Midpeninsula Regional Open Space District

R-18-132
Meeting 18-37
November 14, 2018

AGENDA ITEM 7

AGENDA ITEM

Review and acceptance of the Fiscal Year 2017-18 Annual Financial Report

GENERAL MANAGER'S RECOMMENDATIONS

1. Review and accept the Fiscal Year 2017-18 Annual Financial Report
2. Approve a resolution to create a new Committed for Future Acquisitions and Capital Projects Fund and to transfer a total of $13 million from the General Fund Unassigned Fund balance as follows:
    a. $9 million to Committed for Infrastructure Fund;
    b. $3 million to Committed for Future Acquisitions and Capital Projects Fund; and
    c. $1 million to Committed for Capital Maintenance Fund.

SUMMARY

Fiscal Year (FY) 2017-18 expenditures totaled $57.7 million, which is 1.9% below the final adjusted budget of $58.8 million. The Board of Directors (Board) adopted the final adjusted budget on May 9, 2018 (R-18-45). Revenue for FY2017-18 totaled $52.4 million, or 1% above the final projected revenue. An additional $10.7 million was drawn on Measure AA bond funding.

The Unassigned Fund balance contains $13 million dollars more than the minimum fund balance requirement of 30% of budgeted tax revenue. To ensure adequate funding for facility and other infrastructure needs, as well as large cost maintenance repairs of District capital assets, the General Manager and Controller recommend a total of $10 million be transferred to the Committed for Infrastructure ($9 million) and the Committed for Capital Maintenance funds ($1 million). Furthermore, to ensure funding of future land acquisitions and other capital projects (such as purchase of San José Water Company watershed lands), the General Manager and Controller also recommend the creation of the Committed for Future Acquisitions & Capital Projects Fund with a corresponding initial transfer of $3 million. The recommended transfer of funds are listed below:

Committed for Infrastructure Fund	$9 million
Committed for Future Acquisitions & Capital Projects Fund (new)	$3 million
Committed for Capital Maintenance Fund	$1 million

DISCUSSION

<u>Revenues</u>

The estimated revenue for FY2017-18 was $51.7 million. As of June 30, 2018, the District's actual total General Fund revenue came to $52.4 million, which is 1% above the revenue estimate. In addition, Measure AA bond funds provided $10.7 million for capital improvement projects within the 25 portfolios.

Expenditures

The District ended the year with total expenditures of $57.7 million, which is approximately $6.3 million or 10% below the final adjusted budget. Excluding land purchases and debt service, total expenditures were $37.9 million, which is $5.9 million or approximately 13% below the final adjusted budget.

The District's FY2017-18 total expenditures remained within the approved budget. Expenditures by category are listed in Table 1A and by fund in Table 1B.

Table 1A – District Budget & Expenditures by Category

DISTRICT EXPENDITURES (All Fund)	FY2017-18 Adopted Budget	FY2017-18 Final Adjusted Budget	FY2017-18 Year-End Actuals	$ Change from FY2017-18 Final Adjusted Budget	% Spent of FY2017-18 Final Adjusted Budget
Salaries and Benefits	$ 20,714,991	$ 20,777,942	$ 19,983,975	$ (793,967)	96%
Services and Supplies	$ 9,711,922	$ 9,806,884	$ 7,475,205	$ (2,331,679)	76%
Total Operating Expenditures	**$ 30,426,913**	**$ 30,584,826**	**$ 27,459,180**	**$ (3,125,646)**	90%
Capital Expenditures	$ 18,266,385	$ 13,220,674	$ 10,433,165	$ (2,787,509)	79%
Land and Associated Costs	$ 988,500	$ 7,781,231	$ 7,156,757	$ (624,474)	92%
Debt Service	$ 11,721,637	$ 12,397,869	$ 12,605,796	$ 207,927	102%
Total Non-Operating Expenditures	**$ 30,976,522**	**$ 33,399,774**	**$ 30,195,718**	**$ (3,204,056)**	**90%**
TOTAL DISTRICT EXPENDITURES	**$ 61,403,435**	**$ 63,984,600**	**$ 57,654,898**	**$ (6,329,702)**	**90%**

Table 1B – District Budget & Expenditures by Fund

DISTRICT EXPENDITURES (By Fund)	FY2017-18 Adopted Budget	FY2017-18 Final Adjusted Budget	FY2017-18 Year-End Actuals	$ Change from FY2017-18 Final Adjusted Budget	% Spent of FY2017-18 Final Adjusted Budget
Fund 10 - General Fund Operating	$ 30,344,413	$ 30,532,326	$ 27,418,768	$ (3,113,558)	90%
Fund 20 - Hawthorn Fund	$ 166,500	$ 95,500	$ 40,412	$ (55,088)	42%
Fund 30 - Measure AA Capital	$ 12,637,845	$ 13,956,384	$ 12,038,108	$ (1,918,276)	86%
Fund 40 - General Fund Capital	$ 6,533,040	$ 7,002,521	$ 5,551,814	$ (1,450,707)	79%
Fund 50 - Debt Service	$ 11,721,637	$ 12,397,869	$ 12,605,796	$ 207,927	102%
TOTAL DISTRICT EXPENDITURES	**$ 61,403,435**	**$ 63,984,600**	**$ 57,654,898**	**$ (6,329,702)**	90%

Fund Balance

Before budget adjustments, the General Fund Unassigned Fund Balance increased by $5.4 million from $23.9 million to $29.3 million. The District's Fund Balance policy, as adopted by the Board of Directors on October 26, 2016, states that the District is required to maintain a minimum unassigned fund of 30% of budgeted tax revenues. The budgeted tax revenue for FY2018-19 is $48,313,000, requiring the District to maintain a minimum General Fund Unassigned Fund Balance of $14,493,900.

The General Manager and Controller recommend a transfer of a total of $13 million from the Unassigned Fund Balance to the following funds:

Committed for Infrastructure Fund	$9 million
Committed for Acquisition & Capital Projects Fund (new fund)	$3 million
Committed for Capital Maintenance Fund	$1 million

The recommended transfer of funds will set aside additional reserve funds for facility infrastructure, future land acquisitions, and future capital projects, and help to withstand rising costs assuming the current high construction market continues. With this transfer, the General Fund Unassigned Fund Balance will be approximately $16.3 million, which is $1.8 million above the required $14,493,900 (30% of 2018-19 projected revenues). A summary of the balances for all District funds as of June 30, 2018 is shown in Table 2:

Table 2 – District Fund Balances (All Governmental Funds)

Fund	Balance as of 6/30/2018	Transfer	*Balance - proposed*	Minimum Required GF Unassigned Fund Balance	Balance Above Minimum Required
Nonspendable for prepaid expenditures	$ 35,968	$ -	$ 35,968	N/A	N/A
Restricted for debt service	$ 5,791,164	$ -	$ 5,791,164	N/A	N/A
Restricted form Measure AA Projects	$ 46,468,809	$ -	$ 46,468,809	N/A	N/A
Restricted for Hawthorn maintenance	$ 1,466,982	$ -	$ 1,466,982	N/A	N/A
Restricted for General Fund Capital projects	$ 7,043,765	$ -	$ 7,043,765	N/A	N/A
Committed for Equipment Replacement	$ 3,000,000	$ -	$ 3,000,000	N/A	N/A
Committed for Natural Disasters	$ 3,000,000	$ -	$ 3,000,000	N/A	N/A
General Fund Unassigned Fund	$ 29,306,537	$ (13,000,000)	$ 16,306,537	$ 14,493,900	$ 1,812,637
Committed for Capital Maintenance Fund	$ 1,000,000	$ 1,000,000	$ 2,000,000	N/A	N/A
Committed for Promissory Note	$ 300,000	$ -	$ 300,000	N/A	N/A
Committed for Future Acquisitions & Capital Projects	$ -	$ 3,000,000	$ 3,000,000	N/A	N/A
General Fund Infrastructure Reserve Fund	$ 35,000,000	$ 9,000,000	$ 44,000,000	N/A	N/A
	$ 132,413,225	**$ -**	**$ 132,413,225**	**$ 14,493,900**	**$ 1,812,637**

Operating Expenditures

Salaries and benefits ended the year at $20.0 million, or 4% below the final adjusted budget. This included a $500,000 CalPERS pre-payment as a further contribution towards the District's unfunded pension liability. Salary savings were due to several vacancies during the course of the fiscal year. Expenditures for Services and Supplies were $7.5 million or 24% below budget primarily due to lower than budgeted spending in contract and outside services in most departments. In addition, a number of maintenance projects were deferred and re-budgeted in FY2018-19.

Fixed Assets and Capital Projects

Capital projects ended the year at $10.4 million, or approximately 21% below the final adjusted budget. Capital project delays were associated with the following factors:

- Permitting delays from regulatory agencies and local jurisdictions
- Staff vacancies
- Additional scope/tasks that extended the project schedule
- Unpredictable weather patterns that delayed field/construction work
- Difficulties securing quality contractors due to competitive construction market

<u>Land and Associated Costs</u>

During the FY2017-18, the District purchased and preserved approximately 221 acres of open space land at a total cost of $4.3 million. The District also received $55,000 in land gifts. Highlights of land additions include:

- 9.37 acre Gupta-Kahn property and a 1.87-acre easement, El Sereno Open Space Preserve
- 153.59 acre Twin Creeks Property, Sierra Azul Open Space Preserve
- 0.28 acre Do property, Sierra Azul Open Space Preserve
- 0.83 acres from the Mt. Umunhum Ltd Partnership, along with an easement covering 12.23 acres, Sierra Azul Open Space Preserve
- 45 acre easement from the Chamberlain/Lundell Trust, Purisima Creek Redwoods Open Space Preserve

<u>Long-Term Debt and Debt Service</u>

Debt service expenses in FY2017-18 totaled $12.6 million, consisting of $5.7 million in principal, $5.7 million in interest, and $1.2 million for the cost of issuance and advance refunding related to two bond issues during the fiscal year. The total also includes $2.6 million for debt service on Measure AA General Obligation bonds.

<u>Past Budget Performance</u>

Table 3 below presents a comparison of FY2017-18 budget performance to the prior three fiscal years. The operating budget expenditures have historically ranged between 91% and 98% of the actual operating budget. The FY2017-18 operating expenses include a one-time $500,000 CalPERS pre-payment towards the District's unfunded pension liability. During FY2017-18, there were a large number of vacancies due to the retirement of several positions, which generated larger than usual salary savings.

The total District budget has a wide range (81% to 99%). Beginning in FY2016-17, land acquisitions are funded through budget amendments at the time the Board considers the purchase. The new approach reflects the opportunistic nature of land purchases, which are not guaranteed until an offer is accepted, the purchase approved, and escrow closed. This combined with improved focus on project delivery should lead to a more predictable overall budget utilization rate.

<u>Table 3 – Past Performance</u>

DISTRICT EXPENDITURES	FY2014-15	FY2015-16	FY2016-17	FY2017-18
Operating Expenses	91%	98%	94%	90%
Strategic Plan/Vision Plan	66%	N/A	N/A	N/A
Capital (CAPEX)	65%	66%	99%	79%
Land & Assoc. Costs	51%	71%	101%	92%
Property Management	131%	74%	N/A	N/A
Debt Services	100%	98%	112%	102%
TOTAL EXPENDITURES	**81%**	**86%**	**99%**	**90%**

Hawthorn Fund

The FY2017-18 expenditures from the Hawthorn Fund totaled $40,412, which is 58% below the final adjusted budget of $95,500 (Table 4). Bee removal and roof wrapping of the Hawthorn house were completed in FY2017-18.

Table 4 – Hawthorn Fund Budget and Expenditures

Budget Category	FY2017-18 Adopted Budget	FY2017-18 Final Adjusted Budget	FY2017-18 Year-End Actuals	$ Change from FY2017-18 Final Adjusted Budget	% Spent of FY2017-18 Final Adjusted Budget
Operating Expenses	$ 82,500	$ 52,500	$ 24,277	$ (28,223)	46%
Capital Expenses	$ 84,000	$ 43,000	$ 16,135	$ (26,865)	38%
HAWTHORN TOTAL	**$ 166,500**	**$ 95,500**	**$ 40,412**	**$ (55,088)**	**42%**

The Hawthorn Endowment Fund balance as of June 30, 2018 is $1.54 million.

FISCAL IMPACT

Approval of the proposed Fund Balance transfer results in a net-zero change to the General Fund, decreasing the General Fund Unassigned Fund by $13 million and increasing the total of the three committed funds (Infrastructure, Capital Maintenance and Future Acquisitions & Capital Projects) by the same total of $13 million.

Table 5 – Proposed Fiscal Impact

Fund	Balance as of 6/30/2018	Transfer	*Balance - proposed*	Minimum Required GF Unassigned Fund Balance	Balance Above Minimum Required
General Fund Unassigned Fund	$ 29,306,537	$ (13,000,000)	$ 16,306,537	$ 14,493,900	$ 1,812,637
Committed for Capital Maintenance Fund	$ 1,000,000	$ 1,000,000	$ 2,000,000	N/A	N/A
Committed for Future Acquisitions & Capital Projects	$ -	$ 3,000,000	$ 3,000,000	N/A	N/A
General Fund Infrastructure Reserve Fund	$ 35,000,000	$ 9,000,000	$ 44,000,000	N/A	N/A

BOARD COMMITTEE REVIEW

There was no prior Board Committee review for this agenda item.

PUBLIC NOTICE

Public notice was provided as required by the Brown Act. No additional notice is required.

CEQA COMPLIANCE

This item is not a project subject to the California Environmental Quality Act.

NEXT STEPS

With acceptance of the audited financial statements, staff will work with Chavan & Associates to complete the Comprehensive Annual Financial Report (CAFR) distribution to the Board and District stakeholders, as well as submission to the Government Finance Officers Association award program.

Attachments:
1. Annual Financial Report for the Fiscal Year Ending June 30, 2018
2. Resolution to transfer funds into the Committed for Infrastructure Reserve Fund, Committed for Capital Maintenance Fund, and Committed for Future Acquisitions & Capital Projects Fund

Responsible Department Head:
Stefan Jaskulak, Chief Financial Officer

Prepared by:
Andrew Taylor, Finance Manager

Contact Person:
Stefan Jaskulak, Chief Financial Officer

MIDPENINSULA REGIONAL OPEN SPACE

Basic Financial Statements

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GOVERNMENT-WIDE STATEMENTS

Statement of Net Position and Statement of Activities

The Statement of Net Position and the Statement of Activities summarize the entire District's financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all the District's assets and all its liabilities, as well as all its revenues and expenses. This is known as the full accrual basis. The effect of all of the District's transactions is taken into account, regardless of whether or when cash changes hands, but all material internal transactions between District funds have been eliminated.

The Statement of Net Position reports the difference between the District's total assets and the District's total liabilities, including all the District's capital assets and all its long-term debt. The Statement of Net Position presents information in a way that focuses the reader on the composition of the District's net position, by subtracting total liabilities from total assets.

The Statement of Net Position summarizes the financial position of all of the District's Governmental Activities in a single column. The District's Governmental Activities include the activities of its General Fund, along with all its Special Revenue Funds, Capital Projects Funds, and Debt Service Funds.

The Statement of Activities reports increases and decreases in the District's net position. It is also prepared on the full accrual basis, which means it includes all the District's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

The Statement of Activities presents the District's expenses first, listed by program. Program revenues – that is, revenues which are generated directly by these programs - are then deducted from program expenses to arrive at the net expense of each governmental program. The District's general revenues are then listed in the Governmental Activities and the Change in Net Position is computed and reconciled with the Statement of Net Position.

Both these Statements include the financial activities of the District and the Midpeninsula Regional Open Space District Financing Authority. This entity is legally separate but is a component unit of the District because it is controlled by the District, which is financially accountable for the Authority's activities.

Midpeninsula Regional Open Space District

Statement of Net Position

June 30, 2018

Assets		
Current assets:		
Cash and investments	$	132,551,342
Accounts receivable:		
Deposits		3,119,075
Rent		8,094
Interest		209,661
Due from other governments:		
Taxes receivable		221
Other current assets		35,968
Total current assets		135,924,361
Noncurrent assets:		
Notes receivable		115,248
Unamortized issuance costs		522,658
Non-depreciable capital assets		423,143,738
Capital assets, net of depreciation		38,976,095
Total noncurrent assets		462,757,739
Total Assets	$	598,682,100
Deferred Outflows of Resources		
OPEB adjustments		412,000
Pension adjustments		7,151,966
Deferred loss on early retirement of long-term debt		10,240,823
Total Deferred Outflows of Resources	$	17,804,789
Liabilities		
Current liabilities:		
Accounts payable	$	2,423,768
Deposits payable		96,568
Payroll and other liabilities		990,800
Accrued interest		2,504,291
Current portion of long-term liabilities		8,203,930
Total current liabilities		14,219,357
Noncurrent liabilities:		
Long-term liabilities - net of current portion		252,063,016
Total Liabilities	$	266,282,373
Deferred Inflows of Resources		
OPEB adjustments		82,400
Pension adjustments		1,333,999
Total Deferred Outflows of Resources	$	1,416,399
Net Position		
Net investment in capital assets	$	312,120,869
Restricted for:		
Debt service		5,785,312
Hawthorne maintenance		1,466,982
Total restricted		7,252,294
Unrestricted		29,414,954
Total Net Position	$	348,788,117

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

Midpeninsula Regional Open Space District

Statement of Activities

For the Fiscal Year Ended June 30, 2018

	Expenses	Program Revenues: Charges for Services	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities:				
Land preservation	$ 28,909,830	$ 1,576,379	$ 1,612,717	$ (25,720,734)
Interest and fiscal charges	8,193,228	-	-	(8,193,228)
Depreciation	2,398,894	-	-	(2,398,894)
Total governmental activities	$ 39,501,952	$ 1,576,379	$ 1,612,717	(36,312,856)
General revenues:				
Property taxes				47,798,349
Investment earnings				1,045,124
Other revenues				1,126,058
Special item - loss on disposal of capital assets				26,553
Total general revenues and special item				49,996,084
Change in net position				13,683,228
Net position beginning				337,002,912
Prior period adjustment (GASB 75 Net OPEB Liability)				(1,898,023)
Net position beginning as adjusted				335,104,889
Net position ending				$ 348,788,117

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

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FUND FINANCIAL STATEMENTS

MAJOR GOVERNMENTAL FUNDS

The funds described below were determined to be Major Funds by the District in fiscal year 2018.

Fund Title	Fund Description
General Fund	The fund is the general operating fund of the District. It is used to account for all financial resources. The major revenue sources for this fund are property taxes, grant revenues and interest income. Expenditures are made for land preservation and other operating expenditures.
Measure AA Capital Projects Fund	This fund is used to account for resources from bond proceeds and expenditures for capital projects related to the Measure AA GO Bond.
GF Capital Projects Fund	This fund is used to account for expenditures for capital projects not related to any other capital projects funds.
Debt Service Fund	This fund is used to account for accumulation of resources for, and the payment of long-term debt principal, interest and related costs. Resources are provided by General Fund transfers and interest income on unspent funds.

Midpeninsula Regional Open Space District

Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	Measure AA Capital Projects Fund	GF Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash and investments	$ 68,169,299	$ 49,284,586	$ 9,312,145	$ 5,785,312	$ 132,551,342
Receivables:					
Deposits	3,119,075	-	-	-	3,119,075
Rent	8,094	-	-	-	8,094
Interest	209,661	-	-	-	209,661
Due from other governments:					
Taxes receivable	221	-	-	-	221
Other current assets	35,968	-	-	-	35,968
Due from other funds	5,119,189	1,285,387	674,707	5,852	7,085,135
Notes receivable	115,248	-	-	-	115,248
Total Assets	$ 76,776,755	$ 50,569,973	$ 9,986,852	$ 5,791,164	$ 143,124,744
Liabilities					
Liabilities:					
Accounts payable	$ 809,865	$ 676,149	$ 937,754	$ -	$ 2,423,768
Deposits payable	96,568	-	-	-	96,568
Due to other funds	1,654,787	3,425,015	2,005,333	-	7,085,135
Payroll and other liabilities	990,800	-	-	-	990,800
Total Liabilities	3,552,020	4,101,164	2,943,087	-	10,596,271
Deferred Inflows Of Resources					
Unavailable revenues	115,248	-	-	-	115,248
Fund Balance					
Nonspendable:					
Prepaid expenditures	35,968	-	-	-	35,968
Restricted for:					
Debt service	-	-	-	5,791,164	5,791,164
Measure AA capital projects	-	46,468,809	-	-	46,468,809
Hawthorne maintenance	1,466,982	-	-	-	1,466,982
Capital projects	-	-	7,043,765	-	7,043,765
Committed for:					
Infrastructure	35,000,000	-	-	-	35,000,000
Equipment replacement	3,000,000	-	-	-	3,000,000
Natural disasters	3,000,000	-	-	-	3,000,000
Capital maintenance	1,000,000	-	-	-	1,000,000
Promissory note	300,000	-	-	-	300,000
Unassigned	29,306,537	-	-	-	29,306,537
Total Fund Balance	73,109,487	46,468,809	7,043,765	5,791,164	132,413,225
Total Liabilities and Fund Balance	$ 76,776,755	$ 50,569,973	$ 9,986,852	$ 5,791,164	$ 143,124,744

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

Midpeninsula Regional Open Space District

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2018

Total fund balance - governmental funds		$ 132,413,225
Amounts reported in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Capital assets at cost	$ 479,769,749	
Accumulated depreciation	(17,649,916)	462,119,833
Principal on notes receivables are recorded as unearned revenue in the funds, which upon collection is a current financial resource. In the government-wide financial statements, repayment of the principal amount does not generate revenue in the statement of activities; therefore, unearned revenue is not recorded.		115,248
The difference between projected and actual amounts in pension and OPEB plans are not included in the plans' actuarial study until the next fiscal year and are reported as deferred outflows or inflows of resources in the statement of net position as follows:		
OPEB adjustments:		
Difference between actual and expected earnings		(82,400)
Contribution subsequent to measurement date		412,000
Pension adjustment		
Change in assumptions		2,365,101
Difference between actual and expected experience		(275,001)
Difference between actual and expected earnings		579,041
Difference between employer's contributions and proportionate share of contributions		1,924,035
Change in employer's proportion		(1,058,998)
Contribution subsequent to measurement date		2,283,789
Interest payable on long-term debt does not require the use of current financial resources and, therefore, is not reported in the governmental funds.		(2,504,291)
Discounts and premiums related to bond issues are recorded as other financing sources and uses in the fund financial statements but are recorded as assets or liabilities and amortized over the life of the bond in the statement of net position:		
Premium	$ 26,838,674	
Issuance cost	(522,658)	(26,316,016)
Deferred loss on early retirement of long-term debt is recorded in the Statement of Net Position as a deferred outflow of resources and amortized on a straight line basis over the original life of the defeased bond.		10,240,823
Long-term liabilities are not due and payable in the current year and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consists of:		
Bonds	$ 184,370,000	
Net pension obligations	11,022,824	
Promissory notes	34,466,518	
Compensated absences	1,723,930	
Annual net OPEB obligation	1,845,000	(233,428,272)
Total net position - governmental activities		$ 348,788,117

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

Midpeninsula Regional Open Space District

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2018

	General Fund	Measure AA Capital Projects Fund	GF Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues:					
Property taxes	$ 45,347,807	$ -	$ -	$ 2,450,542	$ 47,798,349
Grant income	553,281	1,059,436	-	-	1,612,717
Property management	1,576,379	-	-	-	1,576,379
Investment earnings	853,729	102,684	(37,855)	145,635	1,064,193
Other revenues	347,983	-	-	-	347,983
Total revenues	48,679,179	1,162,120	(37,855)	2,596,177	52,399,621
Expenditures:					
Current:					
Land preservation:					
Salaries and employee benefits	19,983,975	730,701	-	-	20,714,676
Services and supplies	7,475,205	24,468	11,251	-	7,510,924
Capital outlay	-	11,032,939	5,407,129	-	16,440,068
Debt service:					
Principal	-	-	-	5,716,067	5,716,067
Advance refunding escrow	-	-	-	676,232	676,232
Interest	-	-	-	5,720,001	5,720,001
Issuance cost	-	250,000	133,434	493,496	876,930
Total expenditures	27,459,180	12,038,108	5,551,814	12,605,796	57,654,898
Excess (deficiency) of revenues over (under) expenditures	21,219,999	(10,875,988)	(5,589,669)	(10,009,619)	(5,255,277)
Other financing sources (uses):					
Transfers in	-	-	-	9,409,095	9,409,095
Transfers out	(9,409,095)	-	-	-	(9,409,095)
Payment to refunded debt escrow agent	-	-	-	(27,659,551)	(27,659,551)
Issuance of refunding debt	-	-	-	25,025,000	25,025,000
Issuance of debt	-	50,000,000	11,220,000	-	61,220,000
Premium from debt issuances	-	-	1,413,434	6,832,305	8,245,739
Total other financing sources (uses)	(9,409,095)	50,000,000	12,633,434	13,606,849	66,831,188
Net changes in fund balance	11,810,904	39,124,012	7,043,765	3,597,230	61,575,911
Fund balance beginning	61,298,583	7,344,797	-	2,193,934	70,837,314
Fund balance ending	$ 73,109,487	$ 46,468,809	$ 7,043,765	$ 5,791,164	$ 132,413,225

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

Midpeninsula Regional Open Space District

Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
to the Statement of Activities
For the Fiscal Year Ended June 30, 2018

Total net change in fund balance - governmental funds		$ 61,575,911
Capital outlays are reported in 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.		
Expenditures capitalized as capital assets	$ 17,411,441	
Depreciation expense	(2,398,894)	
Loss on disposal of capital asset	(26,553)	14,985,994
Governmental funds do not report loss on disposal of capital assets. However, in the government-wide statement of activities and changes in net position, the cost to dispose of capital assets, net any proceeds, is accounted for as a special item.		
Repayment of notes receivable is reported as revenue in the governmental funds because financial resources were received and available during the fiscal year. In the statement of net position, the payment reduces the principal balance of notes receivable and does not generate revenue in the statement of activities.		(19,069)
Accreted interest on capital appreciation bonds is not recorded in the governmental funds but is required to be recorded under the accrual basis of accounting in the government wide financial statements.		(457,204)
The governmental funds report debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of long-term debt and related items is as follows:		
Proceeds from the issuance of general obligation and parity bonds	$ (86,245,000)	
Bond premium capitalized	(8,245,739)	
Deferred loss on early retirement of refunded bonds	4,113,597	
Advance refunding of bonds	24,222,186	
Repayment of bond principal	4,590,000	
Repayment of promissory notes principal	1,126,067	(60,438,889)
Deferred loss on early retirement of long-term debt is amortized over the life of the debt in the statement of activities. Amortization expense is not reported in the governmental funds.		(590,802)
Prepaid issuance costs, discounts and premiums related to bond issues are recorded as other financing sources and uses in the fund financial statements but are recorded as assets or liabilities and amortized over the life of the bond in the statement of net position:		
Amortization of issuance costs and premiums - net		776,874
In the Statement of Activities, compensated absences are measured by the amount earned during the year. In governmental funds, however, expenditures for those items are measured by the amount of financial resources used (essentially the amounts paid). This year, vacation earned exceeded the amounts used.		93,617
In governmental funds, actual contributions to pension and OPEB plans are reported as expenditures in the year incurred. However, in the government-wide statement of activities, only the current year pension and OPEB expense as noted in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.		(1,694,913)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		(548,291)
Change in net position of governmental activities		$ 13,683,228

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

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Notes to Financial Statements

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. General

The Midpeninsula Regional Open Space District (the District) was formed in 1972 to acquire and preserve public open space land in northern and western portions of Santa Clara County. In June 1976, the southern and eastern portions of San Mateo County were annexed to the District. The District annexed a small portion of the northern tip of Santa Cruz County in 1992. In September 2004, the District completed the Coastside Protection Program, which extended the District boundaries to the Pacific Ocean in San Mateo County, from the southern borders of Pacifica to the San Mateo/Santa Cruz County line.

B. Accounting Principles

The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

C. Reporting Entity

As required by generally accepted accounting principles, these basic financial statements present the Midpeninsula Regional Open Space District and its component unit. The component unit discussed in the following paragraph is included in the District's reporting entity because of the significance of their operational or financial relationships with the District.

Blended Component Unit. The District and the County of Santa Clara entered into a joint exercise of powers agreement dated May 1, 1996, creating the Midpeninsula Regional Open Space District Financing Authority (the Authority), pursuant to the California Government Code. The District is financially accountable for the Authority, as it appoints a voting majority of the governing board; is able to impose its will in the Authority; and the Authority provides specific financial benefits to, and imposes specific financial burdens on, the District. The Authority was formed for the sole purpose of providing financing assistance to the District to fund the acquisition of land to preserve and use as open space. As such, the Authority is an integral part of the District, and accordingly, all of the Authority's activity is blended within the accompanying debt service fund.

D. Basis of Presentation

Government-wide 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 activities of the District. The Statement of Net Position reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that 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 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, deferred outflows, current liabilities and deferred inflows are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balance 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.

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.

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 period in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal period or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal period. For the District, "available" means collectible within the current period or within 90 days after period-end.

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

Deferred Outflows/Deferred Inflows:

A deferred outflow of resources is defined as a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then. A deferred inflow of resources is defined as an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time.

When applicable, unamortized portions of the gain and loss on refunding debt are reported as deferred inflows and deferred outflows of resources, respectively. Deferred outflows and inflows of resources are reported for the changes related to benefit plans. In addition, when an asset is recorded in governmental fund financial statements but the revenue is not available, a deferred inflow of resources is reported until such time as the revenue becomes available.

Unearned Revenue:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred inflows from unearned revenue. In the governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have been recorded as deferred inflows from 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.

F. Fund Accounting

The accounts of the District are organized into four funds with a separate set of self-balancing accounts that comprise of the District's assets, deferred outflows, liabilities, deferred inflows, fund balance, revenues, and expenditures.

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The District may also select other funds it believes should be presented as major funds.

The District reported all of its funds as major governmental funds in the accompanying financial statements:

General Fund. The General Fund is the general operating fund of the District. It is used to account for all financial resources. The major revenue sources for this fund are property taxes, grant revenues and interest income. Expenditures are made for land preservation and other operating expenditures.

Measure AA Capital Projects Fund. The Measure AA Capital Projects Fund is used to account for resources from bond proceeds and expenditures for capital projects related to the Measure AA GO Bond.

GF Capital Projects Fund. GF Capital Projects Fund is used to account for expenditures for capital projects not related to any other capital projects funds.

Debt Service Fund. The Debt Service Fund is used to account for accumulation of resources for, and the payment of long-term debt principal, interest and related costs. Resources are provided by General Fund transfers and interest income on unspent funds.

G. Budgets and Budgetary Accounting

The District's Board of Directors adopts an annual operating budget for the District by major fund, on or before June 30, for the ensuing fiscal period. The Board of Directors may amend the budget by resolution during the fiscal period. The legal level of control, the level at which expenditures may not legally exceed the budget, is at the category level.

H. Assets, Liabilities, and Equity

1. Cash and Cash Equivalents

The District's cash deposits are considered to be cash on hand and cash in banks. Cash and Cash Equivalents are generally considered short-term, highly liquid investments with a maturity of three months or less from the purchase date.

2. Investments

Investments are recorded at fair value in accordance with GASB Statement No. 72, Fair Value Measurement and Application. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.

- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.

- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.

3. Prepaid Expenditures

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

4. Capital Assets

Capital assets, which include land, buildings and improvements, furniture, equipment, and construction in progress, are reported in the government-wide financial statements. Capital assets are valued at cost when historical records are available and at an estimated historical cost when no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. Donated works of art and similar items and capital assets received in service concession arrangements are reported at acquisition value. The District utilizes a capitalization threshold of $1 for land, $25,000 for equipment, fixtures and vehicles, $50,000 for infrastructure, improvements, buildings and structures.

Projects under construction are recorded at cost as construction in progress and transferred to the appropriate asset account when substantially complete. Costs of major improvements and rehabilitation of buildings are capitalized. Repair and maintenance costs are charged to expense when incurred. Equipment disposed of, or no longer required for its existing use, is removed from the records at actual or estimated historical cost, net of accumulated depreciation.

All capital assets, except land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Structures/Improvements	50
Public Access Infrastructure	20 - 50
Equipment/Fixtures	5 - 20
Vehicles	5
Software	5 - 10

5. Compensated Absences

In accordance with the District's memorandum of understanding with various employee groups, employees accrue fifteen days of vacation during the first nine years of service, twenty days between service years 10 and fourteen, twenty-one days between service years fifteen and nineteen, twenty-three days between service years twenty and twenty-four, and twenty-five days after twenty-five years of service. An employee may accumulate vacation time earned to a maximum of two times the amount of his/her annual vacation accrual.

Full-time employees accrue twelve days of sick leave: annually from the date of employment. An employee may accumulate sick leave time earned on an unlimited basis. Upon resignation, separation from service, or retirement from District employment, workers in good standing with ten or more years of District employment shall receive a cash payment of the equivalent cash value of accrued sick leave as follows:

Years of Employment	Percentage of equivalent cash value of accrued sick leave
15-20	20%
16-20	25%
21 or more	30%

An employee hired before June 30, 2006, who retires from the District shall receive a cash payment of the percentage of equivalent cash value or accrued sick leave based on years of employment as described above, and apply the remainder of the equivalent cash value toward his/her cost of retiree medical plan premiums and/or other qualified medical expenses. Upon retirement, the amount qualified and designated for retiree medical costs shall be deposited in the Retiree Health Savings (RHS) plan, set up by the District. The cost for maintaining the retiree's RHS account and the annual fee for the reimbursement process of qualified medical expenses will be paid for by the retiree.

An employee hired on or after July 1, 2006, who retires from the District may elect to receive only a cash payment of the percentage of equivalent cash value of accrued sick leave based on years of employment as described above. In all cases the equivalent cash value of accrued sick leave will be based on current rate of pay as of the date of separation from District employment.

The District accrues for all salary-related items in the government-wide statements for which they are liable to make a payment directly and incrementally associated with payments made for compensated absences on termination. Compensated absences are liquidated by the fund that has recorded the related liability. The long-term portion of governmental activities compensated absences is liquidated primarily by the General Fund.

6. Long-Term/Noncurrent Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

7. Debt Discount and Issuance Costs

Debt discounts, premiums, and prepaid issuance costs are capitalized as an offset to long-term debt and amortized using the straight line method over the life of the related debt. Issuance costs for the District's tax-exempt commercial paper short-term borrowings are expensed as incurred.

8. Fund Balance Classifications

In accordance with Government Accounting Standards Board 54*, Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- *Nonspendable* fund balance includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

- *Restricted* fund balance includes amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

- *Committed* fund balances includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at period-end. Committed fund balances are imposed by the District's Committed fund balances were imposed by the District's Board of Directors resolution. Any changes to committed fund balance requires the approval of two-thirds of the Board.

  Committed fund balances were imposed by the District's Board of Directors as follows:

  - Infrastructure: $35 million; projected minimum requirement for expansion of field and office facilities over the next five years.

  - Equipment Replacement: $3 million; projected requirement for equipment and vehicle replacement based on the amount of accumulated depreciation recorded on capital assets in service.

  - Natural Disasters: $3 million; amounts committed to respond quickly to a major fire, earthquake or flood.

  - Capital maintenance: $1 million; amounts committed to reserve for future capital repairs and maintenance.

  - Promissory Note: $0.3 million; amounts committed to payment of promissory note.

- *Assigned* fund balance includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the General Manager, pursuant to Board Policy 3.07, if authorized by the Board of Directors to make such designations.

- *Unassigned* fund balance includes positive amounts within the general fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the

District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

9. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. In addition, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also are included in the net investment in capital assets component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Unrestricted net position reflect amounts that are not subject to any donor-imposed restrictions. This class also includes restricted contributions whose donor-imposed restrictions were met during the fiscal period. A deficit unrestricted net position may result when significant cash balances restricted for capital projects exist. Once the projects are completed, the restriction on these assets are released and converted to capital assets.

10. Pension

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Agency's California Public Employees' Retirement System (CalPERS) plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Plan member contributions are recognized in the period in which the contributions are due. Investments are reported at fair value.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27 (GASB Statement No. 68) requires that the reported results pertain to liability and asset information within certain defined timeframes. Liabilities are based on the results of actuarial calculations performed as of June 30, 2016. For this report, the following timeframes are used for the District's pension plans:

Valuation Date (VD) .... June 30, 2016
Measurement Date (MD) .... June 30, 2017
Measurement Period (MP) .... June 30, 2016 to June 30, 2017

11. Other Postemployment Benefits Oher 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 fiduciary net position of the District's Retiree Benefits Plan (the Plan) and additions to/deductions from the

Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

12. Property Taxes

The District receives property tax revenue from Santa Clara and San Mateo Counties (the Counties). The Counties are responsible for assessing, collecting and distributing property taxes in accordance with state law. Secured property taxes are recorded as revenue when apportioned, in the fiscal period of the levy. The counties apportion secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the California *Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll - approximately October 1 of each year. Taxes are levied annually on July 1st, and one-half are due by November 1st and one-half by February 1st. Taxes are delinquent after December 10th and April 10th, respectively. Supplemental property taxes are levied on a pro-rata basis when changes in assessed valuation occur due to the completion of construction or sales transactions. Liens on real property are established on January 15th for the ensuing fiscal period.

On June 30, 1993, the Board of Supervisors adopted the "Teeter" method of property tax allocation. This method allocates property taxes based on the total property tax billed. At year-end, the Counties advances cash to each taxing jurisdiction equal to its current year delinquent taxes. Once the delinquent taxes are collected, the revenue from penalties and interest remains with each County and is used to pay the interest cost of borrowing the cash used for the advances.

13. Accounting Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

I. Implemented New Accounting Pronouncements

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* - The provisions in Statement 75 are effective for the fiscal year ended June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity.

In this Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, the OPEB plan administrator, and the plan members.

As of June 30, 2018, according to GASB 75, the District's net OPEB liability must be recognized. Therefore, the previous net OPEB liability as of June 30, 2017 in the amount of $1,898,023 has been shown as a restatement of net position on the Statement of Activities as a separate line item.

GASB Statement No. 86*, Certain Debt Extinguishment Issues.* - The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. Earlier application is encouraged.

This statement did not have an impact on the District's financial statements.

J. <u>Upcoming Accounting and Reporting Changes</u>

GASB Statement No. 83, *Certain Asset Retirement Obligations*. - This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2018. Earlier application is encouraged.

The District doesn't believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 84, *Fiduciary Activities.* - The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2018. Earlier application is encouraged.

The District doesn't believe this statement will have a significant impact on the District's financial statements.

GASB issued Statement No. 87, *Leases*. - The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the District's fiscal year ending June 30, 2021.

The District doesn't believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements.* - This Statement addresses additional information to be disclosed in the notes to the financial statements regarding debt, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2018. Earlier application is encouraged.

The District doesn't believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of the Construction Period. - This Statement addresses interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2019. Earlier application is encouraged.

The District doesn't believe this statement will have a significant impact on the District's financial statements.

NOTE 2 - CASH AND INVESTMENTS

Summary of Cash and Investments

The following summarizes deposits as of June 30, 2018:

Cash and Investments	Cash and Cash Equivalents Available for Operations	Restricted	Total
Cash Deposits:			
Cash in Banks	$ 153,745	$ 45,000	$ 198,745
Petty Cash	1,500	-	1,500
Total Cash Deposits	155,245	45,000	200,245
Investments:			
California Local Agency Investment Fund	364,810	-	364,810
CalTRUST	-	1,541,018	1,541,018
Brokerage Accounts/Cash with Fiscal Agents	16,827,082	62,308,237	79,135,319
Santa Clara County Pool	49,236,144	2,073,806	51,309,950
Total Investments	66,428,036	65,923,061	132,351,097
Total Cash and Investments	$ 66,583,281	$ 65,968,061	$ 132,551,342

Cash in Banks

Cash balances in banks are insured up to $250,000 per insured bank by the Federal Deposit Insurance Corporation ("FDIC"). The District's accounts are held with various banks. As of June 30, 2018, the District's bank balances exceeded FDIC coverage by $295,436.

Fair Value Measurements

GASB 72 established a hierarchy of inputs to the valuation techniques above. This hierarchy has three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

The District has the following investments with recurring fair value measurements as of June 30, 2018:

Investment Type	Rating	Fair Value	Input Level	Maturities: 12 Months or Less	13 - 24 Months	25 - 60 Months	More Than 60 Months	Concen-trations
Money Market Accounts	n/a	$ 2,862,722	n/a	$ 2,862,722	$ -	$ -	$ -	2.16%
Mutual Funds	n/a	-	Level 2	-	-	-	-	0.00%
Municipal Bonds	AAA/A-	14,434,065	Level 2	3,468,263	2,812,818	6,892,840	1,260,144	10.91%
Corp/Gov Bonds	AAA/A-	46,486,163	Level 1	17,035,248	13,480,269	15,970,646	-	35.12%
LAIF	n/a	364,810	Level 2	364,810	-	-	-	0.28%
CalTrust	A+f	1,541,018	Level 2	-	-	1,541,018	-	1.16%
Santa Clara County Pool	n/a	51,309,950	Level 2	25,931,443	12,111,863	13,266,644	-	38.77%
U.S. Obligations	AA+/A-	15,352,369	Level 1	2,498,624	9,765,007	3,088,738	-	11.60%
Total Investments		$ 132,351,097		$ 52,161,110	$ 38,169,957	$ 40,759,886	$ 1,260,144	100.00%

Cash in Santa Clara County Treasury

Santa Clara County is a fiscal agent of the District. The fair value of the District's investment in the county pool is reported at amounts based on the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of the portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized costs basis. Santa Clara County investment pool funds were available for withdrawal on demand and had an average maturity date of less than one year.

All cash and investments are stated at fair value. Pooled investment earnings are allocated monthly based on the average cash and investment balances of the various funds of the County.

California Local Agency Investment Fund

The District is a participant in the Local Agency investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The District reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2018, these investments had an average maturity date of less than one year.

Investment Trust of California

The District is a participant in the Investment Trust of California (CalTRUST) which is a California joint powers authority that has been established by its members pursuant to an agreement. The California Government Code provides that Public Agencies may purchase shares of beneficial interest issues by a joint powers authority, such as CalTRUST, organized pursuant to the Section 6500 of the Act. The District reports its investment in CalTRUST at the fair value amount provided by CalTRUST. The District participates in the Medium-Term Fund with CalTRUST. The balance in this Medium-Term Fund is available for withdrawal once a week (on Wednesdays), and is based on the net asset value per share on the Wednesday of each week. Included in CalTRUST's investment portfolio for the Medium-Term Fund are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2018, these investments had an average maturity date of 1.5 to 3.5 years.

Investments Authorized by Debt Agreements

The District must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are used if the District fails to meet its obligations under these debt issues.

Restricted for Debt Service

As of June 30, 2018, the District had $3,711,506 held by Zions bank as trustee, pledged to the payment or security of its outstanding bond issues. The District also had money held by the Bank of New York during the period (zero balance at period-end) which was pledged to the payment or security of its outstanding bonds. All transactions associated with debt service were administered by the Bank.

Cash Restricted for Hawthorne Property Maintenance

On November 10, 2011, the District received the gift of the 79 acre Hawthorne property, in Portola Valley, California, and an endowment of $2,018,445 to manage the property in perpetuity. The cash balance restricted for this purpose at June 30, 2018 was $1,466,982.

Policies and Practices

The District's Investment Policy and the California Government Code allow the District to invest in the following, provided the credit ratings of the issuers are acceptable to the District and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code or the District's Investment Policy where it is more restrictive:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in one Issuer
Medium Term Notes	5 years	30%	No Limit
Money Market and Mutual Funds	N/A	20%	10%
U.S. Treasury Obligations	5 years	No Limit	No Limit
Federal Agency Securities	5 years	No Limit	No Limit
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	No Limit
Repurchase Agreements	1 year	No Limit	No Limit
Reverse Repurchase Agreements	92 days	20%	No Limit
Local Agency Investment Fund (LAIF)	N/A	$40 million per account	No Limit

a) 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 the changes in market interest rates. The District manages its exposure to interest rate risk by investing in the Santa Clara County investment pool and LAIF, which had fair values of approximately $7.5 billion and $90 billion, respectively as of June 30, 2018, and diversifying its investments, as noted above, through the utilization of brokers.

b) Credit Risk

Credit risk is the risk of loss due to the failure of the security issuer. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment with the County's investment pool is governed by the County's general investment policy. The County's investments in 2018 included U.S. government securities or obligations explicitly guaranteed by the U.S. government that are not considered to have credit risk exposure. See the schedule above for a summary of the District's ratings by investment type.

c) Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, 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 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

d) Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investor's holdings in a single issuer. The District's investment in the County's commingled pool is diversified by the County Treasurer by limiting the percentage of the portfolio that can be invested in any one issuer's name. Investments in U.S. Treasuries, U.S. Agency securities explicitly backed by the U.S., and mutual and pooled funds are not subject to this limitation.

More than 5% of the County's commingled pooled investments are invested with the Federal National Mortgage Association, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and Federal Farm Credit Bank.

NOTE 3 - INTERFUND TRANSACTIONS

Interfund Receivables and Payables

Interfund transactions are reported as loans or transfers. The District utilizes interfund transactions to account for funding received by the General Fund which is then distributed to the other funds for special uses, such as payment of debt or capital project and to supplement other funding sources. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation.

The following interfund loans were outstanding at fiscal year end June 30, 2018:

Fund	Due from Other Funds	Due to Other Funds
General Fund	$ 5,119,189	$ 1,654,787
Measure AA Capital Projects Fund	1,285,387	3,425,015
GF Capital Projects Fund	674,707	2,005,333
Debt Service Fund	5,852	-
Total	$ 7,085,135	$ 7,085,135

At June 30, 2018, interfund transfers consisted of the following:

Fund	Transfer In	Transfer Out
General Fund	$ -	$ 9,409,095
Debt Service Fund	9,409,095	-
Total	$ 9,409,095	$ 9,409,095

NOTE 4 - NOTES RECEIVABLE

On December 17, 1997, the District sold the title to and possession of a 50-year fee determinable estate 10-acre parcel near the Skyline Ridge Open Space Preserve. The District financed the purchase in the amount of $288,800 over 25 years at a rate of 10% per annum. Monthly principal and interest payments of $2,634 are due on the 1st of each month and late if not paid by the 10th, with the final payment scheduled December 1, 2022. The outstanding balance at June 30, 2018 was $115,248.

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the period ended June 30, 2018 is shown below:

Capital Assets	Balance June 30, 2017	Additions	Deletions/ Adjustments	Balance June 30, 2018
Non-depreciable:				
Land	$ 407,986,151	$ 6,561,290	$ -	$ 414,547,441
Construction in Progress	19,020,245	9,051,138	(19,475,086)	8,596,297
Total Non-Depreciable	427,006,396	15,612,428	(19,475,086)	423,143,738
Depreciable:				
Structure and Improvements	15,604,717	1,039,891	-	16,644,608
Infrastructure	13,433,155	19,207,013	-	32,640,168
Equipment	1,993,815	339,642	-	2,333,457
Vehicles	4,509,308	687,553	(189,083)	5,007,778
Total Depreciable	35,540,995	21,274,099	(189,083)	56,626,011
Less Accumulated Depreciation for:				
Structure and Improvements	(8,889,420)	(435,131)	-	(9,324,551)
Infrastructure	(2,958,829)	(1,169,255)	-	(4,128,084)
Equipment	(1,189,263)	(154,643)	-	(1,343,906)
Vehicles	(2,376,040)	(639,865)	162,530	(2,853,375)
Total Accumulated Depreciation	(15,413,552)	(2,398,894)	162,530	(17,649,916)
Total Depreciable Capital Assets - Net	20,127,443	18,875,205	(26,553)	38,976,095
Total Capital Assets - Net	$ 447,133,839	$ 34,487,633	$(19,501,639)	$ 462,119,833

NOTE 6 - LONG-TERM DEBT

The following is a summary of the changes in long-term debt for the period ended June 30, 2018:

Long-term Obligations	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Promissory Notes:					
Current Interest	$ 38,171,066	$ -	$ 12,731,067	$ 25,439,999	$ 1,200,000
Capital Appreciation	15,474,708	-	8,894,106	6,580,602	-
Accreted interest	5,114,953	457,204	3,126,240	2,445,917	-
Unamortized Bond Premium	6,334,537	-	1,031,779	5,302,758	-
Subtotal Promissory Notes	65,095,264	457,204	25,783,192	39,769,276	1,200,000
Bonds:					
Current Interest	102,715,000	86,245,000	4,590,000	184,370,000	5,280,000
Unamortized Bond Premium	14,140,465	8,245,739	850,288	21,535,916	-
Subtotal Bonds	116,855,465	94,490,739	5,440,288	205,905,916	5,280,000
Net Pension Obligation	10,121,906	900,918	-	11,022,824	-
Net OPEB	-	1,845,000	-	1,845,000	-
Compensated Absences	1,817,547	1,314,930	1,408,547	1,723,930	1,723,930
Total Long-term Obligations	$ 193,890,182	$ 99,008,791	$ 32,632,027	$ 260,266,946	$ 8,203,930

Promissory Notes

Daloia Land Purchase Contract Promissory Note

During the fiscal year ending 2003 the District entered into a land purchase contract promissory note in the amount of $240,000. The promissory note bears interest at a fixed rate of 6.25% and matured October 10, 2017.

Hunt Living Trust Promissory Note

On April 1, 2003, the District entered into a $1,500,000 promissory note with the Hunt Living Trust as part of a lease and management agreement. The note is due in full on April 1, 2023 and bears interest at 5.5% semi-annually through April 1, 2013 and 5.0% per annum until the maturity, or prior redemption, of the note.

2012 Refunding Promissory Notes

On January 19, 2012, the District advance refunded $34,652,643 in 1999 lease revenue bonds by issuing $31,264,707 in promissory notes. The 2012 notes bear interest rates ranging from 2.00% to 6.04%. The notes are a blend of current interest and capital appreciation notes maturing through 2042. The net proceeds of $33,295,663 (after payment of $278,683 in underwriting fees, insurance, and other issuance costs and a premium of $2,309,638) were used to purchase U.S government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1999 Series bonds. As a result, the 1999 Series bonds are considered to be defeased and the liability for those bonds has been removed from the long-term debt in the financial statements. The 2012 Refunding Promissory Notes were partially defeased during fiscal year 2018 with issuance of the 2017 Refunding Bond as noted below.

2015 Refunding Promissory Notes

On January 22, 2015, the District advance refunded $29,986,962 in 2004 Revenue Bonds by issuing $28,578,500 in promissory notes. The 2015 notes bear interest rates ranging from 2.00% to 5.00%. The notes are current interest notes maturing through 2035. The net proceeds of $28,325,491 (after payment of $253,009 in underwriting fees, insurance, and other issuance costs and a premium of $4,948,500) were used to purchase U.S government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2004 Revenue Bonds. As a result, the 2004 Revenue Bonds are considered to be defeased and the liability for those bonds has been removed from the long-term debt in the financial statements.

Revenue and General Obligation Bonds

2011 Revenue Bonds

On May 19, 2011, the Authority, on behalf of the District, issued $20,500,000 of 2011 Revenue Bonds for the purpose of acquiring land to preserve and use as open space and pay bond issue and related costs. The Bonds are not general obligations. Each period, the District will appropriate revenues-mainly limited properly tax collections that Santa Clara County and San Mateo County allocate to the District – to pay its obligations under a Lease Agreement for use and occupancy of District land in addition to other District debt and lease obligations unrelated to this financing. The Current Interest Bonds bear interest at 2.0% to 6.0% and are due semi-annually on March 1 and September 1. Principal payments on the Current Interest Bonds are due annually September 1. This Bond was partially defeased during fiscal year 2017 with issuance of the 2016 Refunding Series A and B Green Bonds as noted below.

2015A and 2015B General Obligation Bonds

On July 29, 2015, the District issued $40,000,000 of 2015A general obligation bonds and $5,000,000 of 2015B federally taxable general obligation bonds to finance certain projects authorized by voters. The bonds bear interest from 1.5% to 5% and are due semi-annually on March 1 and September 1. The bonds were issued at a premium of $2,559,224 with an underwriter's discount of $107,599 and issuance costs of $170,000.

2016A and 2016B Refunding Green Bonds

On September 8, 2016 the District issued $54,490,000 of 2016 Refunding Series A and $2,920,000 2016 Refunding Series B Green Bonds for the purpose of refunding its outstanding obligations under the 2007 Series A Revenue Refunding Bonds and prepay a portion of its obligations under the 2011 Lease Revenue Bonds. As a result, the 2007 Series A Revenue Refunding Bonds and the 2011 Lease Revenue Bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide financial statement of net position.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $5,032,161, which is reported as a deferred outflow on the government-wide statement of net position. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through fiscal year 2036 using the straight-line method. The District completed the refunding to obtain an economic gain (difference between the present value of the old and the new debt service payments) of $12,694,440.

The 2016 Refunding Green Bonds Series A bears interest from 2.0% to 5.0% and the Series B bears interest of 0.73%. Interest for both Series A and B are due semi-annually on March 1 and September 1.

Principal payments for Series A begins September 2017 and are due annually thereafter until September 2036. Series B has only one principal payment in September 2017.

2017 Series A Refunding Green Bonds

On December 13, 2017 the District issued $25,025,000 of 2017 Refunding Green Bonds for the purpose of partially refunding its outstanding obligations under the 2012 Refunding Promissory Notes. The proceeds of the 2017 Refunding Green Bonds, together with $676,232 of other District funds, were used to defease and redeem $11,605,000 principal amount of the District's outstanding 2012 Current Interest Notes and $8,894,106 initial principal of the District's outstanding 2012 Capital Appreciation Notes, collectively, the 2012 Refunding Promissory Notes. The amounts defeased have been removed from the government-wide financial statement of net position.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $4,113,597, which is reported as a deferred outflow on the government-wide statement of net position. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through fiscal year 2033 using the straight-line method. The District completed the refunding to obtain an economic gain (difference between the present value of the old and the new debt service payments) of $8,882,524.

The 2017 Refunding Green Bonds bears interest from 3.125% to 5.0%. Interest is due semi-annually on March 1 and September 1. Principal payments begin September 2025 and are due annually thereafter until September 2037.

2017 Series B Parity Bonds

On December 13, 2017, the District issued $11,220,000 of 2017 parity bonds to finance portion of the cost of acquiring and improving staffing facilities for use by the District. The bonds bear interest of 5% and are due semi-annually on June 30 and December 30. The bonds were issued at a premium of $1,413,434 and issuance costs of $133,434.

2018 General Obligation Bonds

On February 1, 2018, the District issued $50,000,000 of 2018 general obligation bonds to finance 25 projects specified in Measure AA. The bonds bear interest from 2% to 5% and are due semi-annually on March 1 and September 1. The bonds were issued at a premium of $3,691,291 with an issuance costs of $455,462.

Midpeninsula Regional Open Space District

Notes to the Basic Financial Statements
June 30, 2018

The following schedule summarizes the District's outstanding promissory notes and bonds as of June 30, 2018:

Long Term Debt	Original Issue	Beginning Balance	Additions	Retirements	Ending Balance
Promissory Notes:					
Daloia Note	$ 240,000	$ 11,067	$ -	$ 11,067	$ -
Hunt Note	1,500,000	1,500,000	-	-	1,500,000
2012 Refunding Note Current Int.	15,790,000	14,109,999	-	11,985,000	2,124,999
2012 Refunding Note Cap Apprec.	15,474,708	15,474,708	-	8,894,106	6,580,602
2015 Refunding Note	23,630,000	22,550,000	-	735,000	21,815,000
Subtotal Promissory Notes	56,634,708	53,645,774	-	21,625,173	32,020,601
Bonds:					
2011 Lease Revenue	20,500,000	1,080,000	-	150,000	930,000
2015A General Obligation Bonds	40,000,000	40,000,000	-	-	40,000,000
2015B General Obligation Bonds	5,000,000	4,225,000	-	875,000	3,350,000
2016 Refunding Bond	57,410,000	57,410,000	-	3,565,000	53,845,000
2017 Refunding Bond	25,025,000	-	25,025,000	-	25,025,000
2017 Parity Bond	11,220,000	-	11,220,000	-	11,220,000
2018 General Obligation Bonds	50,000,000	-	50,000,000	-	50,000,000
Subtotal Bonds	209,155,000	102,715,000	86,245,000	4,590,000	184,370,000
Accreted Interest:					
2012 Refunding Note		5,114,953	457,204	3,126,240	2,445,917
Subtotal Accreted Interest		5,114,953	457,204	3,126,240	2,445,917
Unamortized Bond Premium		20,475,002	8,245,739	1,882,067	26,838,674
Total Long Term Debt	$ 265,789,708	$ 181,950,729	$ 94,947,943	$ 31,223,480	$ 245,675,192

The promissory notes future debt service requirements as of June 30, 2018 were as follows:

Year Ending June 30,	Principal	Remaining Accretion	Interest	Total
2019	$ 1,200,000	$ -	$ 1,194,875	$ 2,394,875
2020	1,285,000	-	1,136,775	2,421,775
2021	1,370,000	-	1,084,025	2,454,025
2022	1,445,000	-	1,029,625	2,474,625
2023	3,040,000	-	963,950	4,003,950
2024-2028	6,495,000	-	3,496,875	9,991,875
2029-2033	12,951,057	7,108,082	1,694,125	21,753,264
2034-2038	4,234,544	2,400,400	142,750	6,777,694
Total Debt Service	$ 32,020,601	$ 9,508,482	$ 10,743,000	$ 52,272,083

The bonds future debt service requirements as of June 30, 2018 were as follows:

Year Ending June 30,	Principal	Remaining Accretion	Interest	Total
2019	$ 5,280,000	$ -	$ 7,996,117	$ 13,276,117
2020	7,830,000	-	7,417,788	15,247,788
2021	7,025,000	-	7,161,901	14,186,901
2022	6,675,000	-	6,895,263	13,570,263
2023	6,990,000	-	6,589,537	13,579,537
2024-2028	40,580,000	-	27,230,790	67,810,790
2029-2033	25,970,000	-	18,586,245	44,556,245
2034-2038	41,445,000	-	12,814,639	54,259,639
2039-2043	20,960,000	-	6,400,600	27,360,600
2044-2048	18,975,000	-	2,181,300	21,156,300
2049-2053	2,640,000	-	52,800	2,692,800
Total Debt Service	$184,370,000	$ -	$103,326,980	$287,696,980

Amortization of the deferred loss on early retirement of long-term debt for the fiscal period ended June 30, 2018 was as follows:

Beginning Balance	$ 6,976,997
Addition	4,113,597
Amortization	(849,771)
Ending Balance	$ 10,240,823

NOTE 7 - RENTAL INCOME

The District rents certain land and structures to other entities under operating leases with terms generally on a month-to-month basis. Rental income of $1,211,878 was received during the period ended June 30, 2018.

NOTE 8 - CALPERS PENSION PLAN

Pension Plan

General Information about the Pension Plans

Plan Description - The District provides benefits to eligible employees through cost-sharing multiple employer defined benefit pension plans (the Plan(s)) administered by the California Public Employees' Retirement System (CalPERS). Members of the Plan include all permanent employees working full-time. Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 55 with statutorily reduced benefits. All members are eligible for non-industrial disability benefits after 10 years of service. The death benefit is the Optional Settlement 2W Death Benefit. The cost of living adjustments for the Plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Miscellaneous	
	Tier 1	PEPRA
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	55	62
Monthly benefits as a % of eligible compensation	2.0% to 2.5%	2.00%
Required employee contribution rates	8.000%	6.250%
Required employer contribution rates	10.110%	6.533%

Employees Covered – At June 30, 2018, the following employees were covered by the benefit terms for the Plan:

	Miscellaneous
Active	141
Transferred	50
Separated	67
Retired	70
Total	328

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2018, the District contributed $2,283,789 to the plan.

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

As of June 30, 2018, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability/(Asset)
Miscellaneous	$ 11,022,824

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2017, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 using standard procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions in to the pension plan relative to the projected contributions of all participating employers, as actuarially determined. The District's proportionate share of the net pension liability for the Plan as of fiscal years June 30, 2017 and 2018 was as follows:

	Miscellaneous
Proportion - June 30, 2017	0.29137%
Proportion - June 30, 2018	0.27962%
Change - Increase/(Decrease)	-0.01175%

For the fiscal year ended June 30, 2018, the District recognized pension expense of $3,297,743. At fiscal year June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	$ 2,365,101	$ -
Differences between Expected and Actual Experience	-	275,001
Differences between Projected and Actual Investment Earnings	579,041	-
Differences between Employer's Contributions and Proportionate Share of Contributions	1,924,035	-
Change in Employer's Proportion	-	1,058,998
Pension Contributions Made Subsequent to Measurement Date	2,283,789	-
Total	$ 7,151,966	$ 1,333,999

The District reported $2,283,789 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	Deferred Outflows/ (Inflows) of Resources
2019	$ 1,275,768
2020	1,630,830
2021	971,367
2022	(343,787)
2023	-
Thereafter	-
Total	$ 3,534,178

Actuarial Assumptions - The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	(1)
Investment Rate of Return	7.5% (2)
Mortality	(3)

(1) Varies by age and service
(2) Net of pension plan investment expenses, including inflation
(3) Derived using CalPERS' membership data for all funds

Discount Rate - The discount rate used to measure the total pension liability was 7.15 percent for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	47.00%	4.90%	5.38%
Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
Total	100.00%		

(a) An expected inflation of 2.5% used for this period.
(b) An expected inflation of 3.0% used for this period.

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 the Plan, calculated using the discount rate for the Plan, 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:

	Miscellaneous
1% Decrease	6.15%
Net Pension Liability	$ 19,462,398
1% Decrease	7.15%
Net Pension Liability	$ 11,022,824
1% Increase	8.15%
Net Pension Liability	$ 4,033,017

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 9 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description - The District joined the California Employers' Retiree Benefit Trust (CERBT), an agent multiple-employer defined benefit postemployment healthcare plan administered by CalPERS. See eligibility requirements below. Retiree benefit continues to surviving spouse if retiree elects survivor annuity under CalPERS retirement plan. The OPEB plan's audited financial statements are available at https://www.calpers.ca.gov/docs/forms-publications/gasb-75-schedule-changes-fiduciary-net-position-2017.pdf.

Benefits Provided - The following is a summary of the plan benefits provided:

Eligibility:	Retire directly from the District under CalPER (age 50 and 5 years of service) Continue participation in PEMHCA
Retiree Medical Benefit:	District pays retiree medical premiums up to: - $300/month effective 1/1/07 - $350/month effective 1/1/09 Must be at least equal to statutory PEMHCA minimum ($122 in 2015, $125 in 2016)
PEMHCA Administrative Fee:	District pays CalPERS administrative fees (0.32% of premiums for 2015/16)
Surviving Spouse Continuation:	Retiree beneift continues to surviving spouse if retiree elects survivor annuity under CalPERS retirement plan

Employees Covered by Benefit Terms - At June 30, 2017 (the valuation date), the benefit terms covered the following employees:

Active employees	138
Inactive employees	31
Total employees	169

Contributions - The District makes contributions based on an actuarially determined rate and are approved by the authority of the District's Board. Total contributions during the year were $412,000. Total contributions included in the measurement period were $513,000. The actuarially determined contribution for the measurement period was $609,000. The District's contributions were 4.01% of payroll during the measurement period June 30, 2017 (reporting period June 30, 2018). Employees are not required to contribute to the plan.

Actuarial Assumptions - The following summarized the actuarial assumptions for the OPEB plan included in this fiscal year:

Valuation Date:	June 30, 2017
Measurement Date:	June 30, 2017
Actuarial Cost Method:	Entry age normal, level precentage of payroll
Amortization Period:	10.2 years
Asset Valuation Method:	Investment gains and loses spread over 5 year rolling period
Actuarial Assumptions:	
Discount Rate	6.75%
General Inflation	2.75%
Payroll Increases	- Aggregate - 3% - Merit - CalPERS 1997-2015 experience study
Medical Trend	- Non-medicare - 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years - Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years
PEMHCA Minimum Increases	4.25%
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 experience study
Mortality Improvement	Post-retirement mortality projected fully generational with Society of Actuaries Scale MP-2017
Healthcare Participation for Future Retirees	- Currently covered: 90% - Currently waived: 60%

Discount Rate - The projection of cash flows used to determine the discount rate assumed that the District contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to cover all future OPEB payments. Therefore, the discount rate was set to be equal to the long-term expected rate of return which was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-Term Expected Rate of Return - The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage of Portfolio	Long-Term Expected Rate of Return
Global Equity	57.00%	4.820%
Fixed Income	27.00%	1.470%
TIPS	5.00%	1.290%
Commodities	3.00%	0.840%
REITs	8.00%	3.760%
Total	100.00%	3.535%

Midpeninsula Regional Open Space District

Notes to the Basic Financial Statements
June 30, 2018

Net OPEB Liability - The District's net OPEB liability was measured as of June 30, 2017 (measurement date), and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017 (valuation date) for the fiscal year ended June 30, 2018 (reporting date). The following summarizes the changes in the net OPEB liability during the year ended June 30, 2018, for the measurement date of June 30, 2017:

Fiscal Year Ended June 30, 2018 (Measurement Date June 30, 2017)	**Total OPEB Liability**	**Plan Fiduciary Net Position**	**Net OPEB Liability**
Balance at June 30,2017	$ 4,585,000	$ 2,580,000	$ 2,005,000
Service cost	313,000	-	313,000
Interest in Total OPEB Liability	326,000	-	326,000
Employer contributions	-	513,000	(513,000)
Employer implicit subsidy	-	-	-
Employee contributions	-	-	-
Balance of diff between actual and exp experience	-	-	-
Balance of diff between actual and exp earnings	-	-	-
Balance of changes in assumptions	-	-	-
Actual investment income	-	287,000	(287,000)
Administrative expenses	-	(1,000)	1,000
Benefit payments	(113,000)	(113,000)	-
Other	-	-	-
Net changes	526,000	686,000	(160,000)
Balance at June 30, 2018	$ 5,111,000	$ 3,266,000	$ 1,845,000

Covered Payroll at Measurement Date	$ 12,802,887
Total OPEB Liability as a % of covered payroll	39.92%
Plan Fid. Net Position as a % of Total OPEB Liability	63.90%
Service cost as a % of covered payroll	2.44%
Net OPEB Liability as a % of covered payroll	14.41%

Deferred Inflows and Outflows of Resources - At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Difference between actual and expected experience	$ -	$ -
Difference between actual and expected earnings	-	(82,400)
Change in assumptions	-	-
OPEB contribution subsequent to measurement date	412,000	-
Totals	$ 412,000	$ (82,400)

Of the total amount reported as deferred outflows of resources related to OPEB, $412,000 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the year ended June 30, 2019. 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,		
2019	$	(20,600)
2020		(20,600)
2021		(20,600)
2022		(20,600)
2023		-
Thereafter		-
Total	$	(82,400)

OPEB Expense - The following summarizes the OPEB expense by source during the year ended June 30, 2018, for the measurement date of June 30, 2017:

Service cost	$	313,000
Interest in TOL		326,000
Expected investment income		(184,000)
Other		-
Employee contributions		-
Difference between actual and expected experience		-
Difference between actual and expected earnings		(20,600)
Change in assumptions		-
Administrative expenses		1,000
OPEB Expense	**$**	**435,400**

The following summarizes changes in the net OPEB liability as reconciled to OPEB expense during the year ended June 30, 2018, for the measurement date of June 30, 2017:

Net OPEB liability ending	$	1,845,000
Net OPEB liability begining		(2,005,000)
Change in net OPEB liability		(160,000)
Changes in deferred outflows		-
Changes in deferred inflows		82,400
Employer contributions		513,000
OPEB Expense	**$**	**435,400**

Sensitivity to Changes in the Discount Rate - The net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher, is as follows:

	Discount Rate		
	5.75% (1% Decrease)	**6.75% (Current Rate)**	**7.75% (1% Increase)**
Net OPEB Liability	$ 2,619,000	$ 1,845,000	$ 1,212,000

Sensitivity to Changes in the Healthcare Cost Trend Rates - The net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates, is as follows:

	Trend Rate		
	3.25% (1% Decrease)	**4.25% (Current Rate)**	**5.25% (1% Increase)**
Net OPEB Liability	$ 1,646,000	$ 1,845,000	$ 2,109,000

NOTE 10 - JOINT VENTURES (JOINT POWERS AGREEMENTS)

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. Prior to July 1, 2002, the District managed and financed these risks by purchasing commercial insurance. On July 1, 2002, the District joined the California Joint Powers Insurance Authority (CAL JPIA). CAL JPIA is composed of 119 California public entities and is organized under a joint powers agreement pursuant to California Government Code Section 6500 et seq. The purpose of CAL JPIA is to arrange and administer programs for the pooling of self-insurance losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance for property and other coverages. CAL JPIA's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine member Executive Committee.

During the past three fiscal periods, none of the programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior period.

Self-Insurance Programs of the CAL JPIA

General and Automobile Liability

Each government member pays a primary deposit to cover estimated losses for a fiscal year (claims year). General liability (GL) coverage includes bodily injury, personal injury, or property damage to a third party resulting from a member activity. The GL program also provides automobile liability coverage. Six months after the close of a fiscal period, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Costs are spread to members as follows: the first $30,000 to $750,000 are pooled based on member's share of costs under $30,000; costs in excess of $750,000 are shared by the members based upon each individual member's payroll. Costs of covered claims above $5,000,000 are currently paid by reinsurance. The protection for each member is $50,000,000 per occurrence, up to $50,000,000.

Worker's Compensation

The District also participates in the Worker's Compensation program administered by CAL JPIA. Pool deposits and retrospective adjustments are valued in a manner similar to the General Liability pool. The District is charged for the first $50,000 of each claim. Costs from $50,000 to $100,000 per claim are pooled based on the member's losses under its retention level. Costs between $100,000 and $2,000,000 per claim are pooled based on payroll. Costs from $2,000,000 to $5,000,000 are paid by excess insurance purchased by CAL JPIA. The excess insurance provides coverage to statutory limits.

Purchased Insurance

Environmental Insurance

The District participates in the Pollution and Remediation Legal Liability Program, which is available through CAL JPIA. The policy provides coverage for both first and third party damages, including certain types of cleanups; fuel spill or hazmat incidents; member listed non-owned disposal sites; above ground and underground storage tanks; and for sudden and gradual pollution at or from property, streets, sanitary sewer trunk lines and storm drain outfalls owned by the District. Coverage is on a claims-made basis. There is a $50,000 deductible. CAL JPIA has a limit of $50,000,000 for the three-year coverage period. The current coverage period is July 2017 through July 1, 2020. Each member of CAL JPIA has a $10,000,000 aggregate limit during the three-year period. The current coverage period is July 2017 through July 1, 2020.

Property Insurance

The District participates in the All-Risk property program of CAL JPIA which includes all-risk coverage for real and personal property (such as scheduled buildings, office furniture, equipment, vehicles, etc). This insurance is underwritten by several insurance companies. Property is currently insured according to a schedule of covered property submitted by the District to CAL JPIA. The All-Risk deductible is $5,000 per occurrence; $1,000 for non-emergency vehicles. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Boiler & Machinery Insurance

The District participates in the optional coverage for boiler and machinery, which is purchased separately under the property program. Coverage is for physical damage for sudden and accidental breakdown of boilers and machinery, and electrical injury. There is a $5,000 per accident or occurrence deductible.

Crime Insurance

The District participates in the crime program of CAL JPIA in the amount of $1,000,000 per claim, with a $2,500 per occurrence deductible. Insurance provides coverage for employee dishonesty, failure to faithfully perform duties, forgery, counterfeiting, theft, robbery, burglary, and computer fraud. Premiums are paid annually and are not subject to retroactive adjustments.

Special Event Tenant User Liability Insurance

The District participates in the special events program of CAL JPIA which provides liability insurance when District premises are used for special events. The insurance premium is paid by the tenant user to the District according to a schedule. The District then pays the insurance arranged through CAL JPIA. There is no deductible and the District is added as additional insured. Liability limits are purchased in $1 million per occurrence increments.

Vendors/Contractors Program

General liability coverage with or without professional liability is offered through CAL JPIA to vendors/contractors who otherwise could not meet the District's minimum insurance requirement: $1 million per occurrence, $2 million in aggregate.

Cyber Liability Program

The cyber liability program is partially covered under the liability program, and partially held through a stand-alone coverage program. Cyber liability provides coverage for both first- and third-party claims. First party coverage includes privacy, regulatory claims, security breach response, business income loss, dependent business income loss, digital asset restoration costs, and cyber-extortion threats, while third-party coverage includes privacy liability, network security liability, and multimedia liability. Members work directly with the reinsurer to investigate and respond to claims. There is a $1 million per occurrence limit of coverage, $1 million aggregate limit per policy period per member, and a $10 million aggregate limit of coverage for all members per policy period.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

The District may be exposed to various claims and litigation during the normal course of business. However, management believes there were no matters that would have a material adverse effect on the District's financial position or results of operations as of June 30, 2018.

NOTE 12 - SUBSEQUENT EVENTS

Management has reviewed subsequent events and transactions that occurred after the date of the financial statements through the date the financial statements were issued. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management has determined that there are no nonrecognized subsequent events that require additional disclosure.

Required Supplementary Information

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REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY SCHEDULES

This schedule presents a comparison of the original budget, final budget and actual revenues and expenditures for General Fund. The schedule presents the difference between the final budget and actuals.

PENSION SCHEDULES

These schedules present information that shows the District's proportionate share of the pension liability in the cost sharing pools, actuarial information, and contributions. The proportionate share information is useful in determining the District's liability on relation to all other entities in the pool.

POSTEMPLOYMENT BENEFIT SCHEDULES

These schedules present information that shows the District's total other postemployment benefits (OPEB), plan fiduciary net position, and contributions related to retiree healthcare benefits provided by the District.

Midpeninsula Regional Open Space District

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual (GAAP)
General Fund
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive - (Negative)
	Original	Final	Actual (GAAP Basis)	
Revenues:				
Property taxes	$ 44,839,000	$ 45,403,688	$ 45,347,807	$ (55,881)
Grant income	191,000	191,000	553,281	362,281
Property management	1,197,092	1,197,092	1,576,379	379,287
Investment earnings	636,000	820,000	853,729	33,729
Other revenues	464,501	464,501	347,983	(116,518)
Total revenues	47,327,593	48,076,281	48,679,179	602,898
Expenditures:				
Current				
Salaries and employee benefits	21,923,124	21,974,034	19,983,975	1,990,059
Services and supplies	9,702,951	9,809,954	7,475,205	2,334,749
Capital outlay	84,000	43,000	-	43,000
Total expenditures	31,710,075	31,826,988	27,459,180	4,367,808
Excess (deficiency) of revenues over (under) expenditures	15,617,518	16,249,293	21,219,999	4,970,706
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	(9,409,095)	(9,409,095)
Total other financing sources (uses)	-	-	(9,409,095)	(9,409,095)
Net change in fund balance	15,617,518	16,249,293	11,810,904	(4,438,389)
Fund balance beginning	61,298,583	61,298,583	61,298,583	-
Fund balance ending	$ 76,916,101	$ 77,547,876	$ 73,109,487	$ (4,438,389)

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

Midpeninsula Regional Open Space District

Schedule of Pension Plan Contributions

June 30, 2018

Miscellaneous Plan				
Plan Measurement Date	**2017**	**2016**	**2015**	**2014**
Fiscal Year Ended	**2018**	**2017**	**2016**	**2015**
Contractually Required Contributions	$ 1,763,650	$ 1,514,352	$ 1,358,520	$ 1,461,069
Contributions in Relation to Contractually Required Contributions	2,283,789	2,529,862	4,788,977	1,343,244
Contribution Deficiency (Excess)	$ (520,139)	$ (1,015,510)	$ (3,430,457)	$ 117,825
Covered Payroll (Fiscal Year)	**$ 12,802,887**	**$ 11,834,150**	**$ 9,862,578**	**$ 8,994,979**
Contributions as a Percentage of Covered Payroll	**17.84%**	**21.38%**	**48.56%**	**14.93%**

Notes to Schedule:

Valuation Date: June 30, 2016

Assumptions Used: Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll and Direct Rate Smoothing
3.8 Years Remaining Amortization Period
Inflation Assumed at 2.75%
Investment Rate of Returns set at 7.5%
CalPERS mortality table using 20 years of membership data for all funds

** Fiscal year 2015 was the first year of implementation, therefore only four years are shown.

Midpeninsula Regional Open Space District

Schedule of Net Pension Liability Proportionate Shares

June 30, 2018

Miscellaneous Plan				
Plan Measurement Date	2017	2016	2015	2014
Fiscal Year Ended	2018	2017	2016	2015
Proportion of Net Pension Liability	0.27962%	0.29137%	0.41627%	0.39847%
Proportionate Share of Net Pension Liability	$ 11,022,824	$ 10,121,906	$ 11,420,126	$ 9,848,203
Covered Payroll	$ 11,834,150	$ 9,862,578	$ 8,994,979	$ 8,448,635
Proportionate Share of NPL as a % of Covered Payrol	**93.14%**	**102.63%**	**126.96%**	**116.57%**
Plan's Fiduciary Net Position as a % of the TPL	**82.04%**	**80.93%**	**79.23%**	**83.64%**

** Fiscal year 2015 was the first year of implementation, therefore only four years are shown.

Midpeninsula Regional Open Space District

Schedule of Contributions for Postemployment Benefits
June 30, 2018

	Fiscal Year Ended June 30, 2018
Actuarially determined contribution (ADC)	$ 609,000
Less: actual contribution in relation to ADC	(513,000)
Contribution deficiency (excess)	$ 96,000
Covered payroll for the fiscal year 2017/18	$ 12,802,887
Contributions as a percentage of covered payroll	4.01%

Notes to Schedule:

Assumptions and Methods

Valuation Date:	June 30, 2017
Measurement Date:	June 30, 2017
Actuarial Cost Method:	Entry age normal, level precentage of payroll
Amortization Period:	10.2 years
Asset Valuation Method:	Investment gains and loses spread over 5 year rolling
Actuarial Assumptions:	
Discount Rate	6.75%
General Inflation	2.75%
Payroll Increases	- Aggregate - 3% - Merit - CalPERS 1997-2015 experience study
Medical Trend	- Non-medicare - 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years - Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years
PEMHCA Minimum Increases	4.25%
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 experience study
Mortality Improvement	Post-retirement mortality projected fully generational with Society of Actuaries Scale MP-2017
Healthcare Participation for Future Retirees	- Currently covered: 90% - Currently waived: 60%

Other Notes

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available. GASB 75 was adopted as of June 30, 2018.

Midpeninsula Regional Open Space District

Schedule of Changes in Total OPEB Liability
June 30, 2018

	Fiscal Year Ended June 30, 2018
Total OPEB liability	
Service cost	$ 313,000
Interest	326,000
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments	(113,000)
Net change in Total OPEB Liability	526,000
Total OPEB Liability - beginning	4,585,000
Total OPEB Liability - ending	$ 5,111,000
Plan fiduciary net position	
Employer contributions	$ 513,000
Employer implict subsidy	-
Employee contributions	-
Net investment income	287,000
Difference between estimated and actual earnings	-
Benefit payments	(113,000)
Other	-
Administrative expense	(1,000)
Net change in plan fiduciary net position	686,000
Plan fiduciary net position - beginning	2,580,000
Plan fiduciary net position - ending	$ 3,266,000
Net OPEB liability	$ 1,845,000
Plan fiduciary net position as a percentage of the total OPEB liability	63.90%
Covered employee payroll	$ 12,802,887
Net OPEB Liability as a percentage of covered payroll	14.41%
Total OPEB Liability as a percentage of covered payroll	39.92%

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available. GASB 75 was adopted as of June 30, 2018.

MIDPENINSULA REGIONAL OPEN SPACE

Supplementary Information

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SUPPLEMENTARY INFORMATION

BUDGETARY SCHEDULES

These schedules present comparisons of the original budget, final budget and actual revenues and expenditures for major capital project funds and debt service funds. These schedules presents the difference between the final budget and actuals.

PROGRAM EXPENDITURES

This schedule presents the program expenditures for the Measure AA Bond Program for the current year and the in total since the inception of the program.

Midpeninsula Regional Open Space District

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual (GAAP)
Measure AA Capital Projects Fund
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual (GAAP Basis)	Positive - (Negative)
Revenues:				
Property taxes	$ -	$ -	$ -	$ -
Grant income	581,060	781,060	1,059,436	278,376
Property management	-	-	-	-
Investment earnings	-	160,000	102,684	(57,316)
Other revenues	-	-	-	-
Total revenues	581,060	941,060	1,162,120	221,060
Expenditures:				
Current				
Salaries and employee benefits	-	-	730,701	(730,701)
Services and supplies	140,100	140,100	24,468	115,632
Capital outlay	11,208,289	12,063,626	11,032,939	1,030,687
Debt service:				
Issuance cost	-	-	250,000	(250,000)
Total expenditures	11,348,389	12,203,726	12,038,108	165,618
Excess (deficiency) of revenues over (under) expenditures	(10,767,329)	(11,262,666)	(10,875,988)	386,678
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Issuance of debt	-	-	50,000,000	50,000,000
Total other financing sources (uses)	-	-	50,000,000	50,000,000
Net change in fund balance	(10,767,329)	(11,262,666)	39,124,012	50,386,678
Fund balance beginning	7,344,797	7,344,797	7,344,797	-
Fund balance ending	$ (3,422,532)	$ (3,917,869)	$ 46,468,809	$ 50,386,678

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

Midpeninsula Regional Open Space District

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual (GAAP)
GF Capital Projects Fund
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive - (Negative)
	Original	Final	Actual (GAAP Basis)	
Revenues:				
Property taxes	$ -	$ -	$ -	$ -
Grant income	236,000	236,000	-	(236,000)
Property management	-	-	-	-
Investment earnings	-	-	(37,855)	(37,855)
Other revenues	-	-	-	-
Total revenues	236,000	236,000	(37,855)	(273,855)
Expenditures:				
Current				
Salaries and employee benefits	-	-	-	-
Services and supplies	615,700	95,150	11,251	83,899
Capital outlay	5,917,340	7,000,371	5,407,129	1,593,242
Debt service:				
Issuance cost	-	-	133,434	(133,434)
Total expenditures	6,533,040	7,095,521	5,551,814	1,543,707
Excess (deficiency) of revenues over (under) expenditures	(6,297,040)	(6,859,521)	(5,589,669)	1,269,852
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Issuance of debt	-	-	11,220,000	11,220,000
Premium from debt issuances	-	-	1,413,434	1,413,434
Total other financing sources (uses)	-	-	12,633,434	12,633,434
Net change in fund balance	(6,297,040)	(6,859,521)	7,043,765	13,903,286
Fund balance beginning	-	-	-	-
Fund balance ending	$ (6,297,040)	$ (6,859,521)	$ 7,043,765	$ 13,903,286

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

Midpeninsula Regional Open Space District

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual (GAAP)
Debt Service Fund
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual (GAAP Basis)	Positive - (Negative)
Revenues:				
Property taxes	$ 1,960,000	$ 2,400,000	$ 2,450,542	$ 50,542
Grant income	-	-	-	-
Property management	-	-	-	-
Investment earnings	472,000	465,000	145,635	(319,365)
Other revenues	-	-	-	-
Total revenues	2,432,000	2,865,000	2,596,177	(268,823)
Expenditures:				
Debt service:				
Principal	11,721,637	12,397,869	5,716,067	6,681,802
Advance refunding escrow	-	-	676,232	(676,232)
Interest	-	-	5,720,001	(5,720,001)
Issuance cost	-	-	493,496	(493,496)
Total expenditures	11,721,637	12,397,869	12,605,796	(207,927)
Excess (deficiency) of revenues over (under) expenditures	(9,289,637)	(9,532,869)	(10,009,619)	(476,750)
Other financing sources (uses):				
Transfers in	-	-	9,409,095	9,409,095
Transfers out	-	-	-	-
Payment to refunded bond escrow agent	-	-	(27,659,551)	(27,659,551)
Issuance of refunding bond	-	-	25,025,000	25,025,000
Premium from bond issuances	-	-	6,832,305	6,832,305
Total other financing sources (uses)	-	-	13,606,849	13,606,849
Net change in fund balance	(9,289,637)	(9,532,869)	3,597,230	13,130,099
Fund balance beginning	2,193,934	2,193,934	2,193,934	-
Fund balance ending	$ (7,095,703)	$ (7,338,935)	$ 5,791,164	$ 13,130,099

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

Midpeninsula Regional Open Space District

Measure AA Bond Program
Schedule of Program Expenditures
June 30, 2018

Project No.	Project Description	Expenditures from July 1, 2017 through June 30, 2018	Expenditures from Inception through June 30, 2018
20005	New Trail Easement - SFPUC, Ravenswood (MAA 2-2)	$ -	$ 22,603
20088	POST Hendry's Creek Restoration (MAA 22-1)	-	41,330
20101	Lysons Property (17-1 MAA)	-	27,059
20102	Lobner Demolition (MAA 17-2)	-	128,760
20109	Riggs Property Appraisal - (3-1 MAA)	-	6,500
20110	Purisima Creek Uplands Lot line Adjustment (3-1 MAA)	-	13,000
20112	Conservation Easement Upper Alpine Ranch Area (15-1 MAA)	-	8,695
20113	Preservation of Upper Los Gatos Creek Watershed (22-1 MAA)	-	5,000
20114	Land Conservation Opportunities MAA 25-1 (Burtons)	-	150
30503	ECDM Trail Improvements (MAA 4-4)	-	3,930
30904	Mindego Area - Mindego Hill Trail (MAA 9-4)	-	34,196
31309	Mt Um Bald Mtn Staging to Summit Trail (MAA 23-2)	-	17,646
31310	Mt Um Summit Restor & Improv (MAA 23-4)	-	79,491
31311	Mt Um Trail Overlook & Bridges (MAA 23-5)	-	243
31500	Measure AA Project 11-1	-	728
65101	PCR Harkins Bridge Replacement (MAA 3-4)	-	108,788
65201	Lower Stevens Canyon Hiking Bridge (MAA 17-4)	-	103,187
80016	ECdM Creek Watershed Protection Program (MAA 4-3)	-	45,507
80029	Pond DR05 Repair (MAA 7-5)	-	150,682
80037	Mindego Grazing Infrastructure (MAA 9-1)	-	135,748
80038	LHC Grazing Infrastructure - McDonald Ranch Fencing (MAA 5-2)	-	178,850
AA01	Miramontes Ridge - Gateway to San Mateo Coast	-	52,915
AA02	Bayfront Habitat Protection & Public Access Partnerships	409,892	697,060
AA03	Purisima Creek Redwoods: Purisma-to Sea Trail, Watershed/Graze	524,266	982,082
AA04	El Corte de Madera Creek: Bike Trail & Water Quality	211,770	530,521
AA05	La Honda Creek - Upper Recreation Area	125,258	2,232,854
AA06	Hawthorn Public Access Improvements	8,490	8,490
AA07	Driscoll Ranch Public Access, Wildlife Protection, Grazing	1,060,621	11,888,804
AA09	Russian Ridge: Public Recreation, Grazing & Wildlife Protection	136	72,011
AA10	Coal Creek: Reopen Alpine Road for Trail Use	17,663	21,949
AA11	Rancho San Antonio: Interpretive Improvements, Refurbishing	29,511	29,511
AA15	Regional: Redwood Protection & Salmon Fishery Conservation	-	3,009,855
AA17	Regional: Complete Upper Stevens Creek Trail	12,666	1,521,241
AA19	El Sereno Dog Park & Connections	426,550	427,265
AA20	South Bay Foothills: Wildlife Passage/Ridge Trail Improvements	4,862	196,836
AA21	CR:Pub Recreation Proj	2,207,812	3,427,105
AA22	Cathedral Oaks Public Access & Conservation	22,678	662,573
AA23	Mt Um Pub Access/Intrep	6,697,599	21,984,693
AA24	Rancho de Guadalupe Family Recreation	14,900	1,606,896
AA25	Loma Prieta Area Public Access	-	410,000
	Total MAA Bond Project Expenditures	11,774,674	50,874,754
	Reimbursements from Grants, Contributions, and Other Funds	(1,059,436)	(2,694,744)
	Total MAA Bond Project Expenditures - Net Reimbursements	$ 10,715,238	$ 48,180,010

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

Midpeninsula Regional Open Space District

Notes to Supplementary Information
June 30, 2018

NOTE 1 - BACKGROUND

Measure AA is a $300 million general obligation bond approved in June 2014 by over two-thirds of Midpen voters. Proceeds from bonds, which will be sold in a series over approximately the next 20-30 years, will be used to:

- Protect natural open space lands
- Open preserves or areas of preserves that are currently closed
- Construct public access improvements such as new trails and staging areas
- Restore and enhance open space land, which includes forests, streams, watersheds, and coastal ranch areas.

On July 29, 2015, the District issued $40,000,000 of 2015A general obligation bonds and $5,000,000 of 2015B federally taxable general obligation bonds to finance certain projects authorized by voters. The bonds bear interest from 1.5% to 5% and are due semi-annually on March 1 and September 1. The bonds were issued at a premium of $2,559,224 with an underwriter's discount of $107,599 and issuance costs of $170,000.

On February 1, 2018, the District issued $50,000,000 of 2018 general obligation bonds to finance 25 projects specified in Measure AA. The bonds bear interest from 2% to 5% and are due semi-annually on March 1 and September 1. The bonds were issued at a premium of $3,691,291 with an issuance costs of $455,462.

Land acquisition is the first step to open space conservation. The Vision Plan identified 50,000 acres of open space land that, when conserved, would significantly improve wildlife conditions, wetlands, watersheds, creeks, sensitive plant communities and healthy outdoor recreation. As of June 30, 2018, the District has aquired and/or preserved nearly 1,500 acres of land with over $22 million in funding suppoort from Measure AA.

NOTE 2 - OVERISGHT COMMITTEE

The Oversight Committee is essential to implementing Measure AA and will consist of seven at-large members who reside within the District. The Committee convenes at least once a year and reviews annual Measure AA expenditures and Midpen's Annual Audit and Accountability report. Each year, the Committee's findings will be presented to the Board at a public meeting and will be posted on the District's website.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basis of accounting utilized in preparation of this report may differ from accounting principles generally accepted in the United States of America. Accordingly, the accompanying program statement is not intended to present the financial position and the results of operations in conformity with accounting principles generally accepted in the United States of America. Expenditures incurred with Measure AA Bond proceeds are recorded on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized when it is measureable and available. Similarly, expenses are recognized when they are incurred, not when they are paid.

Other Independent Auditor's Reports

Chavan & Associates, LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Midpeninsula Regional Open Space District
Los Altos, California

We have audited, 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, the governmental activities and each major fund of Midpeninsula Regional Open Space District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 29, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not

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Certified Public Accountants

express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C & A LLP

October 29, 2018
San Jose, California

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RESOLUTION NO. 18-___

RESOLUTION OF THE BOARD OF DIRECTORS OF THE MIDPENINSULA REGIONAL OPEN SPACE DISTRICT APPROVING THE TRANSFER OF FUNDS FROM THE GENERAL FUND UNASSIGNED FUND BALANCE INTO THE COMMITTED FOR INFRASTRUCTURE RESERVE FUND, THE COMMITTED FOR CAPITAL MAINTENANCE FUND, AND THE COMMITTED FOR FUTURE ACQUISITION/CAPITAL PROJECTS FUND

WHEREAS, the Unassigned Fund Balance of the Midpeninsula Regional Open Space District is $29,306,537 as of June 30, 2018; and

WHEREAS, per the Fund Balance Policy as adopted by the Board of Directors on October 26, 2016, the minimum required Unassigned Fund Balance of the Midpeninsula Regional Open Space District is $14,493,900 as of July 1, 2018; and

WHEREAS, the District issued the 2017 Parity Bonds to finance the acquisition and renovation of the South Area Office and the renovation of the new Administrative Office; and

WHEREAS, given the construction market and inflation, the District is anticipated to incur greatly increased future construction and maintenance costs for capital projects and assets; and

WHEREAS, the District expects to require further funding in order to continue its program of land acquisition, and construction and maintenance of capital projects; and

WHEREAS, the General Manager recommends allocating unassigned funds from the General Fund Unassigned Fund Balance in order to increase the Committed for Infrastructure Reserve Fund for acquisition of a new administrative office and renovation of staff facilities; creating a new Committed for Future Acquisition & Capital Projects Fund to fund future land acquisitions and capital projects; and increasing the Committed for Capital Maintenance Fund for the future costs to be incurred for the maintenance and replacement of District assets.

NOW, THEREFORE, the Board of Directors of the Midpeninsula Regional Open Space District does resolve as follows:

SECTION ONE. Create a new committed fund named the Committed for Future Acquisitions & Capital Projects Fund to finance future land acquisitions and capital projects.

SECTION TWO. The following transfers are approved and the General Manager or designee is authorized to implement said transfers: $9,000,000 from the General Fund Unassigned Fund Balance to the Committed for Infrastructure Reserve Fund, $3,000,000 transfer from the General Fund Unassigned Fund Balance to the newly created Committed for Future Acquisition & Capital Projects Fund, and $1,000,000 from the General Fund Unassigned Fund Balance to the Committed for Capital Maintenance Fund.

* * * * * * * * * * * * * * * * * * * *

PASSED AND ADOPTED by the Board of Directors of the Midpeninsula Regional Open Space District on _____, 2018, at a regular meeting thereof, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST:	**APPROVED:**
______________________________	______________________________
Secretary Board of Directors	President Board of Directors

APPROVED AS TO FORM:

____
General Counsel

I, the District Clerk of the Midpeninsula Regional Open Space District, hereby certify that the above is a true and correct copy of a resolution duly adopted by the Board of Directors of the Midpeninsula Regional Open Space District by the above vote at a meeting thereof duly held and called on the above day.

____
District Clerk