SANTA MARIA VALLEY WATER CONSERVATION DISTRICT

FINANCIAL STATEMENTS
June 30, 2024

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SANTA MARIA VALLEY WATER CONSERVATION DISTRICT
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INTRODUCTORY SECTION

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BOARD OF DIRECTORS

President:	**Term Expires:**
Keith Hadick, Div. 3	December 2026
Vice President:	
Randy Sharer, Div. 7	December 2028
Directors:	
Ramon Elias, Div. 1	December 2028
Gerald Mahoney, Div. 4	December 2028
Edward Apalategui, Div. 5	December 2026
Casey Conrad, Div. 6	December 2026
Secretary of the Board:	
Andy Adam, Div. 2	December 2026

SANTA BARBARA COUNTY ELECTED OFFICIALS

Auditor-Controller	Betsy Schaffer, CPA
Clerk-Recorder-Assessor	Joseph E. Holland
Treasurer-Tax Collector	Harry E. Hagen, CPA

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FINANCIAL SECTION

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Moss, Levy & Hartzheim LLP

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Santa Maria Valley Water Conservation District
Santa Maria, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Santa Maria Valley Water Conservation District (District) as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Santa Maria Valley Water Conservation District, as of June 30, 2024, and the respective changes in financial position 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 Maria Valley Water Conservation District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information on page 21 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated January 19, 2026, on our consideration of the Santa Maria Valley Water Conservation District's 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 District's internal control over financial reporting and compliance.

Moss, Levy & Hartzheim LLP

Santa Maria, California
January 19, 2026

SANTA MARIA VALLEY WATER CONSERVATION DISTRICT
STATEMENT OF NET POSITION
June 30, 2024

	Governmental Activities
ASSETS	
Cash in bank	$ 2,260,644
Prepaid items	1,400
Receivables, net	3,395
Capital assets:	
Depreciable, net	305,792
Total assets	2,571,231
LIABILITIES	
Accounts payable	57,900
Total liabilities	57,900
NET POSITION	
Net investment in capital assets	305,792
Unrestricted	2,207,539
Total net position	$ 2,513,331

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SANTA MARIA VALLEY WATER CONSERVATION DISTRICT
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2024

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Contributions and Grants	Program Revenues: Capital Contributions and Grants	Net (Expense) Revenue and Changes in Net Position
Governmental activities:					
Ground water conservation	$ 1,166,474	$ -	$ -	$ -	$ (1,166,474)
Total governmental activities	$ 1,166,474	$ -	$ -	$ -	(1,166,474)
General Revenues					
Taxes:					
Secured and unsecured property taxes					622,746
Special assessments					760,153
Intergovernmental revenue					1,559
Use of money and property					5,489
Other					7,014
Total general revenues					1,396,961
Change in net position					230,487
Net position, beginning of fiscal year					2,282,844
Net position, end of fiscal year					$ 2,513,331

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

SANTA MARIA VALLEY WATER CONSERVATION DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2024

	General Fund	Capital Projects Fund	Totals
ASSETS			
Cash and investments	$ 2,260,644	$ -	$ 2,260,644
Receivables, net	-	3,395	3,395
Due from other funds	385,471		385,471
Prepaid expenditures	1,400		1,400
Total assets	$ 2,647,515	$ 3,395	$ 2,650,910
LIABILITIES AND FUND BALANCES			
Accounts payable	$ 57,900	$ -	$ 57,900
Due to other funds		385,471	385,471
Total liabilities	57,900	385,471	443,371
Fund Balances:			
Nonspendable:			
Prepaid items	1,400		1,400
Unassigned	2,588,215	(382,076)	2,206,139
Total fund balances	2,589,615	(382,076)	2,207,539
Total liabilities and fund balances	$ 2,647,515	$ 3,395	$ 2,650,910

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SANTA MARIA VALLEY WATER CONSERVATION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL
FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2024

Total Fund Balances - governmental funds		$ 2,207,539
Amounts reported for governmental activities in the statement of net position are different because:		
In governmental funds, only current assets are reported. In the statement of net position all assets are reported including capital assets and accumulated depreciation.		
Capital assets at historical cost	$ 781,894	
Accumulated depreciation	(476,102)	
		305,792
Total net position - governmental activities		$ 2,513,331

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

SANTA MARIA VALLEY WATER CONSERVATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2024

	General Fund	Capital Projects Fund	Totals
Revenues:			
Property taxes	$ 622,746	$ -	$ 622,746
Interest	5,489		5,489
Intergovernmental revenues	1,559		1,559
Special assessments	760,153		760,153
Miscellaneous revenue	7,014		7,014
Total revenues	1,396,961		1,396,961
Expenditures:			
Salaries and benefits	41,367		41,367
Services and supplies	1,078,296		1,078,296
Capital outlay	22,212		22,212
Total expenditures	1,141,875		1,141,875
Net change in fund balances	255,086		255,086
Fund balances (deficits) - July 1	2,334,529	(382,076)	1,952,453
Fund balances (deficits) - June 30	$ 2,589,615	$ (382,076)	$ 2,207,539

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

SANTA MARIA VALLEY WATER CONSERVATION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2024

Net Change in Fund Balances - governmental funds	$	255,086
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which additions to capital outlay of $22,212 is less than depreciation expense $(46,811) in the period.		(24,599)
Change in net position - governmental activities	$	230,487

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

SANTA MARIA VALLEY WATER CONSERVATION DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2024

	Private-Purpose Trust Fund
ASSETS	
Cash in bank	$ 25,000
Total assets	25,000
NET POSITION	
Unrestricted	25,000
Total net position	$ 25,000

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

SANTA MARIA VALLEY WATER CONSERVATION DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
For the Fiscal Year Ended June 30, 2024

	Private-Purpose Trust Fund
Net position, July 1	$ 25,000
Net position, June 30	$ 25,000

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Santa Maria Valley Water Conservation District, (the District) is an independent division of local government, authorized by the Water Code Section 74000 et. seq. of the State of California. The District is governed by a seven-member Board of Directors elected to serve four-year terms.

B. Reporting Entity

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

C. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

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

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

D. Basis of Presentation

Government-wide financial statements:

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

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

Fund financial statements:

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

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. **Basis of Presentation (Continued)**

Fund financial statements: (Continued)

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

Fiduciary funds are reported using the economic resources measurement focus.

E. **Basis of Accounting**

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

Revenues – exchange and non-exchange transactions:

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

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

Unearned revenues:

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

Expenses/expenditures:

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

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first then unrestricted resources as they are needed.

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. **Fund Accounting**

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

Major Governmental Funds:

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

The *Capital Projects Fund* is used to account for the proceeds of specific revenue sources that are restricted to expenditures for various capital projects.

Fiduciary Funds:

These funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for these assets held by the District under the terms of a formal trust agreement. The District maintains the following fiduciary fund type:

Private-Purpose Trust: This fund is used to account for trusts where both principal and interest may be spent for the trust's intended purpose.

G. **Budgets and Budgetary Accounting**

In accordance with the California Government Code and other statutory provisions, on or before August 30 for each fiscal year, the District must prepare and submit a budget to the County Auditor. Annual budgets are adopted for the general fund, and the special revenue fund. The District budgets are prepared on a modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America. Annually, the Board of Directors conducts a public hearing for the discussion of a proposed budget. At the conclusion of the hearings, the Board adopts the final fiscal budget. The legal level of budgetary control (the level at which expenditures may not legally exceed appropriation) is maintained at the object level. Any changes in the annual budget must be within the revenues and reserves estimated by the District or the revenue estimates must be changed by a vote of the Board.

H. **Investments**

Investments are stated at fair value. The District held no investments as of June 30, 2024.

I. **Encumbrances**

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

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. **Capital Assets**

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at their estimated fair value at the date of the contribution. Capital assets are defined by the District as assets with an initial individual cost of more than $5,000 and estimated useful life in excess of two years.

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

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

Equipment	5 to 15 years
Structures	15 to 30 years

K. **Estimates**

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

L. **Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

M. **Fund Balances:**

Fund balance of the governmental funds are classified as follows:

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

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

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

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

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. **Fund Balances (Continued)**

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

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

N. **Future Accounting Procurements**

Statement No. 101	"Compensated Absences"	The provisions of this statement are effective for fiscal years beginning after December 15, 2023.
Statement No. 102	"Certain Risk Disclosures"	The provisions of this statement are effective for fiscal years beginning after June 15, 2024.
Statement No. 103	"Financial Reporting Model Improvements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2025.
Statement No. 104	"Disclosure of Certain Capital Assets"	The provisions of this statement are effective for fiscal years beginning after June 15, 2025.

NOTE 2 - CASH AND INVESTMENTS

On June 30, 2024, the District had the following cash and investments on hand:

Cash in bank	$ 2,285,644
Total cash	$ 2,285,644

Cash is presented on the accompanying basic financial statements, as follows:

Cash in bank, statement of net position	$ 2,260,644
Cash in bank, statement of fiduciary net position	25,000
Total cash	$ 2,285,644

The District 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. 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. The District has no investments required to be measured.

Investments Authorized by the District's Investment Policy

The District's investment policy only authorizes investment in the local government investment pool administered by the County of Santa Barbara. The District's investment policy does not contain any specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk. The District currently holds no investments.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments

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and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flows and liquidity needed for operations.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of rating by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of total District investments.

NOTE 2 - CASH AND INVESTMENTS (Continued)

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 District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 100% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF and the Santa Barbara County Investment Pool).

As of June 30, 2024, none of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for 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.

NOTE 3 - PROPERTY TAXES

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

Property Valuations - are established by the Assessor of the County of Santa Barbara for the secured and unsecured property tax rolls; the utility property tax roll is valued by the State Board of Equalization. Under the provisions of Article XIIIA of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978), properties are assessed at 100% of full value. From the base assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

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

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

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

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

NOTE 3 - PROPERTY TAXES (Continued)

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

NOTE 4 - CONTINGENCIES

In 2001, the District applied a new assessment of $50,000 to fund the operation and maintenance costs of the Twitchell Dam project as required by contractual obligation. As this contract was in force prior to the passing of Proposition 218, it is the District's position that the District may legally apply the assessment without following the voter challenge provision of Proposition 218. Should this assessment be challenged, there is the possibility the assessment might be invalidated which could require repayment of assessments collected. It is the District's opinion that the District would prevail in the event the assessment is challenged. The District expects to continue the assessment in subsequent fiscal years.

NOTE 5 – CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2024, is as follows:

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Depreciable capital assets:				
Buildings and improvements	$ 212,430	$ 22,212	$ -	$ 234,642
Equipment	547,252			547,252
Total depreciable capital assets	759,682	22,212		781,894
Less accumulated depreciation	429,291	46,811		476,102
Net depreciable capital assets	$ 330,391	$ (24,599)	$ -	$ 305,792
Net capital assets	$ 330,391	$ (24,599)	$ -	$ 305,792

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NOTE 6 – NET POSITION

The government-wide and the fiduciary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position.

Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement

of these assets reduce the balance in this category.

Restricted Net position – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net position – This category represents net position of the District, not restricted for any project or other purpose.

NOTE 7 – OTHER POST EMPLOYMENT BENEFITS

As of June 30, 2024, the District does not offer any other postemployment benefits.

NOTE 8 - INTERFUND TRANSACTIONS

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Due From/Due To Other Funds

Individual fund interfund receivable and payable balances at June 30, 2024 are as follows:

Fund	Interfund Receivables	Interfund Payables
Major Governmental Funds:		
General Fund	$ 385,471	$ -
Capital Projects Fund		385,471
Totals	$ 385,471	$ 385,471

NOTE 9 – DEFICIT FUND BALANCE

Major Fund:

A deficit fund balance of $382,076 exists in the Capital Projects Fund. This fund balance deficit is due to the District incurring costs related to its Twitchell Dam FEMA project without yet receiving any state or federal reimbursement. As of June 30, 2024 the District applied for reimbursement, however, the application was not approved. The District did not get reimbursed for the funds.

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NOTE 10 – Budgetary Information

The District adopts an annual budget for the General Fund. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP) and is legally adopted by the Board of Directors. Budgetary comparisons are presented for the General Fund. Actual expenditures exceeded the final budgeted amounts for the year ended June 30, 2024. The variance was primarily due to unanticipated expenditures related to operations and maintenance activities. The District had sufficient fund balance to absorb these excess expenditures, and no budget amendments were required.

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REQUIRED SUPPLEMENTARY INFORMATION SECTION

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SANTA MARIA VALLEY WATER CONSERVATION DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues:				
Property taxes	$ 465,300	$ 465,300	$ 622,746	$ 157,446
Interest	650	650	5,489	4,839
Intergovernmental revenues	3,200	3,200	1,559	(1,641)
Special assessments	450,000	450,000	760,153	310,153
Miscellaneous revenue	800	800	7,014	6,214
Total revenues	919,950	919,950	1,396,961	477,011
Expenditures:				
Current:				
Salaries and benefits	176,200	176,200	41,367	134,833
Services and supplies	653,750	653,750	1,078,296	(424,546)
Capital outlay	90,000	90,000	22,212	67,788
Total expenditures	919,950	919,950	1,141,875	(221,925)
Excess of revenues over (under) expenditures			255,086	255,086
Fund balance - July 1	2,334,529	2,334,529	2,334,529	
Fund balance - June 30	$ 2,334,529	$ 2,334,529	$ 2,589,615	$ 255,086

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