u> | <u>26,370</u> |
| Change in net position | 214,581 | 116,036 | 98,545 |
| Net position, beginning of year | <u>3,496,846</u> | <u>3,380,810</u> | <u>116,036</u> |
| Net position, end of year | <u>\$ 3,711,427</u> | <u>\$ 3,496,846</u> | <u>\$ 214,581</u> |

In 2020 the District's total revenues increased by \$124,915 primarily due to contributed capital of the Ortega Ridge Road mainline extension. Total expenses increased by \$26,370 primarily due to pension cost.

**SUMMERLAND SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Statement of Revenues, Expenses and Changes in Net Position (Continued)

Following is a summary of the District's statement of revenues, expenses and changes in net position for the year ending June 30, 2019 compared to June 30, 2018:

| | <u>2019</u> | <u>2018</u> | <u>Change</u> |
|--|---------------------|---------------------|-------------------|
| Revenues: | | | |
| Operating revenues | \$ 1,015,330 | \$ 921,330 | \$ 94,000 |
| Non-operating revenues | 285,147 | 249,207 | 35,940 |
| Total revenues | <u>1,300,477</u> | <u>1,170,537</u> | <u>129,940</u> |
| Expenses: | | | |
| Operating expenses | 1,036,190 | 971,493 | 64,697 |
| Depreciation | 148,251 | 145,374 | 2,877 |
| Total expenses | <u>1,184,441</u> | <u>1,116,867</u> | <u>67,574</u> |
| Change in net position | <u>116,036</u> | <u>53,670</u> | <u>62,366</u> |
| Net position, beginning of year | 3,380,810 | 3,445,286 | (64,476) |
| Prior period adjustment | - | (118,146) | 118,146 |
| Net position, beginning of year, as restated | <u>3,380,810</u> | <u>3,327,140</u> | <u>53,670</u> |
| Net position, end of year | <u>\$ 3,496,846</u> | <u>\$ 3,380,810</u> | <u>\$ 116,036</u> |

In 2019 the District's total revenues increased by \$129,940, due primarily to an increase in sewer services. Total expenses increased by \$67,574 primarily due to: increases in salaries and benefits, merit pay, pension cost and legal fees.

Property and Equipment

Changes in property and equipment for fiscal year ending June 30, 2020 were as follows:

| | <u>Balance 2019</u> | <u>Additions/ Transfers</u> | <u>Deletions/ Transfers</u> | <u>Balance 2020</u> |
|-----------------------------------|-------------------------|---------------------------------|---------------------------------|-------------------------|
| Non-depreciable assets | \$ 2,525 | \$ - | \$ - | \$ 2,525 |
| Depreciable assets | 5,255,476 | 196,387 | (46,322) | 5,405,541 |
| Accumulated depreciation | <u>(2,714,281)</u> | <u>(148,371)</u> | <u>44,378</u> | <u>(2,818,274)</u> |
| Total property and equipment, net | <u>\$ 2,543,720</u> | <u>\$ 48,016</u> | <u>\$ (1,944)</u> | <u>\$ 2,589,792</u> |

SUMMERLAND SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Property and Equipment (Continued)

Changes in property and equipment for fiscal year ending June 30, 2019 were as follows:

| | Balance 2018 | Additions/ Transfers | Deletions/ Transfers | Balance 2019 |
|--------------------------------------|-------------------------|---------------------------------|---------------------------------|-------------------------|
| Non-depreciable assets | \$ 2,525 | \$ - | \$ - | \$ 2,525 |
| Depreciable assets | 5,274,300 | 94,512 | (113,336) | 5,255,476 |
| Accumulated depreciation | <u>(2,673,946)</u> | <u>(148,251)</u> | <u>107,916</u> | <u>(2,714,281)</u> |
| Total property and equipment, net | <u>\$ 2,602,879</u> | <u>\$ (53,739)</u> | <u>\$ (5,420)</u> | <u>\$ 2,543,720</u> |

At the end of fiscal years 2020 and 2019, the District's investment in capital assets net of accumulated depreciation amounted to \$2,589,792 and \$2,543,720, respectively. This investment in capital assets includes land, sewage treatment facilities, subsurface lines, ocean outfall lines and equipment. Capital assets additions during 2020 include \$109,890 for subsurface lines and \$86,497 for equipment additions. During 2019, additions include \$80,345 for subsurface lines and \$14,167 for equipment additions. Additionally, capital assets deletions during 2020 include \$27,548 for sewage treatment facilities, \$4,983 for subsurface lines and \$13,791 for equipment with accumulated depreciation amounted to \$44,378. During 2019 capital assets deletions include \$11,183 for sewage treatment facilities and \$102,153 for equipment with accumulated depreciation amounted to \$107,916.

Conditions Affecting Current Financial Position

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

Requests for Information

This financial report is designed to provide the District's funding sources, customers, stakeholders and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's Administrative Manager at 2435 Wallace Avenue, Summerland, CA 93067.

SUMMERLAND SANITARY DISTRICT

STATEMENT OF NET POSITION

June 30, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|---|---------------------|---------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents (Note 2) | \$ 1,815,320 | \$ 1,631,138 |
| Interest receivable | 5,568 | 8,015 |
| Total current assets | <u>1,820,888</u> | <u>1,639,153</u> |
| Restricted assets: | | |
| Cash and cash equivalents, restricted (Note 2) | 341,804 | 302,103 |
| Interest receivable, restricted | 1,073 | 1,502 |
| Total restricted assets | <u>342,877</u> | <u>303,605</u> |
| Property and equipment: | | |
| Total property and equipment | 5,408,066 | 5,258,001 |
| Accumulated depreciation | (2,818,274) | (2,714,281) |
| Net property and equipment (Notes 1 and 3) | <u>2,589,792</u> | <u>2,543,720</u> |
| Other assets: | | |
| Other receivable | <u>1,664</u> | <u>1,664</u> |
| Total assets | <u>4,755,221</u> | <u>4,488,142</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred pensions (Note 4) | 364,223 | 364,746 |
| Deferred other post-employment benefits (Note 5) | <u>11,805</u> | <u>4,694</u> |
| Total deferred outflows of resources | <u>376,028</u> | <u>369,440</u> |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable | <u>46,349</u> | <u>17,489</u> |
| Total current liabilities | <u>46,349</u> | <u>17,489</u> |
| Long-term liabilities: | | |
| Accrued compensated absences (Note 1) | 23,781 | 59,167 |
| Other accrued expenses (Note 7) | 153,000 | 153,000 |
| Net pension liability (Note 4) | 906,106 | 848,594 |
| Other post-employment benefits liability (Note 5) | <u>175,731</u> | <u>161,679</u> |
| Total long-term liabilities | <u>1,258,618</u> | <u>1,222,440</u> |
| Total liabilities | <u>1,304,967</u> | <u>1,239,929</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred pensions (Note 4) | 94,760 | 99,649 |
| Deferred other post-employment benefits (Note 5) | <u>20,095</u> | <u>21,158</u> |
| Total deferred inflows of resources | <u>114,855</u> | <u>120,807</u> |
| NET POSITION | | |
| Net investment in capital assets | 2,589,792 | 2,543,720 |
| Restricted | 311,461 | 303,605 |
| Unrestricted | 55,872 | 109 |
| Unrestricted, board designated for capital | <u>754,302</u> | <u>649,412</u> |
| Total net position | <u>\$ 3,711,427</u> | <u>\$ 3,496,846</u> |

See accompanying notes

SUMMERLAND SANITARY DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Years Ended June 30, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|---|---------------------|---------------------|
| Operating revenues: | | |
| Service charges | \$ 976,035 | \$ 936,347 |
| Connection fees | 37,880 | 71,424 |
| Inspection fees | 5,580 | 5,143 |
| Administrative revenue | 5,000 | 2,416 |
| Total operating revenues | <u>1,024,495</u> | <u>1,015,330</u> |
| Operating expenses: | | |
| Salaries and benefits | 791,210 | 756,715 |
| Facilities | 93,226 | 90,607 |
| Services and supplies | 178,004 | 188,868 |
| Depreciation | 148,371 | 148,251 |
| Total operating expenses | <u>1,210,811</u> | <u>1,184,441</u> |
| Operating loss | <u>(186,316)</u> | <u>(169,111)</u> |
| Non-operating revenues (expenses): | | |
| Property taxes | 253,513 | 240,070 |
| Loss on disposal of assets | (1,947) | (5,420) |
| Investment earnings | 39,441 | 50,497 |
| Net non-operating income | <u>291,007</u> | <u>285,147</u> |
| Change in net position before contributions | 104,691 | 116,036 |
| Capital contributions | <u>109,890</u> | <u>-</u> |
| Change in net positions | 214,581 | 116,036 |
| Net position, beginning of year | <u>3,496,846</u> | <u>3,380,810</u> |
| Net position at end of year | <u>\$ 3,711,427</u> | <u>\$ 3,496,846</u> |

See accompanying notes

SUMMERLAND SANITARY DISTRICT
STATEMENT OF CASH FLOWS
For the Years Ended June 30, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|---|---------------------|---------------------|
| Cash Flows from Operating Activities: | | |
| Cash received from customers | \$ 1,024,495 | \$ 1,016,070 |
| Cash payments to suppliers for goods and services | (242,370) | (291,113) |
| Cash payments to employees for services | (767,572) | (789,627) |
| Net cash provided (used) by operating activities | <u>14,553</u> | <u>(64,670)</u> |
| Cash Flows from Noncapital Financing Activities: | | |
| Proceeds from property taxes | <u>253,513</u> | <u>240,070</u> |
| Net cash provided by noncapital financing activities | <u>253,513</u> | <u>240,070</u> |
| Cash Flows from Capital and Related Financing Activities: | | |
| Additions-equipment | (86,497) | (14,156) |
| Additions-subsurface lines | - | (80,356) |
| Net cash used by capital and related financing activities | <u>(86,497)</u> | <u>(94,512)</u> |
| Cash Flows from Investing Activities: | | |
| Investment earnings | <u>42,314</u> | <u>47,571</u> |
| Net cash provided by investing activities | <u>42,314</u> | <u>47,571</u> |
| Net change in cash | 223,883 | 128,459 |
| Cash and restricted cash and equivalents at beginning of period | <u>1,933,241</u> | <u>1,804,782</u> |
| Cash and restricted cash and equivalents at end of period | <u>\$ 2,157,124</u> | <u>\$ 1,933,241</u> |
| Reconciliation of operating loss to net cash provided (used) by operating activities: | | |
| Operating loss | \$ (186,316) | \$ (169,111) |
| Adjustments to reconcile operating loss to net cash provide (used) by operating activities: | | |
| Depreciation | 148,371 | 148,251 |
| Decrease (increase) in: | | |
| Other receivable | - | 740 |
| Deferred outflows | (6,588) | (42,497) |
| Increase (decrease) in: | | |
| Accounts payable | 28,860 | (11,638) |
| Net pension liability | 57,512 | 34,828 |
| Other post-employment benefits | 14,052 | (3,651) |
| Deferred inflows | (5,952) | 10,936 |
| Accrued compensated absences | (35,386) | (32,528) |
| Net cash provided (used) by operating activities | <u>\$ 14,553</u> | <u>\$ (64,670)</u> |

See accompanying notes

SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

Note 1 – Reporting Entity and Summary of Significant Accounting Policies

A) Organization and Operations of the Reporting Entity

Summerland Sanitary District (District) was formed in 1957, under the provisions of the Sanitary District Act of 1923 Health and Safety Code, State of California, Section 6400, et seq. The District is located in an area generally known as Summerland in Santa Barbara, California. The District was organized to provide sewage collection and treatment for residents within the District's geographical boundaries.

The District is governed by a Board of Directors consisting of five members elected at large. The Directors serve with minimal compensation for attendance at official board meetings or services as adopted through resolution 2006-01. The Board employs and is assisted by a General Manager, Secretary/Clerk of the Board, and such other personnel as are required to operate the District.

B) Basis of Accounting and Measurement Focus

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

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and the producing and delivering of goods in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges for sewer services and connection fees. Operating expenses of the District include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The District is responsible for funding all of its expenses, regardless of the operation or non-operating classification.

The financial statements of the District have been prepared in conformity with Generally Accepted Accounting Principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

C) Use of Estimates

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

SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

D) Budgetary Policies

The District prepares an annual budget which estimates major sources of revenue to be received during the fiscal year, as well as estimated expenditures needed for operation of District facilities.

E) Property Taxes and Sewer Service Charges

Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations. Secured property taxes are levied on July 1 and become delinquent on December 10 and April 10, for the first and second installments, respectively. Unsecured personal property taxes are collected in one installment and become delinquent August 31.

Property taxes and sewer service charges are allocated on the County of Santa Barbara's annual tax bills to property owners who receive sewer service by the District. The County of Santa Barbara Tax Collector's Office collects the property taxes and sewer charge payments from the property owners and transfers the collection to the District's operating fund held with the County Treasurer's Office. During fiscal year 1994, the District adopted the *Teeter Plan* as defined under California Revenue and Taxation Code. Under the Teeter Plan, the District receives from the County 99.5% of the annual assessed secured and unsecured property taxes and 100% of its annual sewer service charges for the year, with the County responsible for the collection of any delinquent property taxes and sewer service charges. Therefore, the County receives the benefits of collecting all penalty and interest charges on the delinquent property taxes and sewer service charges; hence, no accrual for uncollected property taxes and sewer service charges is recorded at year-end.

F) Compensated Absences

Vacation Accrual

Employees are encouraged to use their accrued vacation benefits each calendar year. Full and part-time employees may accrue up to a maximum of two times their annual accrual amount as indicated below based upon full-time employment.

| <u>Years of Service Completed</u> | <u>Maximum Vacation Accrual</u> |
|-----------------------------------|---------------------------------|
| Up to 4 years | 160 hours |
| 5 to 9 years | 240 hours |
| 10 to 14 years | 320 hours |
| 15+ years | 400 hours |

SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

F) Compensated Absences (Continued)

In the event an employee's earned but unused vacation benefit reaches the maximum accrual that is allowed, vacation benefits will cease to accrue until the employee takes enough vacation to lower the maximum accrual entitlement. Vacation benefit accruals will then resume up to the maximum time allowed.

Sick Leave Pay Out

Employees hired before May 2008

Upon retirement from the District through the County Retirement System, all accrued unused sick leave up to a maximum of 90 (ninety) days shall be paid to the employee in accordance with the following schedule:

| <u>Years of Service Completed</u> | <u>Sick Leave Pay Out</u> |
|---|-----------------------------------|
| Up to 10 years | 50% |
| 10 to 20 years | 75% |
| 20+ years | 100% |

Sick leave pay will be calculated based on the employee's current regular hourly rate of pay. Accumulated sick leave over 90 (ninety) days will be rolled over to the retirement system for service time credit.

Employees hired after May 2008

Upon retirement from the District accumulated sick leave will be rolled over into the retirement system for service time credit. Employees who voluntarily resign before retirement through the County Retirement System or are discharged from District service are not eligible for sick leave pay-out of any accrued and unused sick leave hours.

As of June 30, 2020 and 2019 compensated absences were \$23,781 and \$59,167, respectively.

SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

G) Property and Equipment

Property and equipment acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at \$1,000. Donated assets are recorded at estimated fair market value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

- Sewage treatment facilities – 5 to 50 years
- Subsurface lines – 5 to 50 years
- Ocean outfall lines – 8 to 20 years
- Equipment – 3 to 30 years

H) Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, and is classified into three components as follows:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds.

Restricted – This component of net position consists of assets which are legally restricted by outside parties for use for a specific purpose.

Unrestricted – This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.” Dedicated net position represents unrestricted assets which are segregated by the Board of Directors for specific future uses.

When an expense is incurred for purposes for which both unrestricted and restricted resources are available for use, it is the District's policy to apply restricted assets first, then unrestricted resources.

I) 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 Summerland Sanitary District's proportionate share of the Santa Barbara County Employees' Retirement System (Retirement System) plan (Plan) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Retirement System. 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.

SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

J) Postemployment Benefits Other than Pensions (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 total OPEB liability of the District and additions to/deductions from the District’s OPEB liability have been determined on the same basis. For this purpose, the District recognizes benefit payments when due and payable in accordance with the benefit terms.

K) Future Governmental Accounting Standards Board (GASB) Pronouncements

The Governmental Accounting Standards Board Statements listed below will be implemented in future financial statements. These statements will be evaluated by the District to determine if they will have a material impact to the financial statements once effective.

| | |
|---|--|
| Statement No. 87 <i>"Leases"</i> | The requirements of this statement are effective for periods beginning after June 15, 2021. (FY 21/22) |
| Statement No. 89 <i>"Accounting for Interest Cost Incurred Before the End of a Construction Period"</i> | The requirements of this statement are effective for periods beginning after December 15, 2020. (FY 21/22) |

Note 2 – Cash and Cash Equivalents

Substantially all of the District’s cash is invested in interest bearing accounts. The District considers all highly liquid investments with a maturity of three months to be cash equivalents.

Authorized Deposits and Investments

The District has adopted an investment policy directing the Fiscal Officer to deposit funds in financial institutions. Investments are to be made in the Santa Barbara County Pooled Investment Fund (SBCPIF).

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

Cash and cash equivalents are classified in the statement of net position as of June 30, as follows:

| | 2020 | 2019 |
|---|--------------|--------------|
| Cash and cash equivalents, unrestricted | \$ 1,815,320 | \$ 1,631,138 |
| Cash and cash equivalents, restricted capacity fees | 341,804 | 302,103 |
| Total | \$ 2,157,124 | \$ 1,933,241 |

SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

Note 2 – Cash and Cash Equivalents (Continued)

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

| | 2020 | 2019 |
|---|--------------|--------------|
| Deposits held with financial institutions | \$ 29,773 | \$ 30,813 |
| Deposits held with Santa Barbara County Pooled Investment Fund (SBCPIF) | 2,127,351 | 1,902,428 |
| Total | \$ 2,157,124 | \$ 1,933,241 |

Santa Barbara County Pooled Investment Fund

The cash with the County of Santa Barbara is managed by the County Treasurer’s Office. Sewer service charges and property taxes collected for the District are deposited in the District’s operating account (fund). The majority of expenses of the District are processed through this account. 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. All participants in the Pool are allocated their proportionate share of the net realized earnings on investments quarterly based upon each participant’s average daily cash balance. Unrealized gains and losses are also apportioned quarterly to participants based upon the participant’s ending cash balance. Credit and market risk is unknown for the District’s Pool share. The fair value of the Pool is based on the value of the Pool shares.

The County of Santa Barbara’s bank deposits are either federally insured or collateralized in accordance with the California Government Code. Pool detail is included in the County of Santa Barbara’s Comprehensive Annual Financial Report (CAFR). Copies of the CAFR may be obtained from the County of Santa Barbara Auditor-Controller’s Office – 105 E. Anapamu Street, Santa Barbara, CA 93101.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depositor 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 District’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. The District had deposits with bank balances of \$29,773 as of June 30, 2020. Of the bank balance, up to \$250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District’s name.

SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

Note 2 – Cash and Cash Equivalents (Continued)

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Code and the District’s investment policy contain legal and policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government’s indirect investment in securities through the use of mutual funds or government investment pools (such as SBCPIF).

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The longer the maturity an investment has the greater its fair value is sensitive to changes in market interest rates. The District’s investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The SBCPIF is considered to have a maturity of less than 12 months.

Note 3 – Property and Equipment

Property and equipment additions during 2020 include \$109,890 for subsurface lines and \$86,497 for equipment additions. Additionally, property and equipment deletions during 2020 include \$27,548 for sewage treatment facilities, \$4,983 for subsurface lines and \$13,791 for equipment. Changes in capital assets during 2020 were as follows:

| | Balance 2019 | Additions | Disposals | Balance 2020 |
|-------------------------------|-------------------------|------------------|------------------|-------------------------|
| Non-depreciable assets: | | | | |
| Land | \$ 2,525 | \$ - | \$ - | \$ 2,525 |
| Total non-depreciable assets | 2,525 | - | - | 2,525 |
| Depreciable assets: | | | | |
| Sewage treatment facilities | 2,943,129 | - | (27,548) | 2,915,581 |
| Subsurface lines | 1,603,345 | 109,890 | (4,983) | 1,708,252 |
| Ocean outfall lines | 52,961 | - | - | 52,961 |
| Equipment | 656,041 | 86,497 | (13,791) | 728,747 |
| Total depreciable assets | 5,255,476 | 196,387 | (46,322) | 5,405,541 |
| Accumulated depreciation | (2,714,281) | (148,371) | 44,378 | (2,818,274) |
| Total depreciable assets, net | 2,541,195 | 48,016 | (1,944) | 2,587,267 |
| Total capital assets, net | \$ 2,543,720 | \$ 48,016 | \$ (1,944) | \$ 2,589,792 |

SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

Note 3 – Property and Equipment (Continued)

Property and equipment additions during 2019 include \$80,345 for subsurface lines and \$14,167 for equipment additions. Additionally, property and equipment deletions during 2019 include \$11,183 for sewage treatment facilities and \$102,153 for equipment. Changes in capital assets during 2019 were as follows:

| | <u>Balance 2018</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balance 2019</u> |
|-------------------------------|-------------------------|--------------------|-------------------|-------------------------|
| Non-depreciable assets: | | | | |
| Land | \$ 2,525 | \$ - | \$ - | \$ 2,525 |
| Total non-depreciable assets | <u>2,525</u> | <u>-</u> | <u>-</u> | <u>2,525</u> |
| Depreciable assets: | | | | |
| Sewage treatment facilities | 2,954,312 | - | (11,183) | 2,943,129 |
| Subsurface lines | 1,523,000 | 80,345 | - | 1,603,345 |
| Ocean outfall lines | 52,961 | - | - | 52,961 |
| Equipment | 744,027 | 14,167 | (102,153) | 656,041 |
| Total depreciable assets | <u>5,274,300</u> | <u>94,512</u> | <u>(113,336)</u> | <u>5,255,476</u> |
| Accumulated depreciation | <u>(2,673,946)</u> | <u>(148,251)</u> | <u>107,916</u> | <u>(2,714,281)</u> |
| Total depreciable assets, net | <u>2,600,354</u> | <u>(53,739)</u> | <u>(5,420)</u> | <u>2,541,195</u> |
| Total capital assets, net | <u>\$ 2,602,879</u> | <u>\$ (53,739)</u> | <u>\$ (5,420)</u> | <u>\$ 2,543,720</u> |

Note 4 – Retirement Plan

General Information about the Pension Plans

Plan Descriptions –The District is a member of Santa Barbara County’s cost sharing multiple-employer defined benefit pension plan, which is administered by the Santa Barbara County Employees’ Retirement System (Retirement System). On April 28, 1994, the Board of Directors approved and adopted Resolution No. 1984-01, allowing the employees of the District to join the Santa Barbara County Employees’ Retirement System. The Retirement System was organized under the provision of the 1937 County Employees Retirement Act on January 1, 1944.

The District currently participates in General Plan 5B for employees who started prior to January 1, 2013, and PEPR Plan 8 for employees who started on or after January 1, 2013. All plans provide benefits as defined by law upon retirement, death or disability of members based upon a combination of age, years of service, final average salary (generally the 12 highest paid consecutive months), and the benefit options selected. Cost-of-living adjustments after retirement are provided in these plans.

SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

Note 4 – Retirement Plan (Continued)

Fiduciary Responsibility –The Retirement System is controlled by its own Retirement Board, which acts as a fiduciary agent for the accounting and control of the member and employee contributions and investment income. The Retirement System issues its own Comprehensive Annual Financial Report which includes note disclosures and required supplementary information for the pension plan. This may be obtained online at www.sbcers.org or by writing to the Santa Barbara County Employees' Retirement System at 3916 State Street, Suite 210, Santa Barbara, CA 93105.

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

Service related disability benefits are based upon final average compensation or retirement benefits (if eligible). Non-service related disability benefits are based on 1) years of service and final average compensation or 2) retirement benefits (if eligible). Death benefits are based upon a variety of factors including whether the participant was retired or not. Annual cost-of-living adjustments (COLAs) after retirement are provided in all plans. COLAs are granted to eligible retired members each April based upon the Bureau of Labor Statistics Average Consumer Price Index (CPI) for All Urban Consumers for the Los Angeles-Riverside-Orange County area as of the preceding January 1 and is subject to an annual maximum dependent upon the provisions of the plans.

Specific details for the retirement, disability or death benefit calculations and COLA maximums for each of the pension plans are available in the separately issued SBCERS' Comprehensive Annual Financial Report (CAFR).

Contributions – Per Article 16 of the Constitution of the State of California, contribution requirements of the active employees and the participating employers are established and may be amended by the SBCERS Board of Retirement. Depending upon the applicable plan, employees are required to contribute a certain percent of their annual pay. For each of the plans, the District's contractually required contribution rate for the years ended June 30, 2020 and 2019, was a specified percent of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Additional amounts required to finance any unfunded accrued liability are the responsibility of the plan sponsors. Active members are plan members who are currently accruing benefits and/or paying contributions into the applicable plan.

SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

Note 4 – Retirement Plan (Continued)

The employer and employee contribution rates in effect at June 30, 2020 (measurement date June 30, 2019), are summarized as follows:

| | <u>General Plan 5B</u> | <u>PEPRA Plan 8</u> |
|---|--------------------------|-----------------------------|
| Hire date | Prior to January 1, 2013 | On or after January 1, 2013 |
| Benefit formula | 2% @ 57 | 2% @ 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | monthly for life | monthly for life |
| Retirement age | 50-62 | 52-67 |
| Monthly benefits, as a % of eligible compensation | 0.6681% to 1.3093% | 0.0100% to 0.0250% |
| Required employee contribution rates | 5.86% - 12.15% | 8.31% - 9.30% |
| Required employer contribution rates | 35.56% | 29.03% - 30.02% |

The Plans' provisions and benefits in effect at June 30, 2019 (measurement date June 30, 2018), are summarized as follows:

| | <u>General Plan 5B</u> | <u>PEPRA Plan 8</u> |
|---|--------------------------|-----------------------------|
| Hire date | Prior to January 1, 2013 | On or after January 1, 2013 |
| Benefit formula | 2% @ 57 | 2% @ 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | monthly for life | monthly for life |
| Retirement age | 50-62 | 52-67 |
| Monthly benefits, as a % of eligible compensation | 0.6681% to 1.3093% | 0.0200% to 0.0270% |
| Required employee contribution rates | 5.86% - 12.15% | 8.32% - 9.81% |
| Required employer contribution rates | 34.79% | 27.81% - 29.30% |

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

As of June 30, 2020 and 2019, the Summerland Sanitary District reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

| | <u>June 30, 2020</u> | <u>June 30, 2019</u> |
|-----------------------|----------------------|----------------------|
| Net Pension Liability | \$ 906,106 | \$ 848,594 |

For the year ended June 30, 2020, the net pension liability of all of the Plans is measured as of June 30, 2019, and the total pension liability for all Plans used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, updated to June 30, 2019.

For the year ended June 30, 2019, the net pension liability of all of the Plans is measured as of June 30, 2018, and the total pension liability for all Plans used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, updated to June 30, 2018.

SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

Note 4 – Retirement Plan (Continued)

The District’s proportion of the net pension liability was based on a projection of their long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District’s proportionate share of the net pension liability for all Plans with actuarial valuation dates of June 30, 2018 and 2017 (measurement dates June 30, 2019 and 2018, respectively) were as follows:

| For the Year Ended June 30, 2020 (Measurement Date June 30, 2019) | | For the Year Ended June 30, 2019 (Measurement Date June 30, 2018) | |
|--|---------|--|---------|
| Proportion - June 30, 2018 | 0.0982% | Proportion - June 30, 2017 | 0.0865% |
| Proportion - June 30, 2019 | 0.1062% | Proportion - June 30, 2018 | 0.0982% |
| Change - Increase (Decrease) | 0.0080% | Change - Increase (Decrease) | 0.0117% |

For the years ended June 30, 2020 and 2019, the District recognized pension expense of \$199,924 and \$137,619, respectively.

At June 30, 2020 and 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | June 30, 2020 | | June 30, 2019 | |
|--|-----------------------------------|----------------------------------|-----------------------------------|----------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Pension contributions subsequent to measurement date | \$ 146,781 | \$ - | \$ 141,649 | \$ - |
| Differences between actual and expected experience | - | (31,333) | - | (50,947) |
| Changes in assumptions | 91,688 | (18,950) | 127,172 | (23,363) |
| Investment return | | (34,338) | | |
| Changes in employer’s proportion and difference between the employer’s contributions and the employer’s proportionate share of contributions | 105,791 | (10,139) | 74,001 | (25,339) |
| Net differences between projected and actual earnings on plan investments | 19,963 | - | 21,924 | - |
| | \$ 364,223 | \$ (94,760) | \$ 364,746 | \$ (99,649) |

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

Employer contributions of \$146,781 reported at June 30, 2020 as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

Note 4 – Retirement Plan (Continued)

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

| Year Ended June 30: | Amount |
|---------------------|-------------------|
| 2021 | \$ 58,948 |
| 2022 | 33,313 |
| 2023 | 16,227 |
| 2024 | 14,194 |
| 2025 | - |
| Thereafter | - |
| | <u>\$ 122,682</u> |

Actuarial Assumptions – The total pension liabilities in the June 30, 2019 and 2018 actuarial measurement date were determined using the following actuarial assumptions:

| | <u>For the Year Ended June 30, 2020</u> | <u>For the Year Ended June 30, 2019</u> |
|---------------------------|--|--|
| Valuation Date | June 30, 2018 | June 30, 2017 |
| Measurement Date | June 30, 2019 | June 30, 2018 |
| Actual Cost Method | Entry Age | Entry Age |
| Actuarial Assumptions | | |
| Administrative expenses | Plan expenses base of \$5.5 million for the fiscal year ending June 30, 2019, to be split between employees and employers based on their share of the overall contributions, with wage inflation increases of 3.00% each year. | Plan expenses base of \$5.3 million for the fiscal year ending June 30, 2018, to be split between employees and employers based on their share of the overall contributions, with wage inflation increases of 3.00% each year. |
| Discount rate | 7.00% | 7.00% |
| Inflation | 3.00% | 3.00% |
| COLA Increases: | | |
| Basic COLA | 2.75% | 2.75% |
| Post-Retirement COLA | 2.60% | 2.60% |
| Projected Salary Increase | 3.00% plus merit component | 3.00% plus merit component |
| Investment Rate of Return | 7.00% (1) | 7.00% (1) |
| Post-Retirement Mortality | Sex distinct 2014 CalPERS Healthy Annuitant Mortality Tables, with generational improvements using Projection Scale MP-2016 | Sex distinct 2014 CalPERS Healthy Annuitant Mortality Tables, with generational improvements using Projection Scale MP-2016 |

(1) Net of pension plan investment expense

The actuarial assumptions used in the June 30, 2018, updated to the June 30, 2019 valuation, were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2016.

SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

Note 4 – Retirement Plan (Continued)

The long-term expected rate of return on pension plan investments (7.0 percent) was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by 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 for the years ended June 30, 2020 and 2019 in the following table:

| Asset Class | For the Year Ended June 30, 2020 | | For the Year Ended June 30, 2019 | |
|----------------------------------|----------------------------------|--|----------------------------------|--|
| | Target Allocation | Long-Term Expected Real Rate of Return | Target Allocation | Long-Term Expected Real Rate of Return |
| Emerging markets equity | 7% | 8.25% | 7% | 7.75% |
| Developed market non-U.S. equity | 11% | 5.75% | 11% | 5.50% |
| Private equity | 10% | 7.00% | 10% | 7.50% |
| Broad US equity | 19% | 4.30% | 19% | 4.30% |
| Core fixed income | 17% | 1.25% | 17% | 1.00% |
| Custom non-core fixed income | 11% | 3.50% | 11% | 2.92% |
| Custom real return | 15% | 3.90% | 15% | 3.57% |
| Custom real estate | 10% | 4.30% | 10% | 4.71% |
| Cash | 0% | -0.25% | 0% | -0.25% |
| Total | 100% | | 100% | |

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

SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

Note 4 – Retirement Plan (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District’s proportionate share of the net pension liability for all Plans, calculated using the discount rate for all Plans, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| <u>For the Year Ended June 30, 2020</u> | | <u>For the Year Ended June 30, 2019</u> | |
|---|--------------|---|--------------|
| 1% Decrease | 6.0% | 1% Decrease | 6.0% |
| Net Pension Liability | \$ 1,516,482 | Net Pension Liability | \$ 1,392,489 |
| Current Discount Rate | 7.0% | Current Discount Rate | 7.0% |
| Net Pension Liability | \$ 906,106 | Net Pension Liability | \$ 848,594 |
| 1% Increase | 8.0% | 1% Increase | 8.0% |
| Net Pension Liability | \$ 407,720 | Net Pension Liability | \$ 404,924 |

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued SBCERS CAFR.

Note 5 – Other Post-Employment Benefits (OPEB)

Plan Description – The District is a member of Santa Barbara County’s cost sharing multiple-employer defined benefit postemployment healthcare plan (OPEB Plan), which is administered by the Santa Barbara County Employees’ Retirement System (Retirement System). The OPEB Plan provides medical benefits to eligible retired employees, as well as to their eligible dependents, pursuant to California Government Code Section 31694 et. seq.

The Retirement System issues its own Comprehensive Annual Financial Report which includes note disclosures and required supplementary information for the OPEB Plan. This may be obtained online at www.sbcers.org or by writing to the Santa Barbara County Employees’ Retirement System at 3916 State Street, Suite 210, Santa Barbara, CA 93105.

Plan Benefits – The District participates in the Santa Barbara County Employees’ Retirement System (SBCERS) which negotiates health care contracts with providers for its participating retired members of the Retirement System. Retirees are offered the same health plans as active employees, as well as enhanced senior plans for retirees on Medicare. Retiree premiums are rated separately from active employees; as such, the District does not have a retiree premium implicit rate subsidy.

Pursuant to the OPEB Plan, the District has determined to provide a monthly insurance premium subsidy of \$15 (whole dollars) per year of credited service from the 401(h) account for Eligible Retired Participants participating in the health insurance plan. The monthly insurance premium subsidy is applied directly by the Retirement System to pay the premium and is not paid to the retiree or other party. The maximum amount paid in any month does not exceed the premium; any

SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

Note 5 – Other Post-Employment Benefits (OPEB) (Continued)

amount in excess of the premium is forfeited. If an Eligible Retired Participant does not participate in the health insurance plan, then the Retirement System reimburses the Eligible Retired Participant for other medical care expenses. The maximum monthly amount paid is \$4 (whole dollars) per year of credited service.

If a member is eligible for a disability retirement benefit, the member can receive a monthly health plan subsidy of \$187 (whole dollars) per month or a subsidy of \$15 (whole dollars) per month per year of service, whichever is greater. This subsidy is treated as a nontaxable amount to the disabled recipient.

Survivors of Eligible Retired Participants (spouses and dependents) continue to receive a subsidy proportionate to their percentage of the retiree's pension benefit (if any).

Funding Policy – The contribution requirements of plan members and the District are established and may be amended by the District and its board of directors. The required contribution is based on projected pay-as-you-go financing requirements. The District pays 100% of costs on behalf of the eligible participants.

Net OPEB Liability – As of June 30, 2020, the District reported a net OPEB liability of \$175,731. The net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2018, updated to June 30, 2019.

Actuarial Assumptions – The total OPEB liability measured as of June 30, 2019 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|------------------------------|--|
| Salary increase rate | 3% plus an additional longevity and promotion increase compounded based on years of service. |
| Investment rate of return | 7.0%, net of investment expense. |
| Healthcare cost trend rates | The Healthcare Cost Trend Rate is not applicable because the total cost of health benefits is not valued. Only the monthly benefit provided is valued using the assumption that no future increase will be granted to the amount. |
| Future retiree plan election | 55% - monthly subsidy of \$15 per year of service; 45% - \$4 cash benefit option. |
| Mortality rates | Mortality rates are based on the sex distinct CalPERS Healthy Annuitant Mortality Tables or CalPERS Disable Annuitant Mortality Tables (as applicable), with Generational improvement using Projection Scale MP-2016 from a base year of 2009. |

SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

Note 5 – Other Post-Employment Benefits (OPEB) (Continued)

The actuarial assumptions used in the valuation as of June 30, 2018, updated to June 30, 2019, were based on 1) the demographic assumptions determined in the actuarial experience study of July 1, 2013 – June 30, 2016 for the Pension Plan, 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 is expected to remain so into the future, no age related costs are required to be developed.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.5 percent. The discount rate used at the June 30, 2019 measurement date assumed that contributions will continue based upon the current OPEB Funding Policy. The OPEB plan’s 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.

Changes in the Net OPEB Liability – The table below shows the changes in the total OPEB liability, the Plan Fiduciary Net Position (i.e. Fair value of Plan assets), and the net OPEB liability during the measurement period ending on June 30, 2019 for the District’s proportionate share.

| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability/(Asset) (a) - (b) |
|--|--------------------------------|---------------------------------------|--|
| Balance at June 30, 2019 (Measurement Date June 30, 2018) | \$ 161,679 | \$ - | \$ 161,679 |
| Changes Recognized for the Measurement Period: | | | |
| Service cost | 5,741 | - | 5,741 |
| Interest | 6,281 | - | 6,281 |
| Difference between expected and actual experience | (1,439) | - | (1,439) |
| Changes of assumptions | 7,982 | - | 7,982 |
| Contributions - employer | - | 4,688 | (4,688) |
| Contributions - member | - | - | - |
| Benefit payments | (4,513) | (4,513) | - |
| Administrative expense | - | (175) | 175 |
| Net Changes | <u>14,052</u> | <u>-</u> | <u>14,052</u> |
| Balance at June 30, 2020 (Measurement Date June 30, 2019) | <u>\$ 175,731</u> | <u>\$ -</u> | <u>\$ 175,731</u> |

SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

Note 5 – Other Post-Employment Benefits (OPEB) (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the net OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019.

| | 1% Decrease 2.50% | Discount Rate 3.50% | 1% Increase 4.50% |
|----------------------|-------------------------|---------------------------|-------------------------|
| Total OPEB Liability | \$ 200,364 | \$ 175,731 | \$ 155,359 |

OPEB Plan Fiduciary Net Position – Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued SBCERS financial report.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources – For the fiscal year ended June 30, 2020, the District recognized OPEB expense of (\$14,052). OPEB expense represents the change in the net OPEB liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, and actuarial assumptions or method. At June 30, 2020 and 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | June 30, 2020 | | June 30, 2019 | |
|--|-----------------------------------|----------------------------------|-----------------------------------|----------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Contributions subsequent to measurement date | \$ 4,621 | \$ - | \$ 4,694 | \$ - |
| Differences between expected and actual experience | - | (5,361) | - | (4,066) |
| Changes in assumptions | 7,184 | (14,734) | - | (17,092) |
| | \$ 11,805 | \$ (20,095) | \$ 4,694 | \$ (21,158) |

Employer contributions of \$4,621 reported at June 30, 2020 as deferred outflows of resources related to contributions subsequent to measurement date will be recognized as a reduction of OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ended June 30: | Amount |
|---------------------|-----------|
| 2021 | \$ 2,875 |
| 2022 | 2,875 |
| 2023 | 2,875 |
| 2024 | 2,875 |
| 2025 | 517 |
| Thereafter | 894 |
| | \$ 12,911 |

SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

Note 6 – Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; error and omissions; injuries to employees; and natural disasters. The District, as a member of the Special District Risk Management Authority (SDRMA), has purchased various insurance policies to manage the potential liabilities that may occur from the previously named sources. SDRMA's purpose is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. At June 30, 2020, the District participated in the liability and property programs of the SDRMA.

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

Global Pandemic

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the District operates.

Note 7 – Commitments and Contingencies

In the ordinary course of conducting business, various legal matters may be pending, however, in the opinion of the District's management, the ultimate disposition of these matters will have no significant impact on the financial position of the District.

The District has been notified by the U.S. Environmental Protection Agency (EPA) that it is considered a Potentially Responsible Party to the Casmalia Disposal Site (Site), an inactive commercial hazardous waste treatment, storage, and disposal facility. The District is one among thousands of waste generators that contributed waste to the Site.

On January 2, 2000, the EPA made a *de minimis* settlement offer to the District and other former customers of the Site. The settlement is being offered to waste contributors of the minimal amounts of waste in comparison to the other waste at the Site, and of the minimal amounts of toxic or other hazardous effects of the waste in comparison to other waste at the Site. The EPA has offered the *de minimis* parties the opportunity to fully resolve their liability in exchange for cash payments based on the volume of waste sent to the Site each year.

SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

Note 7 – Commitments and Contingencies (Continued)

The District, along with the other members represented in the *de minimis* settlement offer, has not yet accepted the EPA's offer. The *de minimis* group has uncovered numerous deficiencies in the proposed settlement offer that need to be addressed. Consequently, the *de minimis* group has proposed a counter settlement offer, which the District believes the EPA will accept. This liability for the District was estimated not to exceed \$153,000 which was accrued and recorded by the District.

Note 8 – Significant Non-Cash Capital and Related Financing Activities

The District received contributions of capital for a mainline extension on Ortega Ridge Road in the amount of \$109,890 during fiscal year ended June 30, 2020.

Note 9 – Subsequent Events

Subsequent events have been evaluated through January 14, 2021, the date that the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**SUMMERLAND SANITARY DISTRICT
SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF SUMMERLAND SANITARY DISTRICT'S
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Last 10 Years***

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| Valuation date | June 30, 2018 | June 30, 2017 | June 30, 2016 | June 30, 2015 | June 30, 2014 | June 30, 2013 |
| Measurement date | June 30, 2019 | June 30, 2018 | June 30, 2017 | June 30, 2016 | June 30, 2015 | June 30, 2014 |
| Proportion of the net pension liability | 0.1062% | 0.0982% | 0.0865% | 0.0880% | 0.0881% | 0.0935% |
| Proportionate share of the net pension liability | \$ 906,106 | \$ 848,594 | \$ 813,766 | \$ 739,828 | \$ 641,040 | \$ 570,666 |
| Covered payroll | \$ 433,121 | \$ 388,149 | \$ 347,798 | \$ 337,744 | \$ 328,613 | \$ 338,923 |
| Proportionate share of the net pension liability as percentage of covered-employee payroll | 209.2% | 218.6% | 234.0% | 219.0% | 195.1% | 168.4% |
| Plan fiduciary net position as a percentage of the total pension liability | 78.9% | 77.6% | 74.9% | 75.2% | 77.7% | 80.5% |

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2019 measurement date.

Net pension liability as a percentage of covered payroll demonstrates the relative size of the unfunded liability by expressing it in terms of current personnel expenditures.

* Fiscal year 2015 was the 1st year of implementation.

**SUMMERLAND SANITARY DISTRICT
SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF SUMMERLAND SANITARY DISTRICT'S CONTRIBUTIONS
Last 10 Years***

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| Contractually required contribution (actuarially determined) | \$ 146,781 | \$ 141,649 | \$ 121,519 | \$ 108,337 | \$ 103,582 | \$ 98,716 |
| Contributions in relation to the actuarially determined contributions | \$ 146,781 | \$ 141,649 | \$ 121,519 | \$ 108,337 | \$ 103,582 | \$ 98,716 |
| Contribution deficiency (excess) | - | - | - | - | - | - |
| Covered payroll | \$ 419,605 | \$ 433,121 | \$ 388,149 | \$ 347,798 | \$ 337,744 | \$ 328,613 |
| Contributions as a percentage of covered-employee payroll | 34.98% | 32.70% | 31.31% | 31.15% | 30.67% | 30.04% |

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2019-20 were derived from the June 30, 2018 valuation report.

* Fiscal year 2015 was the 1st year of implementation.

SUMMERLAND SANITARY DISTRICT
OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
Last 10 Years*

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|-------------------|-------------------|-------------------|
| Total OPEB Liability | | | |
| Service cost | \$ 5,741 | \$ 5,464 | \$ 6,437 |
| Interest on the total OPEB liability | 6,281 | 5,937 | 5,013 |
| Difference between expected and actual experience | (1,439) | (4,575) | - |
| Changes of assumptions | 7,982 | (5,964) | (16,507) |
| Benefit payments | (4,513) | (4,513) | (4,614) |
| Net change in the total OPEB liability | 14,052 | (3,651) | (9,671) |
| Total OPEB liability - beginning | 161,679 | 165,330 | 175,001 |
| Total OPEB liability - ending (a) | <u>\$ 175,731</u> | <u>\$ 161,679</u> | <u>\$ 165,330</u> |
| Plan Fiduciary Net Position | | | |
| Contributions - employer | \$ 4,688 | \$ 4,731 | \$ 4,847 |
| Net investment income | - | - | - |
| Benefit payments | (4,513) | (4,513) | (4,614) |
| Administrative expenses | (175) | (218) | (233) |
| Net change in the Plan Fiduciary Net Position | - | - | - |
| Plan Fiduciary Net Position - beginning | - | - | - |
| Plan Fiduciary Net Position - ending (b) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Net OPEB liability - ending (a) - (b) | <u>\$ 175,731</u> | <u>\$ 161,679</u> | <u>\$ 165,330</u> |
| Plan Fiduciary Net Position as a percentage of the total OPEB liability | 0.00% | 0.00% | 0.00% |
| Covered - employee payroll | \$ 433,121 | \$ 388,149 | \$ 347,798 |
| Net OPEB Liability as a percentage of covered-employee payroll | 40.57% | 41.65% | 47.54% |
| Measurement date | June 30, 2019 | June 30, 2018 | June 30, 2017 |
| Valuation date | June 30, 2018 | June 30, 2017 | June 30, 2016 |

Notes to Schedule:

- * Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.