Midpeninsula Regional Open Space District

MIDPENINSULA REGIONAL OPEN SPACE DISTRICT FINANCING AUTHORITY

R-20-146
Meeting 20-29
December 9, 2020

FINANCING AUTHORITY AGENDA ITEM 1

AGENDA ITEM

Acceptance of the Annual Financial Report of the Midpeninsula Regional Open Space District Financing Authority for Fiscal Year Ending June 30, 2020

CONTROLLER'S RECOMMENDATION

Accept the Annual Financial Report.

DISCUSSION

In May 1996, the Midpeninsula Regional Open Space District (District) and Santa Clara County established the Financing Authority with the purpose of providing financing assistance to the District to fund the acquisition and preservation of open space land and to finance public capital improvements. The current members of the Financing Authority Board of Directors are Board President Karen Holman (Chairperson), Board Director Yoriko Kishimoto, Board Director Pete Siemens, Board Director Larry Hassett, and Santa Clara County Board Supervisor Joe Simitian. Accordingly, the District and the Financing Authority are accounted as one blended unit for financial statement purposes. On November 20, 2020, the District's independent auditors, Chavan & Associates, LLP., issued its report on the District's financial statements for the fiscal year ending June 30, 2020 (Attachment 1).

Through June 30, 2020, the District has sold six series of Financing Authority bonds, with a total par value of $199.6 million. A summary of the six financings is shown in Table 1 below. Excluding the 2007 Bonds, which raised no new money and only refinanced existing Financing Authority bonds, the District has issued $140.4 million (net) of Financing Authority bonds, funding $77 million of new land acquisitions and repaying $60 million of prior public and private debt, which had been issued at higher interest rates and for shorter maturities.

Table 1: District Financings

Issuance	Par Amount	TIC*	Purpose
1996 Bonds	$29.9 M	6.25%	$11M Land + pay-off 1988 Notes
1999-1 Bonds	$29.7 M	5.26%	$21M Land + pay-off 1992 Notes
1999-2 Bonds	$28.4 M	5.93%	$15M Land + pay-off 1990 Notes
2004 Bonds	$31.9 M	4.99%	$10M Land + pay-off 1993 Certificates of Participation
2007 Bonds	$59.2 M	4.57%	Pay-off 1996 & 1999-2 Notes
2011 Bonds	$20.5 M	5.60%	Purchase $20M of Land

* TIC = Total Interest Cost, including all costs of issuance

Only a small piece of one Financing Authority bond issue remained outstanding on June 30, 2020, with a total outstanding balance of $535 thousand, repayable through FY22 (final payment on September 1, 2021). The interest cost of these outstanding Financing Authority bonds is 4.00%. A summary of the activity on the Financing Authority bonds in FY20 is shown below.

Table 2:
FY20 Financing Authority Activity
($ thousands)

	Balance June 30, 2019	Principal Paid	Balance June 30, 2020	Interest Paid FY20
2011 Bonds	$750	$215	$535	$25.70

There are no plans to issue additional debt through the Financing Authority.

FISCAL IMPACT

No unbudgeted fiscal impacts are associated with this item.

BOARD COMMITTEE REVIEW

This item was not previously reviewed by a Board Committee.

PUBLIC NOTICE

Notice was provided pursuant to the Brown Act. No additional notice is necessary.

CEQA COMPLIANCE

No compliance is required as this action is not a project under the California Environmental Quality Act.

NEXT STEPS

An annual report will be provided until the bonds are paid in full (last payment is September 1, 2021).

Attachment
1. District's Financial Statements for the Fiscal Year ended June 30, 2020.

Responsible Department Head:
Stefan Jaskulak, Chief Financial Officer

Prepared by:
Andrew Taylor, Finance Manager

Attachment 1

Comprehensive Annual Financial Report

FISCAL YEAR ENDED JUNE 30, 2020

MIDPENINSULA REGIONAL OPEN SPACE

Headquarters in Los Altos, California

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Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2020

Midpeninsula Regional Open Space District

Prepared by:
Finance and Administrative Services

MIDPENINSULA
REGIONAL
OPEN
SPACE

MIDPENINSULA REGIONAL OPEN SPACE

Introductory Section

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STATISTICAL SECTION

OTHER INDEPENDENT AUDITOR'S REPORTS:

Midpeninsula Regional OpenSpace | Midpeninsula Regional Open Space District

Midpeninsula Regional Open Space District
330 Distel Circle
Los Altos, California 94022

December 2, 2020

Members of the Board of Directors and Midpen Constituents:

The Comprehensive Annual Financial Report (CAFR) of the Midpeninsula Regional Open Space District (District) for the year ended June 30, 2020, is hereby submitted.

The CAFR has been prepared by the Finance Department in compliance with the principles and standards for financial reporting promulgated by the Governmental Accounting Standards Board (GASB). The CAFR consists of District management's representations concerning the finances of the District and District management assumes full responsibility for completeness, accuracy of data, and fairness of presentation, including all footnotes and disclosures. Management believes the data presented are accurate in all material respects and that they are presented in a manner designed to fairly set forth the financial position and results of operations of the District.

The District's accounting records for governmental operations are maintained on a modified accrual basis, with the revenues being recorded when both measurable and available, and expenditures being recorded when the services or goods are received, and the liabilities are incurred.

District management has established a comprehensive framework of internal controls designed both to protect the District's assets from loss, theft, or misuse; and to compile sufficiently reliable information for the preparation of the District's financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not outweigh their benefits, the District's designed its controls to provide reasonable, but not absolute, assurance that the financial statements will be free from material misstatement. The CAFR has been audited by the independent certified public accounting firm of Chavan & Associates, LLP. The independent certified public accounting firm has issued an unmodified opinion on the District's financial statements for the year ended June 30, 2020.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the financial statements. This letter of transmittal serves as a complement to the MD&A and should be read in conjunction with it.

MIDPENINSULA REGIONAL OPEN SPACE DISTRICT PROFILE

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 the County of Santa Clara. In June 1976, the southern and eastern portions of the County of San Mateo were annexed to the District. The District annexed three parcels located in the northern tip of Santa Cruz County in 1992, but the 1% *ad valorem* property tax is not levied on this land for the benefit of the District. In September 2004, the District completed the Coastside Protection Program, which extended the District boundaries to the Pacific Ocean in the County of San Mateo County, from the southern borders of the City of Pacifica to the San Mateo/Santa Cruz County line.

The District encompasses over 550 square miles of land located in the County of Santa Clara (approximately 200 square miles), the County of San Mateo (approximately 350 square miles) and the County of Santa Cruz County (approximately 2.6 square miles). The Counties of Santa Clara and San Mateo are referred to together as the "Counties.", and approximately 770,000 people live within the boundaries of the District.

The District has preserved nearly 65,000 acres of public land and manages 26 open space preserves within its mission *to acquire and preserve a regional greenbelt of open space land in perpetuity, protect and restore the natural environment, and provide opportunities for ecologically sensitive public enjoyment and education.*

A seven-member Board of Directors (Board), elected by individual ward, establishes policies for the District. Specifically, the Board sets general operating objectives for the District, authorized debt issuance, monitors financial and long-range planning, establishes policies governing conditions of employment, and sets policies to protect and enhance the natural and cultural resources of the District. Members of the Board of Directors are elected for staggered four-year terms. The Board appoints a General Manager to serve as the District's chief executive officer. The General Manager provides direction and leadership to all District departments; and ensures that all District policies are implemented.

The District is a legally separate and fiscally independent entity from other government agencies which may also provide governmental services within the same geographic area. The CAFR includes all funds of the District. There are no separate or legal entities or component units include in the financial statements of the District. The District has a blended component unit included in the financial statements of the District. In 1996, the District and Santa Clara County established the Midpeninsula Regional Open Space District Financing Authority (Authority) to help the District finance improvements by buying land and building facilities in cooperation with the District. The President of the District's Board of Directors is also the Chairperson of the Authority. Three District directors and a Supervisor from Santa Clara County are also on the Authority Board. In effect, the Authority operates in tandem with the District.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is, perhaps best understood when considered from the broader perspective of the environment in which the District operates.

State and Regional Economy

At the end of 2019, Beacon Economics projected further solid growth in the California economy for 2020 with the northern California region continuing to outpace other parts of the nation with gains in the technology sector. This forecast was tempered by the region's continuing issue with housing affordability and full employment.

However, this forecast changed with the onset of the COVID-19 pandemic when Governor Newsom declared a state of emergency on March 4, 2020, followed by an executive order directing all Californians to stay home except for essential employment or shopping for essential needs. The County health officers of both San Mateo and Santa Clara ordered residents to shelter-in-place as of March 16, 2020.

The updated UCLA Anderson Forecast released in June 2020 showed the expectation for a severe downturn in economic activity by the fourth quarter of 2020, with U.S. GDP slowing by 8.6% as compared to the fourth quarter of 2019. The national unemployment rate is expected to be 10%, with full recovery not expected until 2023. Given California's large proportion of tourism and trans-Pacific transportation, the forecast showed the state's unemployment rate rising to 14.6% by the end of the second quarter as it sheds 2.2 million payroll jobs.

In its most recent report for Fall 2019, Beacon Economics report shows that job growth in the South Bay area continues to expand a rate much higher than the state average, with the flagship technology sector recording 3.7% job growth from August 2018 to August 2019 as compared to 1.8% for the state as a whole. The two main challenges to the Bay area economy remain housing affordability and the lack of investment in aging infrastructure that is being further strained by population and job growth.

The District's boundaries encompass a large swath of the Silicon Valley, which continues to be to world's premier location for the technology industry with a long culture of entrepreneurship and innovation. The District typically derives nearly 90 percent of its total revenues from property taxes, with two-thirds of its general fund property tax revenue from Santa Clara County and one-third from San Mateo County.

The real estate market in the both San Mateo and Santa Clara counties continue to demonstrate strong demand in both the residential and commercial sectors. For fiscal year 2020-21, the Santa Clara County Assessor's Office showed that the assessment roll increased by 6.87 percent, to a total of $551.5 billion. Similarly, San Mateo County reported that the total value of assessed properties increased by 7.02 percent for FY 2020-21 to a record $255.1 billion. Total assessments within the District's boundaries increased by 9.3 percent for FY 2019-20. Over the past 10 years, the District's general fund property tax revenues have increased by an annual average of over 9 percent.

In a report released for September 2020 by the California Association of Realtors, residential prices showed a year-on-year increase of 20.6 percent in San Mateo County and 14.5 percent in Santa Clara County.

While the assessed value continues to grow in both counties, each of the assessor offices remains concerned about the well-publicized affordability issues in the Bay Area. The impact of the recent voter-approved Proposition 19 allowing to keep their existing tax base under certain circumstances, remains to be seen. While the COVID-19 pandemic does not appear to have a negative impact on residential property, commercial development activity and valuations may face headwinds in the coming years as work from home practices become the norm.

According to the Federal Reserve Bank of St. Louis, personal income levels as of 2017 (the most recent year for which county data is available) show per capita income of $98,032 for Santa Clara and $113,410 for San Mateo, which are significantly above $60,156 for the State and $51,869 for the nation.

In face of the continuing COVID-19 pandemic, the District is continuing to develop prudent spending plans, providing it with the financial resources to deal with a potential recession. The aforementioned housing affordability crisis and tight labor market continue to present challenges for hiring and retention of employees. Construction costs for capital projects are still increasing at more rapid pace than general inflation and the construction labor market remains very tight. The District is continuing its to increase its profile with the contractor community with greater outreach.

Major Initiatives

In the 2019-20 Fiscal year the District's achieved the completion of major projects and actions including the following:

- Continued major progress of Phase 2 public access projects at *Bear Creek Redwoods Preserve* including:
  - Completion of a new restroom facility, adjustments to the new ADA-accessible loop trail, and feasibility analysis/preliminary design work for further trails.
  - Completed improvements to Mud Lake by replacing the spillway and outlet, installation of storm water swale improvements and replacement of storm water culverts which will protect Bear Creek Road from flooding and pond habitats.

- Completed Phase 3 and 4 of the new Oljon Trail connecting Steam Donkey to the Springboard Trail, at *El Corte de Madera Preserve*.
- Substantially completed the new 0.6-mile segment of the San Francisco Bay Trail with construction of a new boardwalk and bridge across sensitive bayland wetlands. This closes a critical regional trail gap at *Ravenswood Preserve,* creating 80 miles of continuous Bay Trail access.
- Completed the third and final year of a stream gauge and sediment study at *El Corte de Madera Creek Preserve* to assess the effectiveness or erosion reduction projects with the aim of improving fishery streams.
- Constructed a bridge and completed revegetation work along the Stevens Creek Nature Trail in *Monte Bello Preserve*.
- Continued work to prevent and prepare for wildland fires in response to the increasing fire threat in California. Released a notice of EIR preparation on the developing Wildland Fire Resiliency Program and received approval for the removal of fire-prone eucalyptus trees at *Los Trancos Preserve.*
- Made significant progress to bring new Midpen office facilities online for improved administrative functions and delivery of projects and services. This included both the new South Area Field Office and the District's new Administrative Headquarters.
- Purchased 542.6 acres of open space lands valued at $12.668 million, including:
  - The 540-acre Gordon Ridge property as an addition to *Tunitas Creek Preserve* to support watershed preservation and conservation grazing.
  - The 1.7-acre Gallaway property as an addition to *El Corte de Madera Creek Preserve.*
  - The District also received a gift of 240 acres from the Giusti Family Trust as an addition to
  - *Purisima Creek Redwood Preserve.*

Relevant Financial Policies

Budget Policy

The District follow best practices in budgeting, including: assessment of constituent needs, development of long range plans, adherence to budget preparation and adoption procedures, monitoring of performance, and adjustment of budget as required. The District budget is divided into four categories: Operating Budget, Capital Budget, Land and Associated Costs, and Debt Service. The budget is prepared and adopted on a cash-basis, whereas the annual financial statements are prepared on a modified accrual basis. The budget can be amended during the year, in accordance with the Board Budget and Expenditure Policy which states that increases to any of the four budget categories must be approved by the Board.

Investment Policy

The District's Investment Policy is adopted annually, in accordance with State law. The policy provides guidance and direction for the prudent investment of District funds to safeguard the principal of invested funds and achieve a return on funds while ensuring the liquidity needs of the District. The ultimate goal is to maximize the efficiency of the District's cash management system, and to enhance the economic status of the District, while protecting its pooled cash.

The investment of funds is governed by the California Government Code Section 53601 et seq., and by California Government Code Section 53630 et seq. Funds on deposit in banks must be federally insured or collateralized in accordance with the provisions of California Government Code Section 53630 et seq.

Fund Balance Policy

The Board of Directors adopted the Fund Balance Policy in 2014, and updated the Policy in 2016 to achieve the following goals: provide adequate funding to meet the District's short-term and long-term plans; provide funds for unforeseen expenditures related to emergencies such as natural disasters; strengthen the District's financial stability against present and future uncertainties such as economic downturns and revenue shortfalls; and maintain an investment-grade bond rating. This policy has been developed with the counsel of the District's independent auditors, to meet the requirements of GASB 54.

The components of the District fund balances are as follows:

- **Non-Spendable** fund balance includes amounts that cannot be spent either because they are not in spendable form, e.g. prepaid insurance, or because of legal or contractual constraints. At all times, the District shall hold fund balance equal to the sum of its non-spendable assets.

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

- **Committed** fund balance includes amounts that are constrained for specific purposes that are internally imposed by the District Board of Directors. Funds spent from committed funds shall be reimbursed from the general fund within two years.

- **Assigned** fund balance includes amounts that are intended to be used for specific purposes that are neither restricted nor committed. Such amounts may be assigned by the General Manager if authorized by the Board of Directors to make such designations. Projects to be funded by assigned funds require the approval of the General Manager. Funds spent from assigned funds shall be reimbursed from the general fund within two years.

- **Unassigned** fund balance includes amounts within the general fund which have not been classified within the above categories. The Board shall designate the minimum amount of unassigned fund balance which is to be held in reserve in consideration of unanticipated events that could adversely affect the financial condition of the District and potentially jeopardize the continuation of necessary public services. The current minimum unassigned fund balance is 30% of the Budgeted General Fund Tax Revenue.

Debt Management Policy

The Board of Directors adopted a debt management policy on July 12, 2017. The stated purpose of the Debt Management Policy is to establish the overall parameters for issuing, structuring and administering the debt of the District in compliance with applicable federal and State securities laws. The Debt Management Policy was developed in conjunction with the procedures for Initial and Continuing Disclosure Relating to Bond Issuances, with the latter ensuring that statements or releases of information to the public and investors relating to the finances of the District are complete, true and accurate in all material respects.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement to the District for its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2019. This was the third year that the District received this prestigious national award. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting. To receive the award, the District must publish a Comprehensive Annual Financial Report that is easily readable and efficiently organized, and the contents of the report must conform to program standards and satisfy generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for one year. We believe that our current report continues to conform to the Certificate requirements, and we are submitting it to the GFOA for another award of the certificate.

ACKNOWLEDGEMENTS

The preparation of this Comprehensive Annual Financial Report could not have been completed without the efforts and contributions of its staff, as well as other departments across the District. Management also wishes to acknowledge the invaluable assistance of Chavan & Associates, the District's independent auditors who contributed to the preparation of this Comprehensive Annual Financial Report.

Lastly, we wish to acknowledge the District's Board of Directors for their continued interest in support of the District's effort to improve and strengthen its financial operations and reporting.

Respectfully submitted,

/s/Stefan Jaskulak

Stefan Jaskulak
Chief Financial Officer/
Director of Administrative Services

/s/ Ana Maria Ruiz

Ana Maria Ruiz
General Manager

Board of Directors & Management

District Wards

Left to right: Zoe Kersteen-Tucker, Curt Riffle, Yoriko Kishimoto, Jed Cyr, Karen Holman, Larry Hassett, Pete Siemens.

Pete Siemens	Ward 1: Cupertino, Los Gatos, Monte Sereno, Saratoga
Yoriko Kishimoto–**Board Treasurer**	Ward 2: Cupertino, Los Altos, Los Altos Hills, Palo Alto, Stanford, Sunnyvale
Jed Cyr–**Board Secretary**	Ward 3: Sunnyvale
Curt Riffle–**Board Vice President**	Ward 4: Los Altos, Mountain View
Karen Holman–**Board President**	Ward 5: East Palo Alto, Menlo Park, Palo Alto, Stanford
Larry Hassett	Ward 6: Atherton, La Honda, Loma Mar, Menlo Park, Pescadero, Portola Valley, Redwood City, San Gregorio, Woodside
Zoe Kersteen-Tucker	Ward 7: El Granada, Half Moon Bay, Montara, Moss Beach, Princeton, Redwood City, San Carlos, Woodside

EXECUTIVE MANAGEMENT

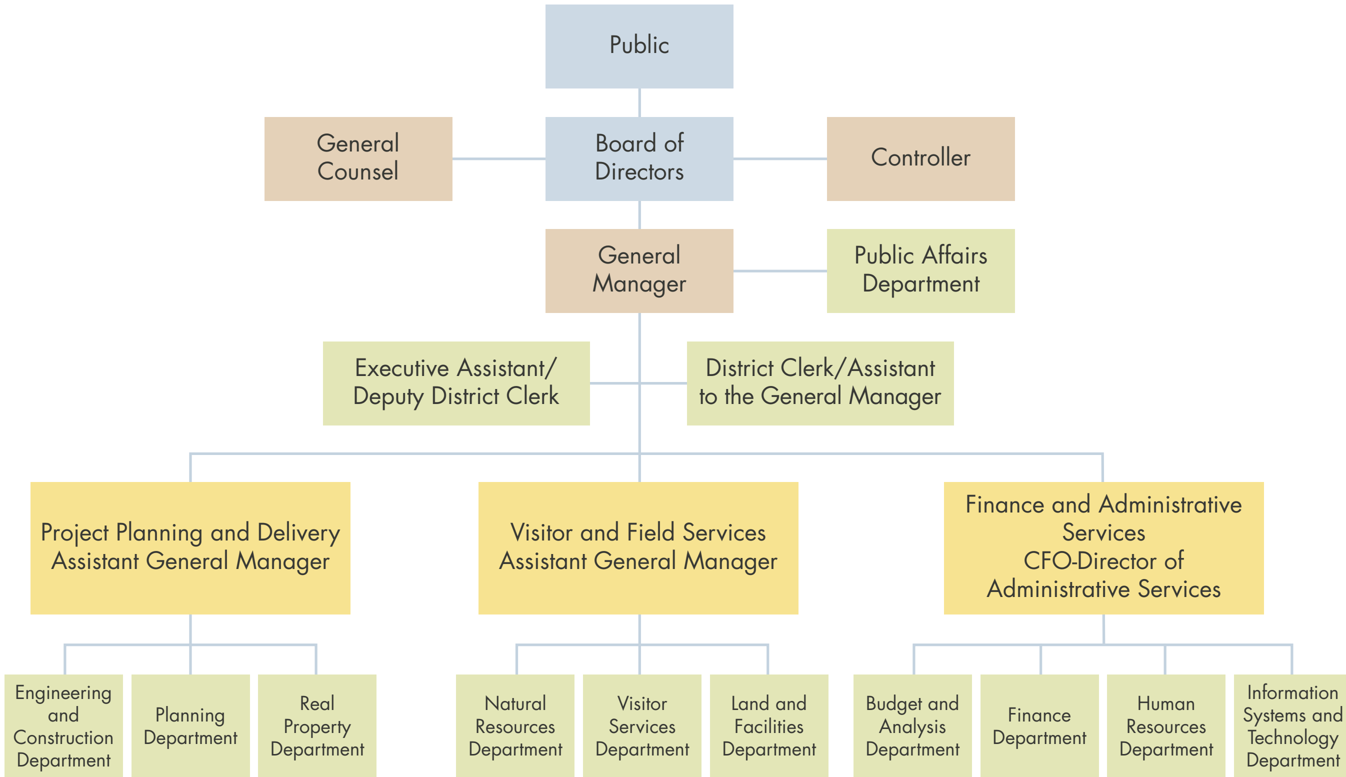
Ana María Ruiz–General Manager
Hilary Stevenson–General Counsel
Mike Foster–Controller

Susanna Chan–Assistant General Manager/Project Planning and Delivery
Brian Malone–Assistant General Manager/Visitor and Field Services
Stefan Jaskulak–Chief Financial Officer/Director of Administrative Services

Mission Statement

The mission of the Midpeninsula Regional Open Space District is to acquire and preserve a regional greenbelt of open space land in perpetuity, protect and restore the natural environment, and provide opportunities for ecologically sensitive public enjoyment and education.

Organizational Chart



Midpen At-A-Glance

Founded in 1972

Nearly 65,000 Acres Preserved

245 Miles of Trails

26 Preserves

182 Full-Time Employees

Over 2 Million Visitors Per Year

$81.2 Million Budget

770,000 Residents

Regional Map

1 Bear Creek Redwoods	7 La Honda Creek	13 Pulgas Ridge	19 Sierra Azul	25 Tunitas Creek
2 Coal Creek	8 Long Ridge	14 Purisima Creek Redwoods	20 Skyline Ridge	26 Windy Hill
3 El Corte de Madera Creek	9 Los Trancos	15 Rancho San Antonio	21 St. Joseph's Hill	
4 El Sereno	10 Miramontes Ridge	16 Ravenswood	22 Stevens Creek Shoreline Nature Area	
5 Foothills	11 Monte Bello	17 Russian Ridge	23 Teague Hill	
6 Fremont Older	12 Picchetti Ranch	18 Saratoga Gap	24 Thornewood	

Achievement Award

Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Midpeninsula Regional Open Space District
California

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO

Financial Section

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund for Midpeninsula Regional Open Space District (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of June 30, 2020, and the respective changes in financial position and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information for the general fund, schedule of pension plan contributions, schedule of net pension liability proportionate share, schedule of contributions for postemployment benefits, and schedule of changes in net OPEB liability, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, budgetary comparison information for the capital projects funds and the debt service fund, the schedule of program expenditures for the Measure AA Bond Program, and the statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of program expenditures for the Measure AA Bond Program is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of program expenditures for the Measure AA Bond Program is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, budgetary comparison information for the capital projects funds and the debt service fund, and statistical sections included have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

C & A LLP

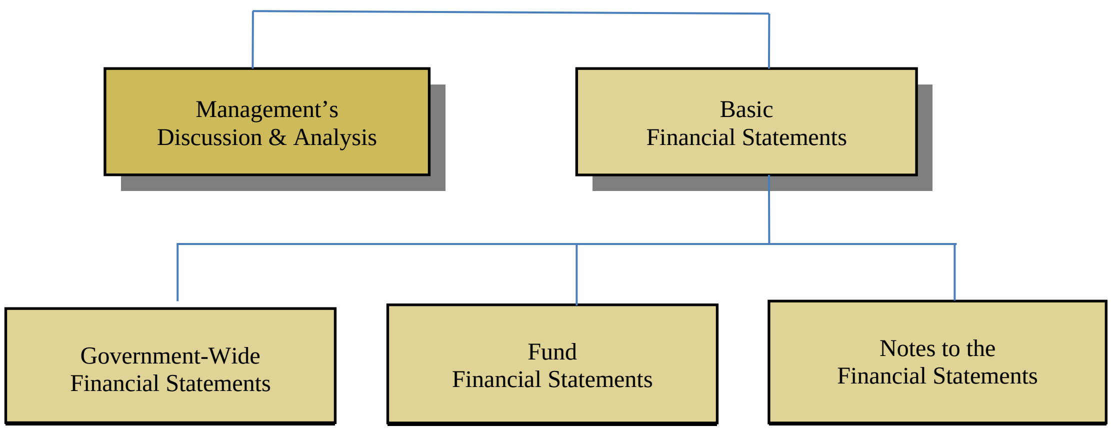
December 1, 2020
San Jose, California

Management's Discussion and Analysis

INTRODUCTION

The purpose of the Management's Discussion and Analysis (MD&A) is to present a discussion and analysis of the District's financial performance during the year ended on June 30, 2020. This report will (1) focus on significant financial issues, (2) provide an overview of the District's financial activity, (3) identify changes in the District's financial position, (4) identify any individual fund issues or concerns, and (5) provide descriptions of significant asset and debt activity. This information, presented in conjunction with the annual Basic Financial Statements, is intended to provide a comprehensive understanding of the District's operations and financial standing.

Required Components of the Annual Financial Report



OVERVIEW AND USE OF THE FINANCIAL STATEMENTS

This annual report consists of a series of basic financial statements and notes. The statements are organized so the reader can understand the District as an entire operating entity by providing an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities is comprised of the government-wide financial statements and provides information about the activities of the District as a whole, presenting both an aggregate view of the District's finances as well as a longer-term view of those finances. Fund Financial Statements provide the next level of detail. For governmental funds, these statements reflect how services were financed in the short-term as well as what remains for future spending. The Basic Financial Statements also include notes that explain some of the information in the financial statements and provide more detailed data.

The full annual financial report is a product of three separate parts: the basic financial statements, supplementary information, and this section, the Management's Discussion and Analysis. The three sections together provide a comprehensive financial overview of the District. The basic financials are comprised of two kinds of statements that present financial information from different perspectives, government-wide and fund statements.

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.

- Individual parts of the District, which are reported as fund financial statements, focus on reporting the District's operations in more detail. These fund financial statements comprise the remaining statements.

- Notes to the financial statements, provide more detailed data and provide explanations to some of the information in the statements. The required supplementary information section provides further explanations and additional support for the financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS - STATEMENT OF NET POSITION AND THE STATEMENT OF ACTIVITIES

The view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year 1899-2020. The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting practices used by most private-sector companies. This basis of accounting takes into account all of the current year revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, whether the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the District's property tax base, current property tax laws in California restricting revenue growth, facility conditions and other factors.

In the Statement of Net Position and the Statement of Activities, the District reports governmental activities which reflect the District's programs and services. The District does not have any business type activities.

FINANCIAL HIGHLIGHTS

As the overall economy continued to grow throughout the Silicon Valley, the District witnessed further strong growth in the assessed valuation of both secured and unsecured property within its boundaries. The 2019-20 assessed valuation reports released in August 2019 showed District-wide assessed values increasing by 9.3% (6.3% in Santa Clara and 16.7% in San Mateo). The District received 67% of its tax revenue from Santa Clara County and 33% from San Mateo County.

Other financial highlights included:

- Tax revenue related to the GO bonds amounted to $5.2 million.
- Purchased $23.2 million in land and associated structures funded through cash payments and grants.
- The District recorded deferred outflows of resources of $13,272,759 and deferred inflows of resources of $1,786,447 as required by GASB 68 and GASB 75 for pension and other postemployment benefit accounting and reporting. Deferred outflows of resources are technically not assets but increase the Statement of Net Position similar to an asset and deferred inflows of resources are technically not liabilities but decrease the Statement of Net Position similar to liabilities. See Note 1 in the notes to financial statements for a definition.
- The District's Section 115 irrevocable trust for pension liabilities held with the Public Agency Retirement Services (PARS) has a value of $4,063,202 at year end.
- Fully funded the District's other postemployment benefits plan according to the actuarially determined contribution for current year, as noted in the schedule of contribution for postemployment benefits.

The assets of the District exceeded liabilities at the close of the 2020 fiscal year by $392 million. Of this total net position, $371 million, or 95%, was the District's net investment in capital assets (capital assets net of related debt).

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds. The District uses one operating fund, the General Fund, to account for a multitude of financial transactions, two capital project funds to account for capital projects, and one debt service fund to account for debt service payments.

Governmental Funds

The General Fund is a governmental fund type and is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

THE DISTRICT AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the District as a whole. Table 1 provides a summary of the District's net position as compared to last period:

Table 1 - Summary of Statement of Net Position

	2020	2019	Change	Percentage Change
Assets				
Current Assets	$ 105,437,703	$ 108,643,304	$ (3,205,601)	-2.95%
Other Noncurrent Assets	488,551	562,532	(73,981)	-13.15%
Capital Assets	526,101,317	504,559,409	21,541,908	4.27%
Total Assets	$ 632,027,571	$ 613,765,245	$ 18,262,326	2.98%
Total Deferred Outflows of Resources	$ 13,272,759	$ 14,826,493	$ (1,553,734)	-10.48%
Liabilities				
Current Liabilities	$ 16,110,600	$ 16,695,948	$ (585,348)	-3.51%
Noncurrent Liabilities	235,321,577	243,049,767	(7,728,190)	-3.18%
Total Liabilities	$ 251,432,177	$ 259,745,715	$ (8,313,538)	-3.20%
Total Deferred Inflows of Resources	$ 1,786,447	$ 1,471,865	$ 314,582	21.37%
Net Position				
Net Investment in Capital Assets	$ 371,186,303	$ 351,151,768	$ 20,034,535	5.71%
Restricted	6,277,961	8,207,641	(1,929,680)	-23.51%
Unrestricted	14,617,442	8,014,749	6,602,693	82.38%
Total Net Position	$ 392,081,706	$ 367,374,158	$ 24,707,548	6.73%

Total net position increased by $24.7 million, as revenues exceeded expenses. Current assets decreased mainly due to the use of cash and investments to pay for capital outlay and retirement of long-term debt. Capital assets increased by $21.5 million mostly from the purchase of land and related infrastructure. Principal payments on outstanding bonds and promissory notes were the main reason for the $7.7 million decrease in noncurrent liabilities.

Table 2 shows the changes in net position for 2020 as compared to period 1899.

Table 2 - Summary of Changes in Net Position				
	2020	2019	Change	Percentage Change
Revenues				
Program revenues	$ 5,948,662	$ 3,442,075	$ 2,506,587	72.82%
General revenues:				
Property taxes	57,250,664	54,395,054	2,855,610	5.25%
Investment earnings	2,307,193	3,627,639	(1,320,446)	-36.40%
Miscellaneous	1,556,894	1,874,272	(317,378)	-16.93%
Total Revenues	67,063,413	63,339,040	3,724,373	5.88%
Program Expenses				
Land preservation	32,482,326	34,304,215	(1,821,889)	-5.31%
Interest	9,873,539	10,448,784	(575,245)	-5.51%
Total Expenses	42,355,865	44,752,999	(2,397,134)	-5.36%
Change in Net Position	24,707,548	18,586,041	6,121,507	32.94%
Beginning Net Position	367,374,158	348,788,117	18,586,041	5.33%
Ending Net Position	$ 392,081,706	$ 367,374,158	$ 24,707,548	6.73%

There was an increase in change in net position by $24.7 million, as revenues exceeded expenses.

THE DISTRICT'S FUND BALANCE

Table 3 provides an analysis of the District's fund balances and the total change in fund balances from the prior year.

Table 3 - Summary of Fund Balance (All Governmental Funds)							
	2020						
	General Fund	Measure AA Capital Projects Fund	GF Capital Projects Fund	Debt Service Fund	Total	2019	Percentage Change
Nonspendable for prepaid expenditure	$ 205,929	$ -	$ -	$ -	$ 205,929	$ 185,984	11%
Restricted for debt service	-	-	-	4,813,811	4,813,811	6,775,924	-29%
Restricted for Measure AA Projects	-	32,301,379	-	-	32,301,379	37,944,253	-15%
Restricted for Hawthorn maintenance	1,464,150	-	-	-	1,464,150	1,431,717	2%
Restricted for capital projects	-	-	6,843,580	-	6,843,580	8,254,539	-17%
Restricted for pension	4,063,202	-	-	-	4,063,202	2,531,030	61%
Committed for infrastructure	18,618,465	-	-	-	18,618,465	17,688,465	5%
Committed for equipment replacement	3,000,000	-	-	-	3,000,000	3,000,000	0%
Committed for capital maintenance	5,000,000	-	-	-	5,000,000	5,000,000	0%
Committed for future acquisitions and capital projects	6,000,000	-	-	-	6,000,000	3,000,000	100%
Committed for promissory note	900,000	-	-	-	900,000	600,000	50%
Assigned for ongoing projects	710,000	-	-	-	710,000	1,400,000	-49%
Unassigned	16,978,717	-	-	-	16,978,717	16,515,392	3%
Total Fund Balance	$ 56,940,463	$ 32,301,379	$ 6,843,580	$ 4,813,811	$ 100,899,233	$ 104,327,304	-3%

In accordance with the District's thirty-year strategic plan, the Board of Directors committed an additional $3 million in 2020 for future acquisitions and capital projects. This was an increase to its existing reserves for infrastructure, equipment replacement, and capital maintenance. See Note 1 in the notes to the basic financial statements of the audit report for a description of each commitment.

The fund balances restricted for debt service, measure AA projects, and capital projects decreased by 29%, 15%, and 17%, respectively due to District expended more out of these funds during the year ended June 30, 2020. The fund balance restricted for pension increased by 61% as District reserved more for future pension payments. The fund balance committed for promissory notes increased by 50% as District reserved more for future promissory note payments. The fund balance assigned for ongoing projects decreased by 49% since District expended more out of this fund for ongoing projects during the year ended June 30, 2020.

GENERAL FUND BUDGETING HIGHLIGHTS

The District's budget is prepared according to California law and in the modified accrual basis of accounting.

During the course of 2020, the District revised its General Fund budget, which resulted in an decrease in budgeted expenditures of $1.5 million from the original to final budget. The revenue was revised from $56.0 million to $55.9 million due to decrease in grant revenue. A summary of the original and final budget is presented below:

Table 4 - Summary of Original to Final Budgets				
	Original Budget	Final Budget	Change	Percent Change
Revenues				
Property taxes	$ 51,863,000	$ 51,883,000	$ 20,000	0.04%
Grant revenues	488,300	388,300	(100,000)	-20.48%
Property management	1,078,000	1,078,000	-	0.00%
Investment earnings	2,099,878	2,099,878	-	0.00%
Other revenues	479,157	479,157	-	0.00%
Total Revenues	56,008,335	55,928,335	(80,000)	-0.14%
Expenditures				
Salaries and employee benefits	25,349,838	25,460,977	111,139	0.44%
Services and supplies	11,746,210	10,160,745	(1,585,465)	-15.60%
Capital outlay	48,000	-	(48,000)	-100.00%
Total Expenses	37,144,048	35,621,722	(1,522,326)	-4.27%
Net Change in Fund Balance	$ 18,864,287	$ 20,306,613	$ 1,442,326	7.65%

CAPITAL ASSETS

Table 5 shows 2020 capital asset balances as compared to 1899.

Table 5 - Summary of Capital Assets Net of Depreciation				
	2020	2019	Change	Percentage Change
Land	$ 450,098,759	$ 437,763,645	$ 12,335,114	2.82%
Construction-in-Progress	17,313,507	16,193,374	1,120,133	6.92%
Structure and Improvements	19,118,187	18,059,730	1,058,457	5.86%
Infrastructure	37,093,321	29,542,214	7,551,107	25.56%
Equipment	1,092,107	1,113,614	(21,507)	-1.93%
Vehicles	1,385,436	1,886,832	(501,396)	-26.57%
Total Capital Assets - Net	$ 526,101,317	$ 504,559,409	$ 21,541,908	4.27%

Additional detail and information on capital asset activity is described in the notes to the financial statements, note 5.

LONG TERM LIABILITIES

Table 6 summarizes the changes in long-term liabilities from 2020 to 1899.

Table 6 - Summary of Long-term Liabilities				
	2020	2019	Change	Percentage Change
Promissory Notes	$ 37,938,606	$ 38,899,934	$ (961,328)	-2.47%
Bonds	190,555,234	199,505,576	(8,950,342)	-4.49%
Net Pension Liability	11,828,627	10,412,478	1,416,149	13.60%
Net OPEB Liability	1,500,844	1,862,277	(361,433)	-19.41%
Compensated Absences	2,777,151	2,368,387	408,764	17.26%
Total Long-term Liabilities	$ 244,600,462	$ 253,048,652	$ (8,448,190)	-3.34%

Additional detail and information on long-term liabilities activity is described in the notes to the financial statements, note 6.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Board of Directors adopted the District's budget for fiscal year 2020-21 on June 24, 2020. This budget assumes $65.2 million in revenues and a growth in general fund property tax income of 3.8% over the prior year's adopted budget. This budget funds $27.7 million of capital spending, of which $10.2 million is expected to qualify for reimbursement from Measure AA GO bond funds. General Fund operating expenditures are budgeted at $35.0 million, a 7.0% decrease over the prior year's adopted budget. Debt service is budgeted at $16.6 million, with $6.0 million related to the Measure AA general obligation bonds. If all revenues, expenditures (including debt service) occur as budgeted, the District's overall cash balances would increase by approximately $0.8 million.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, participants, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Administrative Office, Midpeninsula Regional Open Space District, 330 Distel Circle, Los Altos, California 94022.

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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, 2020

Assets		
Current assets:		
Cash and investments	$	104,639,305
Accounts receivable:		
Interest		214,097
Other		362,854
Taxes receivable		221
Other current assets		221,226
Total current assets		105,437,703
Noncurrent assets:		
Notes receivable		74,509
Unamortized issuance costs		414,042
Non-depreciable capital assets		467,412,266
Capital assets, net of depreciation		58,689,051
Total noncurrent assets		526,589,868
Total Assets	$	632,027,571
Deferred Outflows of Resources		
OPEB adjustments	$	638,539
Pension adjustments		4,083,643
Deferred loss on early retirement of long-term debt		8,550,577
Total Deferred Outflows of Resources	$	13,272,759
Liabilities		
Current liabilities:		
Accounts payable	$	2,616,408
Deposits payable		177,135
Payroll and other liabilities		1,744,926
Accrued interest		2,293,246
Current portion of long-term liabilities		9,278,885
Total current liabilities		16,110,600
Noncurrent liabilities:		
Long-term liabilities - net of current portion		235,321,577
Total Liabilities	$	251,432,177
Deferred Inflows of Resources		
OPEB adjustments	$	215,779
Pension adjustments		1,570,668
Total Deferred Inflows of Resources	$	1,786,447
Net Position		
Net investment in capital assets	$	371,186,303
Restricted for:		
Debt service		4,813,811
Hawthorne maintenance		1,464,150
Total restricted		6,277,961
Unrestricted		14,617,442
Total Net Position	$	392,081,706

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, 2020

	Expenses	Program Revenues: Charges for Services	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities:				
Land preservation	$ 32,482,326	$ 2,655,179	$ 3,293,483	$ (26,533,664)
Interest and fiscal charges	9,873,539	-	-	(9,873,539)
Total governmental activities	$ 42,355,865	$ 2,655,179	$ 3,293,483	(36,407,203)
General revenues and special item:				
Property taxes				57,250,664
Investment earnings				2,307,193
Other revenues				1,565,738
Special item - loss on disposal of capital assets				(8,844)
Total general revenues and special item				61,114,751
Change in net position				24,707,548
Net position beginning				367,374,158
Net position ending				$ 392,081,706

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 2020.

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, 2020

	General Fund	Measure AA Capital Projects Fund	GF Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash and investments	$ 59,060,612	$ 33,044,310	$ 7,720,572	$ 4,813,811	$ 104,639,305
Receivables:					
Interest	214,097	-	-	-	214,097
Other	362,854	-	-	-	362,854
Taxes receivable	221	-	-	-	221
Other current assets	221,226	-	-	-	221,226
Due from other funds	9,308,458	9,702,604	-	-	19,011,062
Notes receivable	74,509	-	-	-	74,509
Total Assets	$ 69,241,977	$ 42,746,914	$ 7,720,572	$ 4,813,811	$ 124,523,274
Liabilities					
Liabilities:					
Accounts payable	$ 913,498	$ 1,137,077	$ 565,833	$ -	$ 2,616,408
Deposits payable	177,135	-	-	-	177,135
Due to other funds	9,391,445	9,308,458	311,159	-	19,011,062
Payroll and other liabilities	1,744,926	-	-	-	1,744,926
Total Liabilities	12,227,004	10,445,535	876,992	-	23,549,531
Deferred Inflows of Resources					
Unavailable revenues	74,510	-	-	-	74,510
Fund Balance					
Nonspendable:					
Prepaid expenditures	205,929	-	-	-	205,929
Restricted for:					
Debt service	-	-	-	4,813,811	4,813,811
Measure AA capital projects	-	32,301,379	-	-	32,301,379
Hawthorn maintenance	1,464,150	-	-	-	1,464,150
Capital projects	-	-	6,843,580	-	6,843,580
Pension	4,063,202	-	-	-	4,063,202
Committed for:					
Infrastructure	18,618,465	-	-	-	18,618,465
Equipment replacement	3,000,000	-	-	-	3,000,000
Capital maintenance	5,000,000	-	-	-	5,000,000
Future acquisitions and capital projects	6,000,000	-	-	-	6,000,000
Promissory note	900,000	-	-	-	900,000
Assigned for:					
Ongoing Projects	710,000	-	-	-	710,000
Unassigned	16,978,717	-	-	-	16,978,717
Total Fund Balance	56,940,463	32,301,379	6,843,580	4,813,811	100,899,233
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 69,241,977	$ 42,746,914	$ 7,720,572	$ 4,813,811	$ 124,523,274

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, 2020

Total fund balance - governmental funds		$ 100,899,233
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	$ 549,421,628	
Accumulated depreciation	(23,320,311)	526,101,317
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.		74,510
The difference between OPEB plan assumptions and estimates versus actuals are not included in the plan's actuarial study until the next fiscal year and are reported as deferred outflows or inflows of resources in the statement of net position.		422,760
The difference between pension plan assumptions and estimates versus actuals are not included in the plan's actuarial study until the next fiscal year and are reported as deferred outflows or inflows of resources in the statement of net position.		2,512,975
Interest payable on long-term debt does not require the use of current financial resources and, therefore, is not reported in the governmental funds.		(2,293,246)
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	$ 24,263,367	
Issuance cost	(414,042)	(23,849,325)
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.		8,550,577
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	$ 171,260,000	
Net pension liability	11,828,627	
Promissory notes	32,970,473	
Compensated absences	2,777,151	
Net OPEB liability	1,500,844	(220,337,095)
Total net position - governmental activities		$ 392,081,706

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, 2020

	General Fund	Measure AA Capital Projects Fund	GF Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues:					
Property taxes	$ 52,024,342	$ -	$ -	$ 5,226,322	$ 57,250,664
Grant income	31,396	1,498,087	1,764,000	-	3,293,483
Property management	2,655,179	-	-	-	2,655,179
Investment earnings	1,014,726	1,007,460	216,363	88,317	2,326,866
Other revenues	261,702	-	-	-	261,702
Total revenues	55,987,345	2,505,547	1,980,363	5,314,639	65,787,894
Expenditures:					
Current:					
Land preservation:					
Salaries and employee benefits	23,240,060	375,893	-	-	23,615,953
Services and supplies	7,828,976	-	-	-	7,828,976
Capital outlay	-	7,641,519	12,459,954	-	20,101,473
Debt service:					
Principal	-	-	-	9,115,000	9,115,000
Interest	-	-	-	8,554,563	8,554,563
Total expenditures	31,069,036	8,017,412	12,459,954	17,669,563	69,215,965
Excess (deficiency) of revenues over (under) expenditures	24,918,309	(5,511,865)	(10,479,591)	(12,354,924)	(3,428,071)
Other financing sources (uses):					
Transfers in	889,920	-	9,827,543	10,392,811	21,110,274
Transfers out	(20,220,354)	-	(889,920)	-	(21,110,274)
Total other financing sources (uses)	(19,330,434)	-	8,937,623	10,392,811	-
Net changes in fund balance	5,587,875	(5,511,865)	(1,541,968)	(1,962,113)	(3,428,071)
Fund balance beginning	51,352,588	37,944,253	8,254,539	6,775,924	104,327,304
Prior period adjustment	-	(131,009)	131,009	-	-
Fund balance beginning - as adjusted	51,352,588	37,813,244	8,385,548	6,775,924	104,327,304
Fund balance ending	$ 56,940,463	$ 32,301,379	$ 6,843,580	$ 4,813,811	$ 100,899,233

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, 2020

Total net change in fund balance - governmental funds		$ (3,428,071)
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	$ 24,674,628	
Depreciation expense	(3,123,880)	
Loss on disposal of capital asset	(8,844)	21,541,904
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.		(19,673)
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.		(507,362)
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:		
Repayment of bond principal	7,830,000	
Repayment of promissory notes principal	1,285,000	9,115,000
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.		(845,123)
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		1,249,724
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.		(408,764)
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.		(2,077,906)
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.		87,819
Change in net position of governmental activities		$ 24,707,548

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 (such as cash) are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements (such as qualified expenditures) are met are recorded as liabilities from unearned revenue.

Unavailable 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 of resources as unavailable 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. The District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

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 tax revenue, 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 acquisition value at the time of acquisition plus ancillary charges, if any. 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 of 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. <u>Fund Balance Classifications</u>

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 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: $18.6 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.

  - Capital maintenance: $5 million; amounts com44mitted to reserve for future capital repairs and maintenance.

  - Future acquisitions and capital projects: $6 million; amounts committed to reserve for future capital acquisitions and projects.

  - Promissory Note: $0.9 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. At June 30, 2020, the District had assigned $710,000 in fund balance for ongoing projects.

- *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 District's California Public Employees' Retirement System (CalPERS) 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. 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. For this report, the following time frames were used:

Valuation Date (VD) .... June 30, 2018
Measurement Date (MD) .... June 30, 2019
Measurement Period (MP) .... July 1, 2018 to June 30, 2019

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, and OPEB expense, information about the fiduciary net position of the District's Retiree Benefits Plan (the OPEB Plan) and additions to/deductions are based on the when they are due and payable in accordance with the benefit terms for the measurement period included in the OPEB plan's actuarial reports. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

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. Upcoming Accounting and Reporting Changes

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 but have been delayed to periods beginning after December 15, 2019, pursuant to GASB Statement No. 95. 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 financial statements for periods beginning after December 15, 2019 but have been delayed to periods beginning after December 15, 2021, pursuant to GASB Statement No. 95. Earlier application is encouraged. The District is in the process of determining the impact this Statement will have on the 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 were initially to be effective for financial statements for periods beginning after December 15, 2019 but have been delayed to periods beginning after December 15, 2020, pursuant to GASB Statement No. 95. 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. 90, *Majority Equity Interests - an Amendment of GASB Statements No. 14 and No. 61*

The objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement also requires that a component unit in which a government has 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. The requirements of this Statement were initially to be effective for financial statements for periods beginning after December

15, 2018, but have been delayed to periods beginning after December 15, 2019, pursuant to GASB Statement No. 95. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. The District doesn't believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 91, *Conduit Debt Obligations*

The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement also clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitment and voluntary commitments extended by issuers and arrangements associated with the debt obligations; and improving required note disclosures. The requirements of this Statement were initially to be effective for financial statements for periods beginning after December 15, 2020 but have been delayed to periods beginning after December 15, 2021, pursuant to GASB Statement No. 95. 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. 92, *Omnibus 2020*

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. The requirements of this Statement were initially to be effective for financial statements for periods beginning after June 15, 2020 but have been delayed to periods beginning after June 15, 2021, pursuant to GASB Statement No. 95. Earlier application is encouraged. The District does not believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*

This Statement establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. The requirements of this Statement apply to the financial statements of all state and local governments. The requirements of this Statement were initially to be effective for financial statements for periods beginning after June 15, 2020 but have been delayed to periods beginning after June 15, 2021, pursuant to GASB Statement No. 95. Earlier application is encouraged. The District does not believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 94, *Public-Private Partnerships and Public-Public Partnerships and Availability Payment Arrangements*

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are to be effective for financial statements for periods beginning after June 15, 2022. Earlier application is encouraged. The District does not 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, 2020:

Cash and Investments	Cash and Cash Equivalents Available for Operations	Restricted	Total
Cash Deposits:			
Cash in Banks	$ 1,033,881	$ 48,810	$ 1,082,691
Cash with Fiscal Agent	-	4,062,851	4,062,851
Petty Cash	1,091	-	1,091
Total Cash Deposits	1,034,972	4,111,661	5,146,633
Investments:			
California Local Agency Investment Fund	6,697,753	-	6,697,753
CalTRUST	-	1,671,245	1,671,245
Brokerage Accounts/Cash with Fiscal Agents	11,013,890	40,769,369	51,783,259
Santa Clara County Pool	34,530,740	4,809,675	39,340,415
Total Investments	52,242,383	47,250,289	99,492,672
Total Cash and Investments	$ 53,277,355	$ 51,361,950	$104,639,305

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, 2020, the District's bank balances exceeded FDIC coverage by $1,044,181.

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, 2020:

Investment Type	Rating	Fair Value	Input Level	Maturities: 12 Months or Less	Maturities: 13 - 24 Months	Maturities: 25 - 60 Months	Maturities: More Than 60 Months	Concen-trations
Money Market Accounts	n/a	$ 8,484,426	n/a	$ 8,484,426	$ -	$ -	$ -	8.53%
Municipal Bonds	AAA/A-	9,518,348	Level 2	7,036,204	1,862,806	-	619,338	9.57%
Corp/Gov Bonds	AAA/A-	31,177,588	Level 1	27,339,627	3,837,961	-	-	31.36%
LAIF	n/a	6,730,658	Level 2	6,730,658	-	-	-	6.77%
CalTrust	A+f	1,671,245	Level 2	-	-	1,671,245	-	1.68%
Santa Clara County Pool	n/a	39,340,415	Level 2	21,302,411	6,139,634	11,898,370	-	39.57%
U.S. Obligations	AA+/A-	2,503,435	Level 1	2,503,435	-	-	-	2.52%
Total Investments		$ 99,426,115		$ 73,396,761	$ 11,840,401	$ 13,569,615	$ 619,338	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, 2020, 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, 2020, these investments had an average maturity date of 2 to 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, 2020, the District had $4,149 held by Zions bank as trustee, pledged to the payment or security of its outstanding bond issues. The District also had $4,809,675 held by the County during the period which was pledged to the payment or security of its outstanding bonds. All transactions associated with debt service were administered by the Bank or County.

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, 2020 was $1,671,245.

Restricted for Measure AA Bond Projects

As of June 30, 2020, the District had $33,044,310 held by Zions bank as trustee, pledged to specific projects related to the acquisition of property to protect and preserve natural open space lands, constructions of public access improvements and recreation and capital enhancements to open space lands to restore disturbed natural areas back to their original condition and function.

Restricted for Staffing Facilities

As of June 30, 2020, the District had $7,720,572 held by Zions bank as trustee, pledged to finance portion of the cost of acquiring and improving staffing facilities for use by the District.

Restricted for Historic Picchetti Reserve

As of June 30, 2020, the District had $48,810 held with Wells Fargo, pledged for upkeep on the Picchetti Ranch brick winery building and farm complex.

Restricted Cash with Fiscal Agent

For the year ended June 30, 2020, the District had a balance of $4,063,202 in a Public Agency Retirement Services (PARS) Pension Rate Stabilization Program (PRSP) 115 irrevocable trust for pensions. Participating agencies maintain oversight of investment management and control over the risk tolerance level. Assets in the plan can be accessed to offset unexpected rate increases or be used as a rainy day fund related to their pension plan (CalPERS). These assets are not dedicated to providing plan benefits to plan participants and are not directly used to pay benefits until such time as the District transfers the funds from the PARS trust to the pension plan (CalPERS). The trust restricts the use of the assets to be used solely for pension related expenses.

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 $9 billion and $101 billion, respectively as of June 30, 2020, 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 2020 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, 2020:

Fund	Due from Other Funds	Due to Other Funds
General Fund	$ 9,308,458	$ 9,391,445
Measure AA Capital Projects Fund	9,702,604	9,308,458
GF Capital Projects Fund	-	311,159
Total	$ 19,011,062	$ 19,011,062

At June 30, 2020, interfund transfers consisted of the following:

Fund	Transfer In	Transfer Out
General Fund	$ 889,920	$ 20,220,354
GF Capital Projects Fund	9,827,543	889,920
Debt Service Fund	10,392,811	-
Total	$ 21,110,274	$ 21,110,274

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, 2020 was $74,509.

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the period ended June 30, 2020 is shown below:

Capital Assets	Balance June 30, 2019	Additions	Deletions/ Adjustments	Balance June 30, 2020
Non-depreciable:				
Land	$ 437,763,645	$ 12,885,114	$ (550,000)	$ 450,098,759
Construction in Progress	16,193,374	10,966,455	(9,846,322)	17,313,507
Total Non-Depreciable	453,957,019	23,851,569	(10,396,322)	467,412,266
Depreciable:				
Structure and Improvements	28,204,751	1,374,750	550,000	30,129,501
Infrastructure	34,798,646	8,978,747	-	43,777,393
Equipment	2,652,783	161,159	-	2,813,942
Vehicles	5,240,790	154,727	(106,991)	5,288,526
Total Depreciable	70,896,970	10,669,383	443,009	82,009,362
Less Accumulated Depreciation for:				
Structure and Improvements	(10,145,021)	(866,293)	-	(11,011,314)
Infrastructure	(5,256,432)	(1,427,640)	-	(6,684,072)
Equipment	(1,539,169)	(182,666)	-	(1,721,835)
Vehicles	(3,353,958)	(647,280)	98,148	(3,903,090)
Total Accumulated Depreciation	(20,294,580)	(3,123,879)	98,148	(23,320,311)
Total Depreciable Capital Assets - Net	50,602,390	7,545,504	541,157	58,689,051
Total Capital Assets - Net	$ 504,559,409	$ 31,397,073	$ (9,855,165)	$ 526,101,317

NOTE 6 - LONG-TERM LIABILITIES

The following is a summary of the changes in long-term liabilities for the period ended June 30, 2020:

Long-term Liabilities	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Promissory Notes (Direct Borrowings):					
Current Interest	$ 24,239,999	$ -	$ 1,285,000	$ 22,954,999	$ 1,370,000
Capital Appreciation	6,580,602	-	-	6,580,602	-
Accreted interest	2,927,510	507,362	-	3,434,872	-
Unamortized Premium	5,151,823	-	183,690	4,968,133	-
Subtotal Promissory Notes	38,899,934	507,362	1,468,690	37,938,606	1,370,000
Bonds:					
Current Interest	179,090,000	-	7,830,000	171,260,000	7,025,000
Unamortized Bond Premium	20,415,576	-	1,120,342	19,295,234	-
Subtotal Bonds	199,505,576	-	8,950,342	190,555,234	7,025,000
Net Pension Liability	10,412,478	8,696,336	7,280,187	11,828,627	-
Net OPEB Liability	1,862,277	1,163,653	1,525,086	1,500,844	-
Compensated Absences	2,368,387	732,284	323,520	2,777,151	883,885
Total Long-term Liabilities	$ 253,048,652	$ 11,099,635	$ 19,547,825	$ 244,600,462	$ 9,278,885

Compensated absences, other postemployment benefits and pension liabilities are paid by the fund for which the employee worked, which included General Fund and MAA Capital Projects Funds.

Promissory Notes

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. The notes are secured by limited ad valorem property taxes levied upon all taxable property in the District.

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. The notes are secured by limited ad valorem property taxes levied upon all taxable property in the District.

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. There is no remedy to the District for default beyond the security provided in the indenture and debt reserves established.

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. The bonds are secured by ad valorem property taxes levied by the District. There is no remedy to the District for default beyond the security provided in the indenture and debt reserves established.

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 of 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 began September 2017 and are due annually thereafter until September 2036. Series B has only one principal payment in September 2017. The bonds are secured by the District's share of the general 1% ad valorem property tax levied in the District. There is no remedy to the District for default beyond the security provided in the indenture and debt reserves established.

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. The bonds are secured by the District's share of the general 1% ad valorem property tax levied in the District. There is no remedy to the District for default beyond the security provided in the indenture and debt reserves established.

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. The bonds are secured by the District's share of the general 1% ad valorem property tax levied in the District. There is no remedy to the District for default beyond the security provided in the indenture and debt reserves established.

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. The bonds are secured by the District's share of the general 1% ad valorem property tax levied in the District. There is no remedy to the District for default beyond the security provided in the indenture and debt reserves established.

The following schedule summarizes the District's outstanding promissory notes and bonds as of June 30, 2020:

Long Term Debt	Original Issue	Beginning Balance	Additions	Retirements	Ending Balance
Promissory Notes (Direct Borrowings):					
Hunt Note	$ 1,500,000	$ 1,500,000	$ -	$ -	$ 1,500,000
2012 Refunding Note Current Int.	15,790,000	1,729,999	-	410,000	1,319,999
2012 Refunding Note Cap Apprec.	15,474,708	6,580,602	-	-	6,580,602
2015 Refunding Note	23,630,000	21,010,000	-	875,000	20,135,000
Subtotal Promissory Notes	56,394,708	30,820,601	-	1,285,000	29,535,601
Bonds:					
2011 Lease Revenue	20,500,000	750,000	-	215,000	535,000
2015A General Obligation Bonds	40,000,000	40,000,000	-	-	40,000,000
2015B General Obligation Bonds	5,000,000	2,460,000	-	905,000	1,555,000
2016 Refunding Bonds	57,410,000	50,435,000	-	3,025,000	47,410,000
2017 Refunding Bonds	25,025,000	25,025,000	-	-	25,025,000
2017 Parity Bonds	11,220,000	10,420,000	-	940,000	9,480,000
2018 General Obligation Bonds	50,000,000	50,000,000	-	2,745,000	47,255,000
Subtotal Bonds	209,155,000	179,090,000	-	7,830,000	171,260,000
Accreted Interest:					
2012 Refunding Note		2,927,510	507,362	-	3,434,872
Subtotal Accreted Interest		2,927,510	507,362	-	3,434,872
Unamortized Bond Premium		25,567,399	-	1,304,032	24,263,367
Total Long Term Debt	$ 265,549,708	$ 238,405,510	$ 507,362	$ 10,419,032	$ 228,493,840

The promissory notes future debt service requirements as of June 30, 2020 were as follows:

Year Ending June 30,	Principal	Remaining Accretion	Interest	Total
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	1,170,000	-	825,750	1,995,750
2025	1,225,000	-	765,875	1,990,875
2026-2030	7,507,418	-	2,814,875	10,322,293
2031-2035	13,778,183	6,328,738	927,250	21,034,171
2036-2040	-	2,190,790	-	2,190,790
Total Debt Service	$ 29,535,601	$ 8,519,528	$ 8,411,350	$ 46,466,479

The bonds future debt service requirements as of June 30, 2020 were as follows*:*

Year Ending June 30,	Principal	Remaining Accretion	Interest	Total
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	7,375,000	-	6,239,763	13,614,763
2025	7,780,000	-	5,865,663	13,645,663
2026-2030	39,265,000	-	23,247,577	62,512,577
2031-2035	24,405,000	-	16,590,233	40,995,233
2036-2040	37,695,000	-	9,736,138	47,431,138
2041-2045	21,580,000	-	4,720,000	26,300,000
2046-2050	12,470,000	-	867,000	13,337,000
Total Debt Service	$ 171,260,000	$ -	$ 87,913,075	$ 259,173,075

Amortization of the deferred loss on early retirement of long-term debt for the fiscal period ended June 30, 2020 was as follows:

Beginning Balance	$ 9,395,702
Amortization	(845,125)
Ending Balance	$ 8,550,577

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 $2,275,834 was received during the period ended June 30, 2020.

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, 2020, are summarized as follows:

	Miscellaneous	
	Tier 1	PEPRA
Benefit formula	2.5% @ 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%	6.750%
Required employer contribution rates	11.432%	6.985%

Employees Covered – At June 30, 2020, the following employees were covered by the benefit terms for the Plan:

	Miscellaneous
Active	154
Transferred	55
Separated	73
Retired	81
Total	363

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.

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate shares of the net pension liability as follows:

	Proportionate Share of Net Pension Liability/(Asset)
Miscellaneous	$ 11,828,627

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, 1899, 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, 1899 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 into 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, 1899 and 2020 was as follows:

	Miscellaneous
Proportion - June 30, 2019	0.27629%
Proportion - June 30, 2020	0.29538%
Change - Increase/(Decrease)	0.01910%

For the fiscal year ended June 30, 2020, the District recognized pension expense of $3,818,097. At fiscal year June 30, 2020, 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	$ 564,044	$ 199,949
Differences between Expected and Actual Experience	821,548	63,653
Differences between Projected and Actual Investment Earnings	-	206,801
Differences between Employer's Contributions and Proportionate Share of Contributions	131,657	1,042,638
Change in Employer's Proportion	1,032,142	57,627
Pension Contributions Made Subsequent to Measurement Date	1,534,253	-
Total	$ 4,083,643	$ 1,570,668

The District reported $1,534,253 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, 2021.

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
2021	$ 1,017,319
2022	(64,915)
2023	(15,469)
2024	41,788
2025	-
Thereafter	-
Total	$ 978,723

Actuarial Assumptions - The total pension liabilities in the June 30, 1899 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase	(1)
Investment Rate of Return	7.15% (2)
Mortality	(3)

(1) Varies by entry 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 stress test results are presented in a detailed report that can be obtained from the CalPERS' website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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 rounded 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 adjusted to account for assumed administrative expenses.

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 (a)	Assumed Asset Allocation	Real Return Years 1 - 10 (b)	Real Return Years 11+ (c)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

(a) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
(b) An expected inflation of 2.0% used for this period.
(c) An expected inflation of 2.92% 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	$	21,676,810
Current		7.15%
Net Pension Liability	$	11,828,627
1% Increase		8.15%
Net Pension Liability	$	3,699,648

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

PARS Section 115 Trust - During fiscal year 2017-18, the District established a Section 115 Trust Fund for Pension Costs with Public Agency Retirement Services (PARS). The amount in this trust is not included as part of the District's net pension liability calculation.

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
Minimum Age:	Retirement under CalPERS

Employees Covered by Benefit Terms - At June 30, 2019 (the valuation date), the benefit terms covered the following employees:

Active employees	156
Inactive employees	40
Total employees	196

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 $572,539. Total contributions included in the measurement period were $670,768. The actuarially determined contribution for the measurement period was $643,000. The District's contributions were 3.79% of covered payroll during the measurement period June 30, 2019 (reporting period June 30, 2020). 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, 2019
Measurement Date:	June 30, 2019
Actuarial Cost Method:	Entry age normal, level precentage of payroll
Amortization Period:	7.5 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 - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years Medicare - 6.3% for 2021, 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-2019
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	59%	4.82%
Fixed Income	25%	1.47%
TIPS	5%	1.29%
Commodities	3%	0.84%
REITs	8%	3.76%
Total	100%	

Net OPEB Liability - The District's net OPEB liability was measured as of June 30, 2019 (measurement date), and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019 (valuation date) for the fiscal year ended June 30, 2020 (reporting date). The following summarizes the changes in the net OPEB liability during the year ended June 30, 2020, for the measurement date of June 30, 2019:

Fiscal Year Ended June 30, 2020 (Measurement Date June 30, 2019)	**Total OPEB Liability**	**Plan Fiduciary Net Position**	**Net OPEB Liability (Asset)**
Balance at June 30,2019	$ 5,631,356	$ 3,769,079	$ 1,862,277
Service cost	330,788	-	330,788
Interest in Total OPEB Liability	397,289	-	397,289
Employer contributions	-	670,768	(670,768)
Balance of diff between actual and exp experience	(156,450)	-	(156,450)
Balance of changes in assumptions	(30,520)	-	(30,520)
Actual investment income	-	232,579	(232,579)
Administrative expenses	-	(807)	807
Benefit payments	(152,768)	(152,768)	-
Net changes	388,339	749,772	(361,433)
Balance at June 30, 2020	$ 6,019,695	$ 4,518,851	$ 1,500,844

Covered Employee Payroll	$16,838,000
Total OPEB Liability as a % of Covered Employee Payroll	35.75%
Plan Fid. Net Position as a % of Total OPEB Liability	75.07%
Service Cost as a % of Covered Employee Payroll	1.96%
Net OPEB Liability as a % of Covered Employee Payroll	8.91%

Deferred Inflows and Outflows of Resources - At June 30, 2020, 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	$ -	$ 141,407
Difference between actual and expected earnings	-	46,787
Change in assumptions	-	27,585
OPEB contribution subsequent to measurement date	638,539	-
Totals	$ 638,539	$ 215,779

Of the total amount reported as deferred outflows of resources related to OPEB, $638,539 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, 2021.

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

Year Ended June 30,	
2021	$ (41,894)
2022	(41,894)
2023	(21,294)
2024	(13,618)
2025	(17,978)
Thereafter	(79,101)
Total	$ (215,779)

OPEB Expense - The following summarizes the OPEB expense by source during the year ended June 30, 2020, for the measurement date of June 30, 2019:

Service cost	$ 330,788
Interest in TOL	397,289
Expected investment income	(254,386)
Difference between actual and expected experience	(15,043)
Difference between actual and expected earnings	(23,916)
Change in assumptions	(2,935)
Administrative expenses	807
OPEB Expense	**$ 432,604**

The following summarizes changes in the net OPEB liability as reconciled to OPEB expense during the year ended June 30, 2020, for the measurement date of June 30, 2019:

Net OPEB liability ending	$ 1,500,844
Net OPEB liability begining	(1,862,277)
Change in net OPEB liability	(361,433)
Changes in deferred inflows	123,269
Employer contributions and implict subsidy	670,768
OPEB Expense	**$ 432,604**

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		
	(1% Decrease)	6.75%	(1% Increase)
Net OPEB Liability (Asset)	$ 2,393,070	$ 1,500,844	$ 774,353

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		
	(1% Decrease)	4.25%	(1% Increase)
Net OPEB Liability (Asset)	$ 1,247,285	$ 1,500,844	$ 1,852,525

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

Litigation

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, 2020.

Commitments

As of June 30, 2020, the District had remaining commitments of $20,617,862 towards construction and other contracts. These commitments are not liabilities of the District's until services or goods have been rendered/received. The expected date of completion is between June 2020 and December 2099.

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated all subsequent events from the statement of financial position date of June 30, 2020, through the date the financial statements were available to be issued, December 1, 2020. Beginning in March 2020, the United States economy began suffering adverse effects from the COVID 19 Virus Crisis ("CV19 Crisis"). As of the date of issuance of the financial statements, the District had not yet suffered material adverse impact from the CV19 Crisis. However, the future impact of the CV19 Crisis on the District cannot be reasonably estimated. There were no other material subsequent events that required recognition or additional disclosure in the financial statements.

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, 2020

	Budgeted Amounts			
	Original	Final	Actual (GAAP Basis)	Variance with Final Budget Positive - (Negative)
Revenues:				
Property taxes	$ 51,863,000	$ 51,883,000	$ 52,024,342	$ 141,342
Grant income	488,300	388,300	31,396	(356,904)
Property management	1,078,000	1,078,000	2,655,179	1,577,179
Investment earnings	2,099,878	2,099,878	1,014,726	(1,085,152)
Other revenues	479,157	479,157	261,702	(217,455)
Total revenues	56,008,335	55,928,335	55,987,345	59,010
Expenditures:				
Current				
Salaries and employee benefits	25,349,838	25,460,977	23,240,060	2,220,917
Services and supplies	11,746,210	10,160,745	7,828,976	2,331,769
Capital outlay	48,000	-	-	-
Total expenditures	37,144,048	35,621,722	31,069,036	4,552,686
Excess (deficiency) of revenues over (under) expenditures	18,864,287	20,306,613	24,918,309	4,611,696
Other financing sources (uses):				
Transfers in	-	-	889,920	889,920
Transfers out	(18,071,600)	(18,071,600)	(20,220,354)	(2,148,754)
Total other financing sources (uses)	(18,071,600)	(18,071,600)	(19,330,434)	(1,258,834)
Net change in fund balance	792,687	2,235,013	5,587,875	3,352,862
Fund balance beginning	51,352,588	51,352,588	51,352,588	-
Fund balance ending	$ 52,145,275	$ 53,587,601	$ 56,940,463	$ 3,352,862

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Directors to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP. Transfers out exceeded budget as noted above because of the transfer to GF Capital Projects Fund for the District's capital projects and debt service payments.

Midpeninsula Regional Open Space District

Schedule of Pension Plan Contributions

June 30, 2020

Miscellaneous Plan						
Plan Measurement Date	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
Fiscal Year Ended	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Contractually Required Contributions	$ 1,461,069	$ 1,358,520	$ 1,514,352	$ 1,763,650	$ 1,358,184	$ 1,534,253
Contributions in Relation to Contractually Required Contributions	1,343,244	4,788,977	2,529,862	1,783,789	1,358,206	1,534,253
Contribution Deficiency (Excess)	$ 117,825	$ (3,430,457)	$ (1,015,510)	$ (20,139)	$ (22)	$ -
Covered Payroll	**$ 8,994,979**	**$ 9,862,578**	**$ 11,834,150**	**$ 12,802,887**	**$ 15,311,826**	**$ 16,297,634**
Contributions as a % of Covered Payroll	**14.93%**	**48.56%**	**21.38%**	**13.93%**	**8.87%**	**9.41%**

Notes to Schedule:

Valuation Date: June 30, 2018

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 2.5%
Investment Rate of Returns set at 7.15%
CalPERS mortality table based on CalPERS' experience and include 15 years of projected ongoing mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries

Fiscal year 2015 was the first year of implementation, therefore only six years are shown.
The CalPERS discount rate was increased from 7.5% to 7.65% in fiscal year 2016 and then decreased from 7.65% to 7.15% in fiscal year 2018.
The CalPERS mortality assumptions was adjusted in fiscal year 2019.

Midpeninsula Regional Open Space District

Schedule of Net Pension Liability Proportionate Shares

June 30, 2020

Miscellaneous Plan Plan Measurement Date Fiscal Year Ended	**2014** **2015**	**2015** **2016**	**2016** **2017**	**2017** **2018**	**2018** **2019**	**2019** **2020**
Proportion of Net Pension Liability	0.39847%	0.41627%	0.29137%	0.27962%	0.27629%	0.29538%
Proportionate Share of Net Pension Liability	$ 9,848,203	$ 11,420,126	$ 10,121,906	$ 11,022,824	$ 10,412,478	$ 11,828,627
Covered Payroll	$ 8,448,635	$ 8,994,979	$ 9,862,578	$ 11,834,150	$ 12,802,887	$ 15,311,826
Proportionate Share of NPL as a % of Covered Payroll	**116.57%**	**126.96%**	**102.63%**	**93.14%**	**81.33%**	**77.25%**
Plan's Fiduciary Net Position as a % of the TPL	**81.15%**	**79.23%**	**80.93%**	**82.04%**	**84.37%**	**83.84%**

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

The CalPERS discount rate was increased from 7.5% to 7.65% in fiscal year 2016 and then decreased from 7.65% to 7.15% in fiscal year 2018.

The CalPERS mortality assumptions was adjusted in fiscal year 2019.

Midpeninsula Regional Open Space District

Schedule of Contributions for Postemployment Benefits

June 30, 2020

Fiscal Year Ended	2018	2019	2020
Actuarially determined contribution (ADC)	$ 609,000	$ 624,000	$ 643,000
Less: actual contribution in relation to ADC	(412,000)	(670,768)	(638,539)
Contribution deficiency (excess)	$ 197,000	$ (46,768)	$ 4,461
Covered employee payroll	$ 12,802,887	$ 13,550,000	$ 16,838,000
Contributions as a % of covered employee payroll	3.22%	4.95%	3.79%

Notes to Schedule:

Assumptions and Methods

Valuation Date:	June 30, 2019
Measurement Date:	June 30, 2019
Actuarial Cost Method:	Entry age normal, level precentage of payroll
Amortization Period:	7.5 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-2019
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.

There were no changes in benefit terms or trend rates

PPACA excise tax was repealed 12/20/19. Since this is after the June 30, 2019 measurement date, the excise tax is included in the June 30, 2019 Total OPEB Liability (TOL).

Mortality improvement scale was updated to Scale MP-2019 from MP-2017 in fiscal year 202

The discount rate decreased from 7.0% to 6.5% in fiscal year 2019

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Midpeninsula Regional Open Space District

Schedule of Changes in Net OPEB Liability

June 30, 2020

Fiscal Year Ended	**2018**	**2019**	**2020**
Total OPEB liability			
Service cost	$ 313,000	$ 321,153	$ 330,788
Interest	326,000	361,203	397,289
Differences between expected and actual experience	-	-	(156,450)
Changes of assumptions	-	-	(30,520)
Benefit payments	(113,000)	(162,000)	(152,768)
Net change in Total OPEB Liability	526,000	520,356	388,339
Total OPEB Liability - beginning	4,585,000	5,111,000	5,631,356
Total OPEB Liability - ending	$ 5,111,000	$ 5,631,356	$ 6,019,695
Plan fiduciary net position			
Employer contributions	$ 513,000	$ 412,000	$ 670,768
Net investment income	287,000	259,143	232,579
Benefit payments	(113,000)	(162,000)	(152,768)
Administrative expense	(1,000)	(6,064)	(807)
Net change in plan fiduciary net position	686,000	503,079	749,772
Plan fiduciary net position - beginning	2,580,000	3,266,000	3,769,079
Plan fiduciary net position - ending	$ 3,266,000	$ 3,769,079	$ 4,518,851
Net OPEB liability (asset)	$ 1,845,000	$ 1,862,277	$ 1,500,844
Plan fiduciary net position as a percentage of the total OPEB liability	63.90%	66.93%	75.07%
Covered Employee Payroll	$ 11,834,150	$ 12,802,887	$ 13,550,000
Net OPEB liability as a percentage of covered employee payroll	15.59%	14.55%	11.08%
Total OPEB liability as a percentage of covered employee payroll	43.19%	43.99%	44.43%

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.

There were no changes in benefit terms or trend rates

PPACA excise tax was repealed 12/20/19. Since this is after the June 30, 2019 measurement date, the excise tax is included in the June 30, 2019 Total OPEB Liability (TOL).

Mortality improvement scale was updated to Scale MP-2019 from MP-2017 in fiscal year 2020

The discount rate decreased from 7.0% to 6.5% in fiscal year 2019.

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

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.

BOND 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, 2020

	Budgeted Amounts			Variance with
	Original	Final	Actual (GAAP Basis)	Final Budget Positive - (Negative)
Revenues:				
Grant income	$ 2,108,421	$ 2,108,421	$ 1,498,087	$ (610,334)
Investment earnings	-	-	1,007,460	1,007,460
Total revenues	2,108,421	2,108,421	2,505,547	397,126
Expenditures:				
Current				
Salaries and employee benefits	471,697	406,558	375,893	30,665
Capital outlay	8,975,950	9,949,233	7,641,519	2,307,714
Total expenditures	9,447,647	10,355,791	8,017,412	2,338,379
Excess (deficiency) of revenues over (under) expenditures	(7,339,226)	(8,247,370)	(5,511,865)	2,735,505
Net change in fund balance	(7,339,226)	(8,247,370)	(5,511,865)	2,735,505
Fund balance beginning	37,944,253	37,944,253	37,944,253	-
Prior period adjustment	-	-	(131,009)	(131,009)
Fund balance beginning - as adjusted	37,944,253	37,944,253	37,813,244	131,009
Fund balance ending	$ 30,605,027	$ 29,696,883	$ 32,301,379	$ 2,604,496

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, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Actual (GAAP Basis)	Variance with Final Budget Positive - (Negative)
Revenues:				
Grant income	$ -	$ 1,960,000	$ 1,764,000	$ (196,000)
Investment earnings	-	-	216,363	216,363
Total revenues	-	1,960,000	1,980,363	20,363
Expenditures:				
Capital outlay	10,546,595	13,520,219	12,459,954	1,060,265
Total expenditures	10,546,595	13,520,219	12,459,954	1,060,265
Excess (deficiency) of revenues over (under) expenditures	(10,546,595)	(11,560,219)	(10,479,591)	1,080,628
Other financing sources (uses):				
Transfers in	7,775,425	7,775,425	9,827,543	2,052,118
Transfers out	-	-	(889,920)	(889,920)
Total other financing sources (uses)	7,775,425	7,775,425	8,937,623	1,162,198
Net change in fund balance	(2,771,170)	(3,784,794)	(1,541,968)	2,242,826
Fund balance beginning	8,254,539	8,254,539	8,254,539	-
Prior period adjustment	-	-	131,009	131,009
Fund balance beginning - as adjusted	8,254,539	8,254,539	8,385,548	131,009
Fund balance ending	$ 5,483,369	$ 4,469,745	$ 6,843,580	$ 2,373,835

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, 2020

	Budgeted Amounts			
	Original	Final	Actual (GAAP Basis)	Variance with Final Budget Positive - (Negative)
Revenues:				
Property taxes	$ 5,435,350	$ 5,435,350	$ 5,226,322	$ (209,028)
Investment earnings	874,000	950,000	88,317	(861,683)
Total revenues	6,309,350	6,385,350	5,314,639	(1,070,711)
Expenditures:				
Debt service:				
Principal	17,669,563	17,669,563	9,115,000	8,554,563
Interest	-	-	8,554,563	(8,554,563)
Total expenditures	17,669,563	17,669,563	17,669,563	-
Excess (deficiency) of revenues over (under) expenditures	(11,360,213)	(11,284,213)	(12,354,924)	(1,070,711)
Other financing sources (uses):				
Transfers in	10,397,375	10,397,375	10,392,811	(4,564)
Total other financing sources (uses)	10,397,375	10,397,375	10,392,811	(4,564)
Net change in fund balance	(962,838)	(886,838)	(1,962,113)	(1,075,275)
Fund balance beginning	6,775,924	6,775,924	6,775,924	-
Fund balance ending	$ 5,813,086	$ 5,889,086	$ 4,813,811	$ (1,075,275)

Midpeninsula Regional Open Space District

Measure AA Bond Program

Schedule of Program Expenditures

June 30, 2020

Project No.	Project Description	Expenditures from July 1, 2019 through June 30, 2020	Expenditures from Inception through June 30, 2020	
AA02	Regional: Bayfront Habitat Protection & Public Access Partnerships	$ 4,304,545	$ 6,351,216	
AA03	Purisima Creek Redwoods: Purisma-to Sea Trail, Watershed & Grazing	28,089	1,298,765	
AA04	El Corte de Madera Creek: Bike Trail & Water Quality Projects	117,749	1,004,617	
AA05	La Honda Creek - Upper Recreation Area	35,017	2,463,776	
AA06	Hawthorn Public Access Improvements	4,647	31,249	
AA07	Driscoll Ranch Public Access, Wildlife Protection & Grazing	144,070	12,305,504	
AA08	La Honda/Russian Ridge: Upper San Gregorio Watershed	-	2,153,910	
AA09	Russian Ridge: Public Recreation, Grazing & Wildlife Protection	75,089	394,556	
AA10	Coal Creek: Reopen Alpine Road for Trail Use	179,219	345,341	
AA11	Rancho San Antonio: Interpretive Improvements, Refurbishing	132,064	165,328	
AA15	Regional: Redwood Protection & Salmon Fishery Conservation	42,499	3,075,549	
AA17	Regional: Complete Upper Stevens Creek Trail	331,108	2,386,441	
AA18	South Bay Foothills: Saratoga-to-Sea Trail & Wildlife Corridor	599,539	734,398	*
AA19	El Sereno Dog Park & Connections	(715)	479,527	
AA20	South Bay Foothills: Wildlife Passage/Ridge Trail Improvements	180,412	570,615	
AA21	Bear Creek Redwoods: Public Recreation & Interpretive Projects	1,654,798	9,930,484	
AA22	Sierra Azul: Cathedral Oaks Public Access & Conservation Projects	148,021	1,225,916	
AA23	Sierra Azul: Mt Umunhum Public Access & Interpretation Projects	41,261	22,975,703	
AA24	Sierra Azul: Rancho de Guadalupe Family Recreation	-	1,591,996	
AA25	Sierra Azul: Loma Prieta Area Public Access, Regional Trails/Habitat Projects	-	410,150	
	Total MAA Bond Project Expenditures	8,017,412	69,895,041	
	Reimbursements from Grants, Contributions, and Other Funds	(1,498,087)	(4,813,700)	
	Total MAA Bond Project Expenditures - Net Reimbursements	$ 6,519,325	$ 65,081,341	

* In the fiscal year ended June 30, 2020, the District transferred prior period expenditures for the Saratoga to the Sea Project from the GF Capital Projects Fund.

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, 2020, the District has acquired and / or preserved over 1,700 acres of land with $24 million in funding support from Measure AA Funds.

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 measurable and available. Similarly, expenses are recognized when they are incurred, not when they are paid.

MIDPENINSULA REGIONAL OPEN SPACE

Statistical Information

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STATISTICAL SECTION

This part of the District's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time:

1. Net Position
2. Changes in Net Position
3. Fund Balances of Governmental Funds
4. Changes in Fund Balances of Governmental Funds

Revenue Capacity

These schedules contain information in relation to the District's property tax assessments:

1. Assessed and Actual Value of Taxable Property
2. Direct and Overlapping Property Tax Rates
3. Pricipal Property Tax Payers
4. Property Tax Levies and Collections

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future:

1. Ratios of General Bonded Debt Outstanding
2. Ratios of Outstanding Debt by Type
3. Legal Debt Margin Information

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place:

1. Demographic and Economic Statistics
2. Principal Employers

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs:

1. Full-Time Equivalent Employees by Function
2. Capital Asset Statistics by Function
3. Operating Indicators by Function

Sources

Unless otherwise noted, the information in these schedules is derived from the Annual Financial Reports for the relevant year.

Midpeninsula Regional Open Space District

Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	$ 236,546	$ 245,393	$ 259,638	$ 268,869	$ 278,611	$ 276,395	$ 308,601	$ 312,121	$ 351,152	$ 371,186
Restricted	1,408	1,568	2,731	4,327	2,566	5,786	4,571	7,252	8,207	6,277
Unrestricted	28,142	42,738	36,919	37,951	39,948	39,280	23,831	29,415	8,015	14,617
Total Net Position	$ 266,096	$ 289,699	$ 299,288	$ 311,147	$ 321,125	$ 321,461	$ 337,003	$ 348,788	$ 367,374	$ 392,080

Source: Annual Financial Report

Notes: Starting fiscal year (FY) 2015-16 the District changed from a fiscal year end date of March 31st to June 30th.
As a result, FY2015-16 is a fifteen (15) month period rather than a twelve (12) month period.

Midpeninsula Regional Open Space District

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities										
Land preservation	$ 13,768	$ 14,312	$ 19,338	$ 17,930	$ 19,478	$ 26,080	$ 21,783	$ 28,910	$ 34,304	$ 32,482
Interest and fiscal charges	6,739	7,483	7,273	7,163	7,202	9,752	8,327	8,193	10,449	9,874
Depreciation	882	806	840	1,095	1,232	1,311	1,585	2,399	-	-
Loss on refunding of debt	-	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	21,389	22,601	27,451	26,188	27,912	37,143	31,695	39,502	44,753	42,356
Program Revenues										
Governmental Activities										
Charges for Services	1,241	1,320	1,381	1,422	1,437	1,636	1,479	1,576	2,360	2,655
Grants and Contributions	1,393	1,453	913	1,901	953	1,194	651	1,613	1,082	3,293
Land donations	17	13,928	3,890	-	-	-	-	-	-	-
Total governmental activities program revenues	2,651	16,701	6,184	3,323	2,390	2,830	2,130	3,189	3,442	5,948
Net (expense)/revenue - governmental activities	(18,738)	(5,900)	(21,267)	(22,865)	(25,522)	(34,313)	(29,565)	(36,313)	(41,311)	(36,408)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Property taxes	27,269	28,737	30,270	32,433	35,082	44,980	43,861	47,798	54,395	57,251
Investment earnings	294	375	288	138	202	648	463	1,045	3,648	2,307
Use of money and property	-	-	-	-	-	-	-	-	-	-
Miscellaneous	311	394	298	182	216	810	784	1,153		1,557
Total governmental activities	27,874	29,506	30,856	32,753	35,500	46,438	45,108	49,996	58,043	61,115
Change in Net Position										
Governmental activities	9,136	23,606	9,589	9,888	9,978	12,125	15,543	13,683	18,586	24,708
Prior period adjustments	-	-	-	1,971	-	(11,790)	-	(1,898)	-	-
Total Changes in Net Position	$ 9,136	$ 23,606	$ 9,589	$ 11,859	$ 9,978	$ 335	$ 15,543	$ 11,785	$ 18,586	$ 24,708

Source: Annual Financial Report

Notes: Starting fiscal year (FY) 2015-16 the District changed from a fiscal year end date of March 31st to June 30th.
As a result, FY2015-16 is a fifteen (15) month period rather than a twelve (12) month period.

Midpeninsula Regional Open Space District

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General fund										
Reserved	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved, designated in	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in	-	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	55	36	186	206
Restricted	731	-	-	1,702	1,702	1,971	1,971	1,467	1,432	5,527
Committed	-	-	-	-	20,400	35,400	35,400	55,300	29,288	30,518
Assigned	-	-	-	5,000	-	-	-	-	1,400	710
Unassigned	26,156	41,782	37,513	34,453	21,330	16,848	23,872	16,306	16,515	19,979
Total General Fund	$ 26,887	$ 41,782	$ 37,513	$ 41,155	$ 43,432	$ 54,219	$ 61,298	$ 73,109	$ 48,821	$ 56,940
All other governmental funds										
Reserved	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Restricted	1,408	1,568	1,634	1,621	-	26,894	9,539	59,304	52,975	43,959
Total all other governmental funds	$ 1,408	$ 1,568	$ 1,634	$ 1,621	$ -	$ 26,894	$ 9,539	$ 59,304	$ 52,975	$ 43,959

Source: Annual Financial Report

Notes: Starting fiscal year (FY) 2015-16 the District changed from a fiscal year end date of March 31st to June 30th.
As a result, FY2015-16 is a fifteen (15) month period rather than a twelve (12) month period.
The District has implemented GASB 54 effective fiscal year ending March 31, 2011.
This Statement establishes new categories for reporting fund balance and revises the definitions for governmental fund types.
The District opted not to change the previous years' data.

Midpeninsula Regional Open Space District

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
REVENUES										
Property taxes	$ 27,269	$ 28,737	$ 30,270	$ 32,433	$ 35,082	$ 44,980	$ 43,861	$ 47,798	$ 54,395	$ 57,251
Grant income	1,393	1,453	913	1,901	953	1,194	651	1,613	1,082	3,293
Property management	955	1,320	1,381	1,422	1,438	1,636	1,479	1,576	2,360	2,655
Investment earnings	294	375	288	150	216	666	480	1,064	3,649	2,327
Other	551	240	146	145	241	644	609	348	641	262
Land donation	17	13,928	-	-	-	-	-	-	-	-
TOTAL REVENUE	30,479	46,053	32,998	36,051	37,930	49,120	47,080	52,399	62,127	65,788
EXPENDITURES										
Land Preservation	13,682	13,996	18,713	17,303	18,272	28,965	25,807	28,226	29,186	31,445
Capital outlay	11,596	27,190	9,611	8,231	8,445	18,901	19,961	16,440	45,356	20,101
Debt service:										
Principal and advance refunding escrow	3,301	4,457	2,843	2,999	3,145	4,367	5,193	6,392	6,480	9,115
Interest and fiscal charges	4,786	5,355	6,034	5,859	5,749	6,478	7,190	6,597	9,191	8,555
TOTAL EXPENDITURES	33,365	50,998	37,201	34,392	35,611	58,711	58,152	57,655	90,213	69,216
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(2,886)	(4,945)	(4,203)	1,659	2,319	(9,591)	(11,072)	(5,256)	(28,086)	(3,428)
OTHER FINANCING SOURCES AND USES										
Transfers in	7,974	9,827	8,877	8,858	8,894	12,146	15,839	9,409	49,929	21,110
Transfers out	(7,974)	(9,827)	(8,877)	(8,858)	(8,894)	(12,146)	(15,839)	(9,409)	(49,929)	(21,110)
Other sources	850	20,000	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	(68,187)	(27,660)	-	-
Issuance of refunding debt	-	-	-	-	-	-	57,410	25,025	-	-
Advance refunding of revenue bonds	-	-	-	-	(29,987)	-	-	-	-	-
Issuance of debt	-	-	-	-	28,325	45,000	-	61,220	-	-
Premium from debt issuances	-	-	-	-	-	2,282	11,564	8,246	-	-
TOTAL OTHER FINANCING SOURCES (USES)	850	20,000	-	-	(1,662)	47,282	787	66,831	-	-
SPECIAL ITEM										
OPEB Funding	-	-	-	-	-	-	-	-	-	-
NET CHANGES IN FUND BALANCES	$ (2,036)	$ 15,055	$ (4,203)	$ 1,659	$ 657	$ 37,691	$ (10,285)	$ 61,575	$ (28,086)	$ (3,428)
Capitalized capital outlay expenditures	11,596	27,190	9,611	8,231	8,445	18,901	19,961	16,440	45,356	20,101
Debt Service as a percentage of noncapital expenditures	59.11%	70.11%	47.44%	51.19%	48.68%	37.44%	47.99%	46.02%	53.69%	56.19%

Source: Annual Financial Report

Notes: Starting fiscal year (FY) 2015-16 the District changed from a fiscal year end date of March 31st to June 30th.
As a result, FY2015-16 is a fifteen (15) month period rather than a twelve (12) month period.

Midpeninsula Regional Open Space District

Assessed and Actual Value of Taxable Property
Last Ten Fiscal Years
(amounts expressed in thousands)

County of Santa Clara

Fiscal Year	Secured	State Board	Unsecured	Total before Rdv. Increment	Total after Rdv. Increment	Total Direct Tax Rate
2011	108,672,177	5,138	6,448,241	115,125,556	110,403,735	1.00%
2012	110,480,451	5,192	6,843,137	117,328,780	112,337,379	1.00%
2013	115,665,767	5,192	7,574,405	123,245,364	117,796,453	1.00%
2014	125,816,313	5,192	8,032,680	133,854,185	128,261,360	1.00%
2015	134,293,819	3,616	8,134,278	142,431,713	136,364,266	1.00%
2016	148,710,117	3,616	8,236,861	156,950,594	151,221,560	1.00%
2017	161,457,837	3,616	8,664,927	170,126,380	163,586,434	1.00%
2018	174,219,310	3,616	9,773,726	183,996,652	177,153,795	1.00%
2019	188,007,378	8,646	10,266,764	198,282,788	191,359,437	1.00%
2020	201,019,887	8,646	9,814,574	210,843,107	203,359,598	1.00%

County of San Mateo

Fiscal Year	Secured	State Board	Unsecured	Total before Rdv. Increment	Total after Rdv. Increment	Total Direct Tax Rate
2011	51,197,326	6,653	2,006,682	53,210,661	49,373,928	1.00%
2012	51,670,521	2,465	1,952,159	53,625,145	49,913,049	1.00%
2013	53,793,234	2,465	1,948,563	55,744,262	51,977,724	1.00%
2014	57,513,572	2,336	2,180,554	59,696,462	55,714,674	1.00%
2015	60,798,837	2,343	2,087,353	62,888,533	58,641,318	1.00%
2016	66,177,633	3,086	2,363,781	68,544,500	63,519,108	1.00%
2017	72,017,698	3,085	2,640,434	74,661,217	68,354,025	1.00%
2018	78,506,564	3,085	2,996,701	81,506,350	73,565,159	1.00%
2019	85,236,395	2,658	2,756,478	87,995,531	79,176,299	1.00%
2020	99,187,975	3,219	2,894,481	102,085,675	92,428,172	1.00%

Source: California Municipal Statistics, Inc

Notes: Starting fiscal year (FY) 2015-16 the District changed from a fiscal year end date of March 31st to June 30th.
As a result, FY2015-16 is a fifteen (15) month period rather than a twelve (12) month period.

Midpeninsula Regional Open Space District

Property Tax Rates

Direct and Overlapping[1] Property Tax Rates

Last Ten Fiscal Years

	County of Santa Clara (Tax Rate Area 6-001) [2]				County of San Mateo (Tax Rate Area 9-001) [3]			
Fiscal Year	General Property Tax Levy	Other Overlapping Governments	Open Space District	Total	General Property Tax Levy	Other Overlapping Governments	Open Space District	Total
2011	1.00000	0.14951	-	1.14951	1.00000	0.07530	-	1.07530
2012	1.00000	0.15060	-	1.15060	1.00000	0.08120	-	1.08120
2013	1.00000	0.18750	-	1.18750	1.00000	0.08060	-	1.08060
2014	1.00000	0.18740	-	1.18740	1.00000	0.07470	-	1.07470
2015	1.00000	0.18304	-	1.18304	1.00000	0.08530	-	1.08530
2016 [4]	1.00000	0.17807	0.00080	1.17887	1.00000	0.08420	0.00080	1.08500
2017	1.00000	0.17160	0.00060	1.17220	1.00000	0.10990	0.00060	1.11050
2018	1.00000	0.18133	0.00090	1.18223	1.00000	0.10300	0.00090	1.10390
2019	1.00000	0.17126	0.00180	1.17306	1.00000	0.09240	0.00180	1.09420
2020	1.00000	0.18202	0.00160	1.18362	1.00000	0.10020	0.00160	1.10180

Source: FY 2019-20 Tax Rate Books for San Mateo and Santa Clara Counties

Notes: Starting fiscal year (FY) 2015-16 the District changed from a fiscal year end date of March 31st to June 30th.
As a result, FY2015-16 is a fifteen (15) month period rather than a twelve (12) month period.

[1] Due to the District's size and that it is located in two counties (County of Santa Cruz excluded), there is no tax rate area that represents the typical total tax rate for the District. The above tax rate areas are the largest in terms of assessed valuation for each County's portion of the District.

[2] The 2019-20 assessed valuation of Tax Rate Area (TRA) 6-001 is $32,480,806.925 which is 10.38 **%** of the District's total assessed valuation.

[3] The 2019-20 assessed valuation of TRA 9-001 is $10,868,501,012 which is 3.47% of the District's total assessed valuation.

[4] Fiscal Year 2015-16 was the first year in which ad valorem property taxes authorized by Measure AA were levied.

Midpeninsula Regional Open Space District

Principal Property Tax Payers
Current Year and Nine Years Ago
(amounts expressed in thousands)

	Fiscal Year 2020			Fiscal Year 2011		
Taxpayer	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Board of Trustees, Leland Stanford Jr. University	$ 7,172,848	1	2.39%	$ 4,901,194	1	3.07%
Google Inc.	6,644,929	2	2.21%	434,468	9	0.27%
Campus Holdings Inc.	3,570,308	3	1.19%	*		*
Hibscus Properties LLC	1,326,840	4	0.44%	*		*
Sobrato Interests	1,157,587	5	0.39%	*		*
Apple Computer Inc.	1,134,606	6	0.38%	690,518	2	0.43%
Facebook Inc.	920,644	7	0.31%	*		*
Lockheed Missiles and Space Co. Inc.	915,535	8	0.30%	564,312	4	0.35%
CW SPE LLC	756,467	9	0.25%	*		*
Yahoo Holdings Inc.	669,497	10	0.22%	476,573	7	0.30%
Oracle Corp.	647,034	11	0.22%	567,172	3	0.35%
Menlo & Juniper Networks LLC	623,437	12	0.21%	*		*
Richard T. Spieker, Trustee	606,726	13	0.20%	*		*
Applied Materials Inc.	588,404	14	0.20%	361,679	10	0.23%
Intuitive Surgical Inc.	535,896	15	0.18%	*		*
Peninsula Innovation Partnersh LLC	491,710	16	0.16%	*		*
Woodland Park Property Owner LLC	419,212	17	0.14%	*		*
441 Real Estate LLC	414,814	18	0.14%	*		*
Network Appliance Inc.	394,921	19	0.13%	533,962	5	0.33%
LinkedIn Corporation	393,656	20	0.13%	*		*
VII Pac Shores Investors LLC	*		*	485,618	6	0.30%
Arden Realty LP	*		*	255,201	16	0.16%
HCP Life Science REIT Inc.	*		*	315,451	12	0.20%
Wells REIT II-University Circle LP	*		*	310,197	13	0.19%
SPF Mathilda LLC	*		*	276,782	14	0.17%
Silicon Valley CA I LLC	*		*	254,274	17	0.16%
Redus Woodland LLC	*		*	276,516	15	0.17%
Slough Redwood City LLC	*		*	244,474	20	0.15%
MT SPE LLC	*		*	249,945	19	0.16%
Hewlett Packard Co.	*		*	434,763	8	0.27%
Symantec Corporation	*		*	252,481	10	0.16%
Sun Microsystems Inc.	*		*	328,708	11	0.21%
Total	$ 29,385,071		9.79%	$ 12,214,288		7.64%

* Information not available

Source: California Municipal Statistics, Inc.

Midpeninsula Regional Open Space District

Property Tax Levies and Collections
Last Ten Fiscal Years

	Levy [1]		Collections			
Fiscal Year	Santa Clara County Taxes Levied	San Mateo County Taxes Levied	Santa Clara County Collections	% of County Levy	San Mateo County Collections	% of County Levy
2016	$ 1,186,363	$ 527,932	$ 1,177,636	99.3%	$ 524,982	99.4%
2017	968,301	431,711	962,730	99.4%	429,436	99.5%
2018	1,558,456	705,842	1,553,773	99.7%	701,923	99.4%
2019	3,365,744	1,532,834	3,348,991	99.5%	1,524,259	99.4%
2020	3,215,052	1,591,352	3,195,317	99.4%	1,577,126	99.1%

Source: California Municipal Statistics, Inc.

Notes: Starting fiscal year (FY) 2015-16 the District changed from a fiscal year end date of March 31st to June 30th.
As a result, FY2015-16 is a fifteen (15) month period rather than a twelve (12) month period.

[1] District's general obligation bond debt service levy. Prior years are not available. Levy began in FY2015-16

Midpeninsula Regional Open Space District

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(amounts expressed in thousands, except per-capita amount)

Fiscal Year	General Obligation Bonds	Debt Service Monies Available	Total	Taxable Assessed Value	Percentage of Taxable AV [1]	Per Capita [2]
2011	-	-	-	159,777,663	0.000%	0.00
2012	-	-	-	162,250,428	0.000%	0.00
2013	-	-	-	169,774,177	0.000%	0.00
2014	-	-	-	183,976,034	0.000%	0.00
2015	-	-	-	195,005,584	0.000%	0.00
2016	45,000	3,116	41,884	214,740,668	0.020%	15.56
2017	44,225	2,194	42,031	231,940,459	0.018%	15.53
2018	104,570	5,785	98,785	250,718,954	0.039%	36.32
2019	102,880	6,776	96,104	270,535,736	0.036%	35.22
2020	88,810	4,814	83,996	295,787,770	0.028%	*

* Information not available

Source: Annual Financial Report

Notes: Starting fiscal year (FY) 2015-16 the District changed from a fiscal year end date of March 31st to June 30th.
As a result, FY2015-16 is a fifteen (15) month period rather than a twelve (12) month period.

[1] See the Schedule of Assessed and Actual Value of Taxable Property for property value data.
[2] Population data can be found in the Schedule of Demographic and Economic Statistics.

Midpeninsula Regional Open Space District

Ratios of Outstanding Debt
Last Ten Fiscal Years
(amounts expressed in thousands, except per-capita amount)

Fiscal Year	General Obligation Bonds	Lease Revenue Bonds	Refunding Bonds	Bond Premiums	Notes Payable	Total	Taxable Assessed Value (AV)	Percentage of Taxable AV	Percentage of Personal Income	Per Capita
2011	-	64,995	50,988	607	6,429	123,019	159,777,663	0.077%	0.102%	840.82
2012	-	51,947	49,179	2,515	36,898	140,539	162,250,428	0.087%	0.105%	873.73
2013	-	51,568	47,994	2,351	37,039	138,952	169,774,177	0.082%	0.102%	865.00
2014	-	51,021	50,665	2,188	36,285	140,159	183,976,034	0.076%	0.094%	811.01
2015	-	20,385	49,935	6,973	59,271	136,564	195,005,584	0.070%	0.083%	723.35
2016	45,000	20,290	47,300	9,087	58,698	180,375	214,740,668	0.084%	0.101%	903.18
2017	44,225	1,080	57,410	20,475	58,761	181,951	231,940,459	0.078%	0.094%	836.30
2018	104,570	930	78,870	26,839	34,466	245,675	250,718,954	0.098%	0.118%	1,048.69
2019	102,880	750	75,460	25,567	33,749	238,406	270,535,736	0.088%	*	*
2020	98,290	535	72,435	24,263	32,971	228,494	295,787,770	0.077%	*	*

* Information not available

Source: Annual Financial Report

Notes: Starting fiscal year (FY) 2015-16 the District changed from a fiscal year end date of March 31st to June 30th.
As a result, FY2015-16 is a fifteen (15) month period rather than a twelve (12) month period.

(1) Details regarding the District's outstanding debt can be found in the notes to the financial statements.
(2) Refer to the Demographics Statistics for personal income and population data.

Midpeninsula Regional Open Space District

Legal Debt Margin Information
Last Ten Fiscal Years
(amounts expressed in thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Assessed Valuation:										
Assessed value subject to debt levy	$ 159,777,663	$ 162,250,428	$ 169,774,177	$ 183,976,034	$ 195,005,584	$ 214,740,668	$ 231,940,459	$ 250,718,954	$ 270,535,736	$ 295,787,770
Total assessed valuation	159,777,663	162,250,428	169,774,177	183,976,034	195,005,584	214,740,668	231,940,459	250,718,954	270,535,736	295,787,770
Debt Applicable to Limitation:										
Total debt	6,429	36,898	37,039	36,285	59,271	58,698	58,761	34,466	33,749	32,971
Less: amount available for repayment	-	-	-	-	-	3,116	2,194	5,785	6,776	4,814
Total debt applicable to limitation	6,429	36,898	37,039	36,285	59,271	55,582	56,567	28,681	26,973	28,157
Legal Debt Margin:										
Bonded debt limit (15% AV)	23,966,649	24,337,564	25,466,127	27,596,405	29,250,838	32,211,100	34,791,069	37,607,843	40,580,360	44,368,166
Debt applicable to limitation	6,429	36,898	37,039	36,285	59,271	55,582	56,567	28,681	26,973	28,157
Legal debt margin	$ 23,960,220	$ 24,300,666	$ 25,429,088	$ 27,560,120	$ 29,191,567	$ 32,155,518	$ 34,734,502	$ 37,579,162	$ 40,553,387	$ 44,340,009

Notes: Starting fiscal year (FY) 2015-16 the District changed from a fiscal year end date of March 31st to June 30th.
As a result, FY2015-16 is a fifteen (15) month period rather than a twelve (12) month period.

Under California Government Code Section 61126 (b) the Midpeninsula Regional Open Space District shall not incur bonded indebtedness that exceeds 15% of the total assessed property value.

Midpeninsula Regional Open Space District

Demographic and Economic Statistics
Last Ten Fiscal Years

County of Santa Clara

Fiscal Year	Population [1]	Personal Income [2] (in millions)	Per Capita Personal Income [2]	Median Age [3]	School Enrollment [4]	County Unemployment Rate [5]
2011	1,805,767	120,376	66,406	36.0	266,256	9.6%
2012	1,832,983	133,912	72,792	36.2	270,109	8.2%
2013	1,860,687	136,176	72,927	36.4	273,701	6.8%
2014	1,882,230	149,650	79,055	36.6	276,175	5.2%
2015	1,906,511	165,265	86,188	36.8	276,689	4.3%
2016	1,925,306	178,496	92,505	36.8	274,948	3.9%
2017	1,936,052	193,680	100,177	37.0	273,264	3.4%
2018	1,947,798	209,020	107,877	37.2	271,400	2.9%
2019	1,954,286	*	*	37.4	267,224	2.9%
2020	1,961,969	*	*	*	263,449	10.7%

County of San Mateo

Calendar Year	Population [1]	Personal Income [2] (in millions)	Per Capita Personal Income [2]	Median Age [3]	School Enrollment [4]	County Unemployment Rate [5]
2011	727,319	58,201	79,903	39.4	92,097	7.9%
2012	736,760	65,113	88,058	39.6	93,674	6.8%
2013	747,186	65,696	87,711	39.3	93,931	5.6%
2014	753,472	71,043	93,765	39.4	94,567	4.3%
2015	760,769	78,540	102,606	39.8	95,187	3.5%
2016	766,649	82,357	107,207	39.5	95,502	3.2%
2017	769,570	90,249	117,389	39.6	95,620	2.9%
2018	772,372	97,265	126,392	39.9	95,103	2.5%
2019	774,485	*	*	39.6	94,234	2.4%
2020	773,244	*	*	*	93,554	10.8%

* Information not available

Data Sources

[1] State of California Department of Finance - http://www.dof.ca.gov/Forecasting/Demographics/Estimates/e-4/2010-20/

[2] U.S. Department of Commerce Bureau of Economic Analysis

[3] U.S Census Bureau, American Community Survey

[4] State of California Department of Education

[5] State of California Employment Development Department, Labor Market Division

Notes: Starting fiscal year (FY) 2015-16 the District changed from a fiscal year end date of March 31st to June 30th. As a result, FY2015-16 is a fifteen (15) month period rather than a twelve (12) month period.

Midpeninsula Regional Open Space District

Principal Employers

Most Current Year and Nine Years Ago

	County of Santa Clara					
	2019			2010		
Employer	Number of Employees [1]	Rank	Percentage of Total Employment	Number of Employees [2]	Rank	Percentage of Total Employment
Apple Computer, Inc.	25,000	1	2.44%	10,000	5	1.28%
Google LLC	24,626	2	2.40%	*		*
County of Santa Clara	20,883	3	2.04%	15,550	1	1.99%
Stanford University	16,919	4	1.65%	10,101	4	1.29%
Cisco Systems Inc.	14,674	5	1.43%	13,000	2	1.60%
Kaiser Permanente	12,500	6	1.22%	5,000	10	0.64%
Stanford Healthcare	10,034	7	0.98%	5,569	8	0.71%
Tesla Motors Inc.	10,000	8	0.98%	*		*
Applied Materials, Inc.	8,500	9	0.83%	*		*
Intel Corporation	8,500	10	0.82%	5,684	9	0.73%
City of San Jose	*		*	6,623	6	0.85%
Lockheed Martin Space Systems Co.	*		*	10,400	3	1.33%
Hewlett-Packard Co.	*		*	5,001	7	0.64%
Total	151,636		14.79%	86,928		11.06%

	County of San Mateo [3]					
	2018 [4]			2010		
Employer	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Facebook, Inc.	14,000	1	3.13%	*		*
Genentech Inc.	9,500	2	2.12%	8,800	1	2.57%
Oracle Corp.	7,535	3	1.68%	5,600	3	2%
County of San Mateo	5,570	4	1.25%	6,079	2	1.78%
Gilead Sciences, Inc.	4,000	5	0.89%	*		*
Walmart Labs	2,000	6	0.45%	*		*
YouTube	2,000	7	0.45%	*		*
Roberto Half International, Inc.	1,668	8	0.37%	*		*
Sony Interactive Entertainment	1,602	9	0.36%	*		*
Electronic Arts, Inc.	1,520	10	0.34%	*		*
Kaiser Permanente	*		*	3,777	4	1.10%
Mills-Peninsula Health Services	*		*	2,500	5	0.73%
Visa, Inc.	*		*	2,462	6	0.72%
Safeway, Inc.	*		*	2,075	7	0.61%
San Mateo County Community College District	*		*	1,951	8	0.57%
SLAC National Accelerator Laboratory	*		*	1,764	9	0.52%
Set Medical Center	*		*	1,672	10	0.49%
Total	49,395		11.04%	36,680		10.73%

* Information not available

Source:

[1] Silicon Valley Business Journal, July 19, 2019

[2] County of Santa Clara Finance Department. FY2009-10 CAFR

[3] San Francisco Business Times - 2019 Book of Lists and California Employment Development Department

[4] Latest information available for principal employers in the County of San Mateo.

Midpeninsula Regional Open Space District

Full-time Equivalent District Government Employees by Function
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Function										
Office of the General Manager	3.00	4.00	4.00	4.00	5.00	6.00	8.00	8.00	8.00	8.00
Real Property	5.00	5.00	5.00	5.00	6.00	4.00	4.00	5.00	5.00	5.00
Plannning	14.00	14.00	14.00	14.00	14.00	13.00	10.50	10.50	10.50	10.50
Engineering & Construction	N/A	N/A	N/A	N/A	N/A	N/A	5.50	7.50	7.50	7.50
Public Affairs	8.00	8.00	9.00	9.00	11.00	12.00	8.00	8.00	8.00	8.00
Admininstration										
Reception	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Finance	3.25	3.25	3.25	4.75	4.75	5.25	9.25	9.25	10.25	11.25
Human Resources	2.00	2.50	3.50	3.50	5.50	7.00	7.00	7.00	7.00	7.00
Information Technology [1]	1.00	1.00	2.00	2.50	2.50	5.50	7.50	7.50	8.50	8.50
Operations										
Administration	6.00	6.00	6.00	6.00	6.00	6.00	N/A	N/A	N/A	N/A
Patrol	28.00	28.00	28.00	28.00	31.00	32.00	N/A	N/A	N/A	N/A
Land/Facilities Maintenance	26.00	26.00	26.00	26.00	28.30	30.30	N/A	N/A	N/A	N/A
Resource Management [2]	6.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Land & Facilities	N/A	N/A	N/A	N/A	N/A	N/A	49.30	53.30	56.30	57.30
Visitor Services	N/A	N/A	N/A	N/A	N/A	N/A	41.90	41.90	41.90	43.40
General Counsel	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	3.50	3.50
Natural Resources [2]	N/A	8.00	8.00	8.00	9.00	10.00	11.00	12.00	12.00	12.00
Total	105.75	109.25	112.25	114.25	126.55	134.55	165.45	173.45	179.45	182.95

Source: Midpeninsula Regional Open Space District

Notes: Starting fiscal year (FY) 2015-16 the District changed from a fiscal year end date of March 31st to June 30th. As a result, FY2015-16 is a fifteen (15) month period rather than a twelve (12) month period.

[1] In 2015, the GIS function was integrated into Information Technology from the Planning Department
[2] In 2012, the Resource Management function under the Operations Department became the Natural Resources Department

During 2015, the District underwent a complete reorganization which become effective during FY 2016-17. As part of the reorganization, the Planning Department was split with a new Engineering & Construction Department, a portion of Real Property and Operations became the new Land & Facilities Department, and part of Public Affairs and Operations/Patrol became the new Visitor Services Department.

Midpeninsula Regional Open Space District

Capital Asset Statistics by Function

Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Function										
Land:										
Number of preserves	26	26	26	26	26	26	26	26	26	26
Acreage:										
Santa Clara County	32,380.35	32,990.49	33,006.79	33,158.80	33,259.21	33,366.71	33,449.99	33,628.15	33,631.06	33,631.06
San Mateo County	26,704.01	27,625.36	28,668.49	28,977.86	29,063.13	29,452.58	29,643.96	29,664.41	29,854.41	30,636.85
Santa Cruz County	2,004.18	2,004.18	2,004.18	2,004.18	2,004.18	2,004.18	2,004.18	2,004.18	2,004.18	2,004.18
less: easements and life estates held by other parties	(1,825.88)	(1,825.88)	(1,825.88)	(1,825.88)	(1,825.88)	(1,825.88)	(1,825.88)	(1,802.88)	(1,802.88)	782.44
Total	59,262.66	60,794.15	61,853.58	62,314.96	62,500.64	62,997.59	63,272.25	63,493.86	63,686.77	67,054.53
Facilities:										
Administrative office	1	1	1	1	1	1	1	1	1	1
Field/patrol offices	2	2	2	2	2	2	2	3	3	3
Visitor Center	2	2	2	2	2	2	2	2	2	2
Vehicles & Equipment:										
Patrol vehicles	35	37	39	41	38	37	42	36	34	33
Service vehicles	3	3	3	5	8	10	13	10	11	14
Maintenance vehicles	6	8	9	13	16	19	25	29	31	31
Administrative vehicles	n/a	n/a	n/a	n/a	n/a	n/a	n/a	13	13	15
Motorcycles/ATVs/Electric bicycles	13	13	13	13	13	13	13	27	27	32
Bulldozers/excavators/tractors	17	17	20	21	21	23	23	20	23	23
Dump trucks	4	4	4	4	5	5	5	4	6	11
Water Truck	1	2	2	2	2	2	2	2	2	2
Trailers	n/a	n/a	n/a	n/a	n/a	n/a	n/a	25	27	31
Chippers/mowers	2	2	2	4	4	5	5	5	5	5

Source: Midpenninsula Regional Open Space District

Notes: Starting fiscal year (FY) 2015-16 the District changed from a fiscal year end date of March 31st to June 30th.
As a result, FY2015-16 is a fifteen (15) month period rather than a twelve (12) month period.
Beginning with FY2017-18 the District is using a new system for classifying and tracking vehicles and equipment.

Midpeninsula Regional Open Space District

Operating Indicators by Function

Last Ten Fiscal Years

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Manager										
Board meetings	31	45	36	35	33	31	31	44	32	28
Resolutions adopted	41	56	20	39	61	61	40	46	47	43
Real Property										
Acres preserved										
Santa Clara County	547.04	492.99	16.30	152.01	100.41	107.50	83.28	178.18	2.11	-
San Mateo County	115.17	921.35	1,043.14	309.37	393.26	81.45	191.38	20.46	190.00	782.44
Public Affairs										
Stewardship volunteer hours	11,314	11,843	11,232	13,579	14,354	15,839	17,440	16,088	15,910	10,296
Interpretation/education docent hours	5,433	4,669	5,559	4,718	5,828	4,462	4,697	4,320	4,438	975
Website visits	274,133	434,402	349,398	359,432	418,748	429,891	487,215	589,280	524,387	782,003
Bicycle Accident	22	36	37	30	20	26	19	37	13	30
Equestrian Accident	1	1	2	-	1	2	-	-	1	3
Hiking/Running Accident	18	16	16	22	20	14	37	40	11	25
Other first aid	15	25	24	15	25	26	23	31	13	29
Search & rescue	15	10	8	5	8	3	4	2	2	4
Vehicle Accident	11	16	15	14	19	14	17	50	15	47
Fire	5	7	8	16	9	10	9	13	4	7
HazMat	3	-	-	1	1	6	1	3	1	1
Citation/Juvenile Contact Report	509	526	737	617	825	767	678	592	405	387
Parking Citation	434	527	621	584	700	645	836	870	375	1,027
Arrests	1	1	2	1	4	3	2	-	2	2
Day Permits	1,059	1,235	1,237	1,521	2,154	2,541	2,530	2,676	2,417	1,350
Multi-day permits	248	225	253	306	306	321	366	419	361	313
Camping permits	259	341	336	393	476	573	613	570	571	441

Source: Midpenninsula Regional Open Space District

Notes: Starting fiscal year (FY) 2015-16 the District changed from a fiscal year end date of March 31st to June 30th.
As a result, FY2015-16 is a fifteen (15) month period rather than a twelve (12) month period.

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Other Independent Auditor's Reports

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*

To the Board of Directors
of the 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 financial statements of the governmental activities and each major fund of Midpeninsula Regional Open Space District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated December 1, 2020.

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 District’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 over financial reporting 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 over financial reporting 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 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C & A LLP

December 1, 2020
San Jose, California

Rancho San Antonio Open Space Preserve by Lillian Oliveri

Photos on front cover:
Top photo: Russian Ridge Open Space Preserve by Joyce Pennell
Second row, left to right:
Monte Bello Open Space Preserve by Frank Yien;
Skyline Ridge Open Space Preserve by Melinda Horn;
Monte Bello Open Space Preserve by Jack Owicki.

Midpeninsula Regional Open Space District
330 Distel Circle
Los Altos, California 94022-1404
650-691-1200
info@openspace.org
openspace.org

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