# Annual Comprehensive Financial Report

FISCAL YEAR ENDED JUNE 30, 2024

MIDPENINSULA REGIONAL OPEN SPACE

Headquarters in Los Altos, California

# Annual Comprehensive Financial Report

*Fiscal Year Ended June 30, 2024*

## Midpeninsula Regional Open Space District

*Prepared by:*
*Finance and Administrative Services*
*Los Altos, California*

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# *Introductory Section*

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**Midpeninsula Regional Open Space District**
Santa Clara County, California
Annual Comprehensive Financial Report
For the Year Ended June 30, 2024

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**STATISTICAL SECTION**



**OTHER INDEPENDENT AUDITOR'S REPORTS:**

Midpeninsula Regional Open Space District
5050 El Camino Real
Los Altos, California 94022

December 11, 2024

Members of the Board of Directors and Midpen Constituents:

The Annual Comprehensive Financial Report (ACFR) of the Midpeninsula Regional Open Space District (District) for the year ended June 30, 2024, is hereby submitted.

The ACRF has been prepared by the Budget and Finance Department in compliance with the principles and standards for financial reporting promulgated by the Governmental Accounting Standards Board (GASB). The ACFR 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, 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 ACFR 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, 2024.

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 3.3 square miles). The Counties of Santa Clara and San Mateo are referred to together as the "Counties", and over 757,000 people live within the boundaries of the District.

The District has preserved over 70,000 acres of public land and manages 27 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 ACFR includes all funds of the District. There are no separate or legal entities or component units included 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

The updated UCLA Anderson Forecast (Anderson) released in October 2024 projected a sub-par growth for the rest of 2024 followed by stronger growth in 2025 and 2026. The slowdown in 2024 is attributed to several high-profile labor strikes that can hurt the economy. More impactful will be the results and impact of the 2024 presidential election given the contrasting policies of each party. The forecast projects that the growth will be driven by residential investment, especially as the Federal Reserve Bank (Fed) began lowering interest rates in September 2024. Other factors that could impact the growth in 2024 include the outcomes of the national election, continued fears of government shutdowns, and geopolitical events. Anderson projects that California's economy will follow a similar pattern or be slightly better than that of the nation.

California's unemployment rate was forecasted at 5.3% for the third quarter of 2024, higher than the 4.3% reported for 2023. The forecast projects that by the end of 2025, the economy will experience stronger growth, and unemployment should decrease. California's economy is still growing faster than the rest of the U.S. economy.

In its most recent report for Fall 2024, Beacon Economics report shows that job growth in California has slowed in the third quarter of 2024 along with a slight increase in the unemployment rate. The report also notes the significance of the 2024 presidential election, specifically about government spending and changes to tax rates. The report highlights that neither candidate has addressed the increasing Federal budget deficit, which has led to a record-high outstanding U.S. national debt. While the financial markets focus on short-sighted trends like interest rates and corporate profits, the report warns about longer-term impacts on the U.S. economy if the national debt continues to rise without efforts to stabilize it.

The District's boundaries encompass a large portion of the Silicon Valley, which continues to be the 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 both San Mateo and Santa Clara counties continues to demonstrate strong demand as both counties experience record high assessment roll. For the fiscal year 2023-24, the Santa Clara County Assessor's Office showed that the assessment roll increased by 6.65%, to $661 billion. Similarly, San Mateo County reported that the total value of assessed properties increased by 5.75% for fiscal year 2023-24 to $325 billion. Total assessments within the District's boundaries increased by 6.6% for fiscal year 2023-24, lower than the previous fiscal year increase of 7.8%. Over the past 10 years, the District's general fund property tax revenues have increased by an annual average of 8.0%.

While the assessed value continued to grow in both counties, affordability continues to impact both sellers and buyers as prices continue to grow and interest rates are still relatively high, even with the recent interest rate reduction from the Federal Reserve. Commercial real estate values remained stable despite the reduced occupancy because of telecommuting, but investment in new residential and commercial construction has significantly decreased. This has caused a drop in the sale of residential properties and increased commercial vacancy. It remains unclear what the long-term impacts will be on future commercial property values.

The District continues to develop prudent spending plans to ensure that the District has the necessary financial resources, including growing reserves. Housing affordability and the tight labor market continue to present challenges for the hiring and retention of employees. The inflation rate for construction costs and materials for capital projects is still increasing more rapidly than general inflation, which has impacted the cost of various capital projects.

**Major Initiatives**

In the 2023-24 Fiscal year the District's achieved the completion of major projects and actions, including the following:

- ❖ Preserved 845 acres of additional open space land.

- ❖ Fuel reduction treatments completed at 8 different preserves.
- ❖ Pond improvements that support the endangered San Francisco garter snake and threatened California red-legged frog.
- ❖ Installed 14,000 linear feet of wildlife-friendly fencing in support of the conservation grazing program.
- ❖ Full cleanup of a historic landfill at Bear Creek Redwoods Preserve.
- ❖ Adoption of a new Agricultural Policy.
- ❖ Multiple storm damage repairs to trails and roads impacted by the 2022-23 winter storms.
- ❖ Opened 1.1 miles of additional trail across 3 preserves, including completing repairs to reopen Alpine (Road) Trail at Coal Creek Preserve.
- ❖ Substantially completed more than 2 miles of trails within northeastern Bear Creek Redwoods Preserve that will open to the public in October 2024.
- ❖ Arrived at final public access recommendations by a citizen working group for the Hawthorns Area of Windy Hill Preserve.
- ❖ Recorded 4,547 volunteer docent hours, 249 guided public activities and over 2,000 participants.
- ❖ Hosted 22 field trips serving 349 students.
- ❖ Held 145 volunteer activities that logged 10,627 hours of land stewardship work.
- ❖ Recorded 1,937 volunteer trail reports in support of land management.
- ❖ Received $9.5 million in grants with another $8 million under review.
- ❖ Awarded $250,000 in grants to 5 local community organizations focused on connecting people to nature, climate resilience and indigenous land stewardship.
- ❖ Launched the Trail Explorer app to enhance the preserve experience for visitors.
- ❖ Received 8 awards for excellence in innovation, technical solutions, parking design and financial reporting.

**Relevant Financial Policies**

***Budget Policy***
The District follows 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 2023 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 Total 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 policy 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 Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2023. This was the seventh consecutive 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 an Annual Comprehensive 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 Annual Comprehensive Financial Report could not have been completed without the efforts and contributions of its administrative 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 Annual Comprehensive 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,

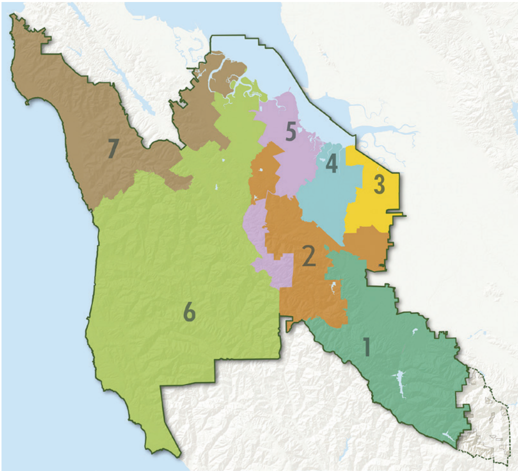
/s/Stefan Jaskulak

**Stefan Jaskulak**
Chief Financial Officer/
Director of Administrative Services

/s/ Ana Maria Ruiz

**Ana Maria Ruiz**
General Manager

# Board of Directors and Management




District Wards

Left to right: Craig Gleason, Karen Holman, Margaret MacNiven, Zoe Kersteen-Tucker, Jed Cyr Yoriko Kishimoto, Curt Riffle

| | |
|---|---|
| Craig Gleason – **Board Treasurer** | Ward 1: Cupertino, Lexington Hills, Los Gatos, Monte Sereno, Saratoga |
| Yoriko Kishimoto | Ward 2: Cupertino, Los Altos, Los Altos Hills, Loyola, Mountain View, Palo Alto, Stanford |
| Jed Cyr – **Board Vice President** | Ward 3: Cupertino, Sunnyvale |
| Curt Riffle – **Board Secretary** | Ward 4: Cupertino, Los Altos, Mountain View, Sunnyvale |
| Karen Holman | Ward 5: East Palo Alto, Menlo Park, Mountain View, Palo Alto, Sunnyvale |
| Margaret MacNiven – **Board President** | Ward 6: Atherton, La Honda, Ladera, Loma Mar, Menlo Park, North Fair Oaks, Pescadero, Portola Valley, Redwood City, West Menlo Park, Woodside |
| Zoe Kersteen-Tucker | Ward 7: El Granada, Emerald Lake Hills, Half Moon Bay, Montara, Moss Beach, 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

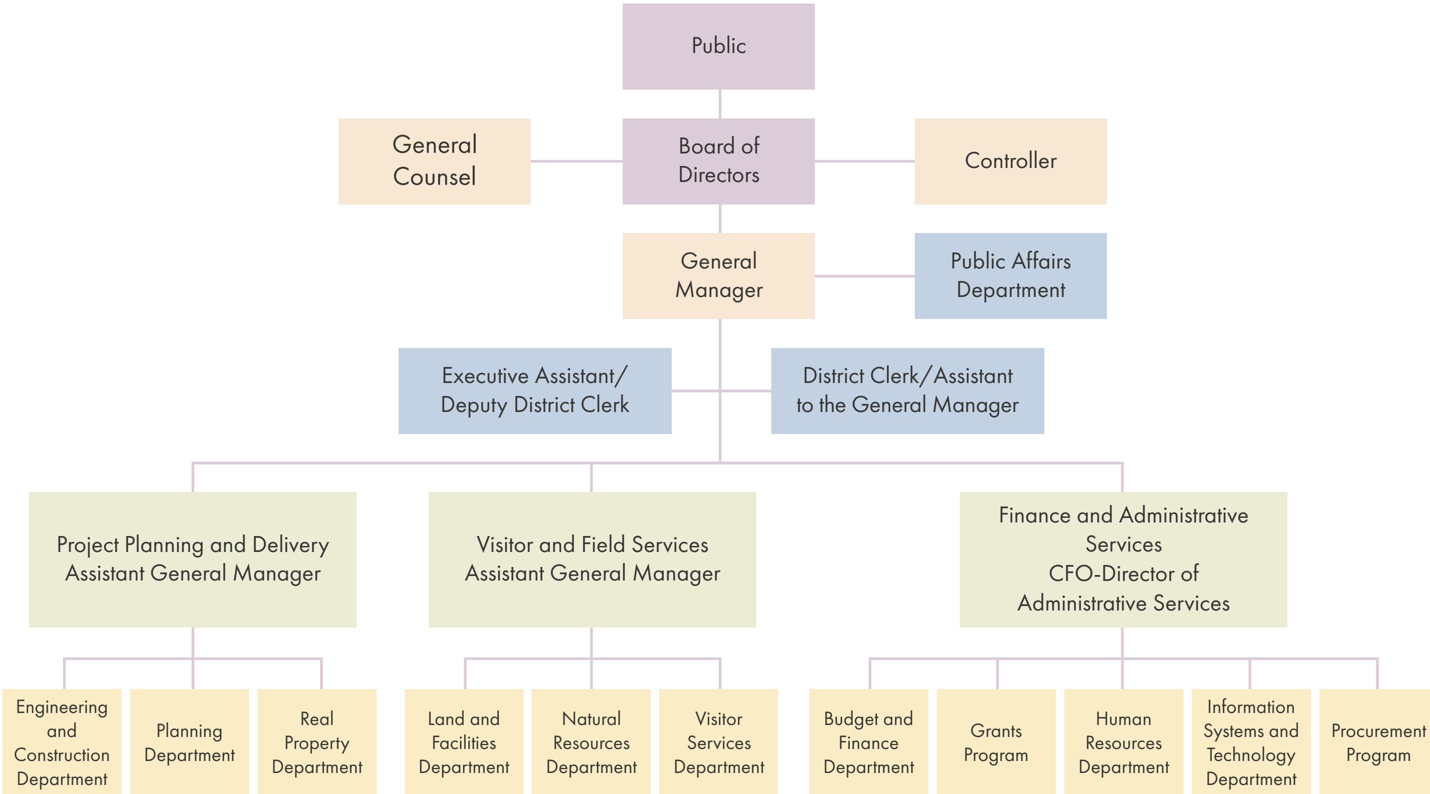
## Mission Statement

*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.*

## Coastside Protection Mission Statement

*To acquire and preserve in perpetuity open space land and agricultural land of regional significance, protect and restore the natural environment, preserve rural character, encourage viable agricultural use of land resources, and provide opportunities for ecologically sensitive public enjoyment and education.*

# Organizational Chart




# Midpen At-A-Glance

Founded in 1972

More Than 70,000 Acres Preserved

Over 250 Miles of Trails

27 Preserves

216.85 FTEs

Over 2 Million Visitors Per Year

$89.5 Million Budget

Over 757,000 Residents

# Regional Map


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

# Achievement Award

Government Finance Officers Association

## Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

**Midpeninsula Regional Open Space District**
**California**

For its Annual Financial Report
For the Fiscal Year Ended

June 30, 2023

Executive Director/CEO

*Financial Section*

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Chavan and Associates, llp
Certified Public Accountants

# INDEPENDENT AUDITOR'S REPORT

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

## Report on the Financial Statements

### *Opinion*

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, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of June 30, 2024, 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.

### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Responsibilities of Management for the Financial Statements*

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

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will

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always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAGAS, we:

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that 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 schedule of program expenditures for the Measure AA Bond Program, schedules, and other information listed in the supplementary information section of the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The schedule of program expenditures for the Measure AA Bond Program 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 GAAS. 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.

***Other Information***

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory, budgetary comparison information for the capital projects funds and the debt service fund, and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2024 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

November 21, 2024
Morgan Hill, California



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***Management's Discussion and Analysis***

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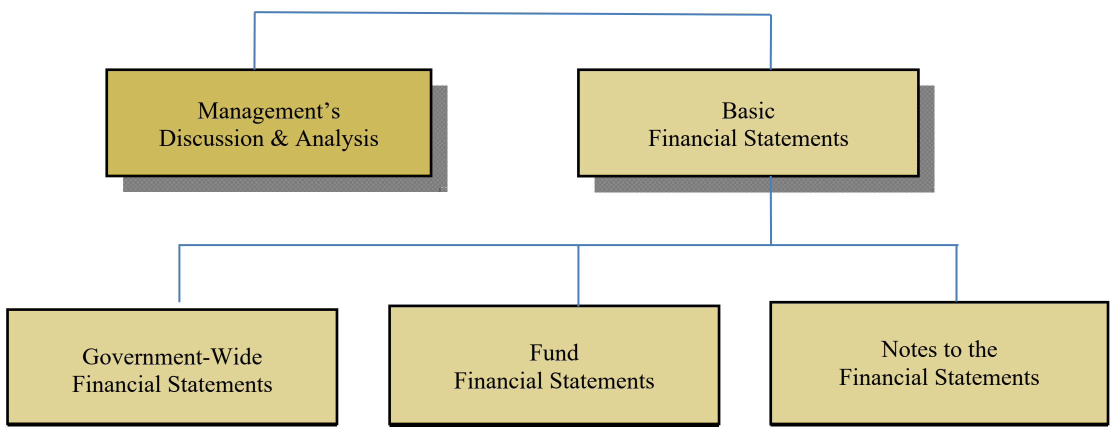
## INTRODUCTION

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, 2024. 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 looks at all financial transactions and asks the question, "How did we do financially during the fiscal year 2023-2024?". 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 like the accounting practices used by most private-sector companies. This basis of accounting considers all 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 2023-24 assessed valuation reports released in August 2023 showed District-wide assessed values increasing by 6.6% (7% in Santa Clara and 5.9% in San Mateo) over the prior year. The District received 66% of its tax revenue from Santa Clara County and 34% from San Mateo County.

Other financial highlights included:

- Tax revenue related to the GO bonds amounted to $5.3 million.
- Purchases of $19.4 million in capital assets funded through bonds, taxes and grants.
- The District recorded deferred outflows of resources of $16.8 million and deferred inflows of resources of $8.4 million 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 like an asset and deferred inflows of resources are technically not liabilities but decrease the Statement of Net Position like 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) had a value of $12.5 million at year end.
- The District's net other postemployment benefits plan liability was $135,872.

The assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources at the close of the 2024 fiscal year by $516.5 million. Of this total net position, $448.2 million, or 87%, 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**

| | 2024 | 2023 | Change | Percentage Change |
|---|---|---|---|---|
| **Assets** | | | | |
| Current Assets | $ 113,938,549 | $ 102,598,097 | $ 11,340,452 | 11.05% |
| Other Noncurrent Assets | 6,045,766 | 6,280,842 | (235,076) | -3.74% |
| Capital Assets | 603,306,118 | 591,127,410 | 12,178,708 | 2.06% |
| Total Assets | $ 723,290,433 | $ 700,006,349 | $ 23,284,084 | 3.33% |
| | | | | |
| Total Deferred Outflows of Resources | $ 16,796,915 | $ 17,834,932 | $ (1,038,017) | -5.82% |
| | | | | |
| **Liabilities** | | | | |
| Current Liabilities | $ 15,217,576 | $ 14,266,327 | $ 951,249 | 6.67% |
| Noncurrent Liabilities | 199,930,344 | 205,636,029 | (5,705,685) | -2.77% |
| Total Liabilities | $ 215,147,920 | $ 219,902,356 | $ (4,754,436) | -2.16% |
| | | | | |
| Total Deferred Inflows of Resources | $ 8,436,025 | $ 8,770,006 | $ (333,981) | -3.81% |
| | | | | |
| **Net Position** | | | | |
| Net Investment in Capital Assets | $ 448,182,473 | $ 435,082,792 | $ 13,099,681 | 3.01% |
| Restricted | 6,509,805 | 4,344,981 | 2,164,824 | 49.82% |
| Unrestricted | 61,811,125 | 49,741,146 | 12,069,979 | 24.27% |
| Total Net Position | $ 516,503,403 | $ 489,168,919 | $ 27,334,484 | 5.59% |

Total net position increased by $27.3 million, as revenues exceeded expenses. Current assets increased mainly due to an increase in cash and investments of $11.3 million. Capital assets increased by $12.2 million mostly from the purchase and donation of land and related infrastructure. Principal payments on outstanding bonds and promissory notes were the main reason for the $5.7 million decrease in noncurrent liabilities.

Table 2 shows the changes in net position for 2024 as compared to period 2023.

| Table 2 - Summary of Changes in Net Position | | | | |
|---|---|---|---|---|
| | 2024 | 2023 | Change | Percentage Change |
| **Revenues** | | | | |
| Program revenues | $ 7,198,481 | $ 14,560,589 | $ (7,362,108) | -50.56% |
| General revenues: | | | | |
| Property taxes | 72,304,115 | 69,718,892 | 2,585,223 | 3.71% |
| Investment earnings (losses) | 5,227,791 | 2,330,570 | 2,897,221 | 124.31% |
| Miscellaneous | (843,556) | 8,551,703 | (9,395,259) | -109.86% |
| **Total Revenues** | 83,886,831 | 95,161,754 | (11,274,923) | -11.85% |
| **Program Expenses** | | | | |
| Land preservation | 50,362,882 | 45,381,595 | 4,981,287 | 10.98% |
| Interest | 6,449,073 | 7,126,422 | (677,349) | -9.50% |
| **Total Expenses** | 56,811,955 | 52,508,017 | 4,303,938 | 8.20% |
| **Change in Net Position** | 27,074,876 | 42,653,737 | (15,578,861) | -36.52% |
| **Adjustments to Beginning Net Position** | 259,608 | - | 259,608 | 100.00% |
| **Beginning Net Position** | 489,168,919 | 446,515,182 | 42,653,737 | 9.55% |
| **Ending Net Position** | $ 516,503,403 | $ 489,168,919 | $ 27,334,484 | 5.59% |

There was a surplus change in net position of $27.1 million, as revenues exceeded expenses. Program revenues decreased by $7.4 million mostly due to a decrease in capital grants and contributions. Property taxes increased because property values in Santa Clara and San Mateo Counties increased by approximately 6.6%. Expenses increased mostly because of an increase in pension expense from valuation adjustments and benefits payments and increase land preservation activities.

### 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) | | | | | |
|---|---|---|---|---|---|
| | 2024 | | | | |
| | General Fund | Debt Service Fund | Total | 2023 | Percentage Change |
| Nonspendable for prepaid expenditure | $ 776,660 | $ - | $ 776,660 | $ 393,347 | 97% |
| Nonspendable for leases receivable | 773,648 | - | 773,648 | 737,969 | 5% |
| Restricted for debt service | - | 4,803,059 | 4,803,059 | 2,712,945 | 77% |
| Restricted for Measure AA Projects | - | - | - | 9,940,738 | -100% |
| Restricted for Hawthorn maintenance | 1,706,746 | - | 1,706,746 | 1,632,036 | 5% |
| Restricted for pension | 12,469,694 | - | 12,469,694 | 9,374,376 | 33% |
| Committed for infrastructure | 26,825,087 | - | 26,825,087 | 21,525,087 | 25% |
| Committed for equipment replacement | 4,000,000 | - | 4,000,000 | 4,000,000 | 0% |
| Committed for capital maintenance | 11,559,535 | - | 11,559,535 | 9,500,000 | 22% |
| Committed for future acquisitions and capital projects | 18,662,386 | - | 18,662,386 | 16,600,000 | 12% |
| Assigned for ongoing projects | 2,891,390 | - | 2,891,390 | 1,266,474 | 128% |
| Unassigned | 25,149,031 | - | 25,149,031 | 22,226,904 | 13% |
| Total Fund Balance | $ 104,814,177 | $ 4,803,059 | $ 109,617,236 | $ 99,909,876 | 10% |

In accordance with the District's thirty-year strategic plan, the Board of Directors committed $18.66 million in 2024 for future acquisitions and capital projects. This reserve was 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 in the Debt Service Fund increased by 77% as tax assessments exceeded debt service during the year. The fund balance in the Measure AA Capital Projects fund decreased by 100% as fund balance was utilized for on-going capital projects in the Measure AA fund during the year ended June 30, 2024. The fund balance restricted for pensions in the General Fund increased by 33% as the District made additional contributions to the PARS section 115 trust for future pension payments.

## General Fund Budgeting Highlights

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

During 2024, the District revised its General Fund budget, which resulted in a decrease in budgeted expenditures of $818,884 from the original to final budget. The budgeted revenue was revised from $72.5 million to $72 million due to a decrease in grant revenues.

A summary of the original and final budget is presented below:

**Table 4 - Summary of Original to Final Budgets**

| | Original Budget | Final Budget | Change | Actuals | Final Budget vs. Actuals |
|---|---|---|---|---|---|
| **Revenues** | | | | | |
| Property taxes | $ 66,497,000 | $ 66,497,000 | $ - | $ 67,035,111 | $ 538,111 |
| Grant revenues | 1,353,000 | 827,500 | (525,500) | 2,111,148 | 1,283,648 |
| Property management | 2,248,665 | 2,248,665 | - | 2,154,380 | (94,285) |
| Investment earnings | 2,324,000 | 2,324,000 | - | 4,747,234 | 2,423,234 |
| Other revenues | 100,000 | 100,000 | - | 1,126,699 | 1,026,699 |
| **Total Revenues** | 72,522,665 | 71,997,165 | (525,500) | 77,174,572 | 5,177,407 |
| **Expenditures** | | | | | |
| Salaries and employee benefits | 32,164,503 | 32,315,819 | 151,316 | 30,965,053 | 1,350,766 |
| Services and supplies | 13,361,191 | 12,390,991 | (970,200) | 11,490,354 | 900,637 |
| **Total Expenses** | 45,525,694 | 44,706,810 | (818,884) | 42,455,407 | 2,251,403 |
| **Excess of Revenues over Expenditures** | 26,996,971 | 27,290,355 | (1,344,384) | 34,719,165 | 7,428,810 |
| **Sale of Property** | - | - | - | 41,067 | (41,067) |
| **Issuance of Debt** | - | - | - | 100,000 | (100,000) |
| **Transfers in (out)** | - | - | - | (17,452,357) | (17,452,357) |
| **Net Change in Fund Balance** | $ 26,996,971 | $ 27,290,355 | $ (1,344,384) | $ 17,407,875 | $ (10,023,547) |

Total actual revenue was 5.2 million more than the final budget. Increased grant revenues, other revenue, and investment income were the main cause of the revenue surplus. Overall expenditures were $2.3 million below the final budget. Salary expenditures were $1.4 million below budget and services and supplies were $900,637 under budget due to delays and deferrals of programmatic projects.

## CAPITAL ASSETS

Table 5 shows 2024 capital asset balances as compared to 2023.

**Table 5 - Summary of Capital Assets Net of Depreciation**

| | 2024 | 2023 | Change | Percentage Change |
|---|---|---|---|---|
| Land | $ 483,432,576 | $ 474,161,844 | $ 9,270,732 | 1.96% |
| Construction-in-Progress | 32,082,350 | 51,528,377 | (19,446,027) | -37.74% |
| Structure and Improvements | 45,552,807 | 19,695,492 | 25,857,315 | 131.29% |
| Infrastructure | 40,188,190 | 43,599,523 | (3,411,333) | -7.82% |
| Equipment | 1,336,526 | 1,465,254 | (128,728) | -8.79% |
| Vehicles | 713,669 | 676,920 | 36,749 | 5.43% |
| Total Capital Assets - Net | $ 603,306,118 | $ 591,127,410 | $ 12,178,708 | 2.06% |

Additional details 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 2024 to 2023.

**Table 6 - Summary of Long-term Liabilities**

| | 2024 | 2023 | Change | Percentage Change |
|---|---|---|---|---|
| Promissory Notes | $ 32,338,066 | $ 33,114,343 | $ (776,277) | -2.34% |
| Bonds | 152,912,221 | 160,209,473 | (7,297,252) | -4.55% |
| Net Pension Liability | 19,732,636 | 17,384,921 | 2,347,715 | 13.50% |
| Net OPEB Liability (Asset) | 135,872 | 353,075 | (217,203) | -61.52% |
| Compensated Absences | 3,076,176 | 3,436,300 | (360,124) | -10.48% |
| Total Long-term Liabilities | $ 208,194,971 | $ 214,498,112 | $ (6,303,141) | -2.94% |

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 2024-2025 on June 26, 2024. This budget assumes $93.4 million in revenues and a growth in general fund property tax income of 6.9% over the prior year's adopted budget. This budget funds $25.9 million of capital spending, of which $7.3 million is expected to qualify for reimbursement from Measure AA GO bond funds. General Fund operating expenditures are budgeted at $47.3 million, a 14.1% increase over the prior year's adopted budget. Debt service is budgeted at $16.8 million, with $7.8 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 $0.1 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, 5050 El Camino Real, Los Altos, California 94022.

*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.

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# Midpeninsula Regional Open Space District

Statement of Net Position

June 30, 2024

| | | |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and investments | $ | 112,576,911 |
| Accounts receivable: | | |
| Interest | | 476,624 |
| Other | | 91,662 |
| Other current assets | | 793,352 |
| Total current assets | | 113,938,549 |
| Noncurrent assets: | | |
| Leases receivable | | 5,776,022 |
| Notes receivable | | 55,429 |
| Unamortized issuance costs | | 214,315 |
| Non-depreciable capital assets | | 515,514,926 |
| Capital assets, net of depreciation | | 87,791,192 |
| Total noncurrent assets | | 609,351,884 |
| Total Assets | $ | 723,290,433 |
| **Deferred Outflows of Resources** | | |
| OPEB adjustments | $ | 915,623 |
| Pension adjustments | | 10,142,232 |
| Deferred loss on early retirement of long-term debt | | 5,739,060 |
| Total Deferred Outflows of Resources | $ | 16,796,915 |
| **Liabilities** | | |
| Current liabilities: | | |
| Accounts payable | $ | 3,802,847 |
| Deposits payable | | 188,750 |
| Payroll and other liabilities | | 1,103,364 |
| Accrued interest | | 1,857,988 |
| Current portion of long-term liabilities | | 8,264,627 |
| Total current liabilities | | 15,217,576 |
| Noncurrent liabilities: | | |
| Long-term liabilities - net of current portion | | 199,930,344 |
| Total Liabilities | $ | 215,147,920 |
| **Deferred Inflows of Resources** | | |
| Leases receivable deferrals | $ | 5,002,374 |
| OPEB adjustments | | 783,114 |
| Pension adjustments | | 2,650,537 |
| Total Deferred Inflows of Resources | $ | 8,436,025 |
| **Net Position** | | |
| Net investment in capital assets | $ | 448,182,473 |
| Restricted for: | | |
| Debt service | | 4,803,059 |
| Hawthorne maintenance | | 1,706,746 |
| Total restricted | | 6,509,805 |
| Unrestricted | | 61,811,125 |
| Total Net Position | $ | 516,503,403 |

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, 2024

| | Expenses | Program Revenues: Charges for Services | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Position |
|---|---|---|---|---|
| Governmental activities: | | | | |
| Land preservation | $ 50,362,882 | $ 2,154,380 | $ 5,044,101 | $ (43,164,401) |
| Interest | 6,449,073 | - | - | (6,449,073) |
| Total governmental activities | $ 56,811,955 | $ 2,154,380 | $ 5,044,101 | (49,613,474) |
| General revenues and special item: | | | | |
| Property taxes | | | | 72,304,115 |
| Investment earnings (losses) | | | | 5,227,791 |
| Other revenues | | | | 1,117,928 |
| Total general revenues | | | | 78,649,834 |
| Special item - gain (loss) on disposal of capital assets | | | | (1,961,484) |
| Total general revenues and special item | | | | 76,688,350 |
| Change in net position | | | | 27,074,876 |
| Net position beginning | | | | 489,168,919 |
| Prior period restatement | | | | 259,608 |
| Net position beginning as adjusted | | | | 489,428,527 |
| Net position ending | | | | $ 516,503,403 |

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

# FUND FINANCIAL STATEMENTS

## MAJOR GOVERNMENTAL FUNDS

The funds described below were determined to be Major Funds by the District.

| 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. |

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# Midpeninsula Regional Open Space District

Balance Sheet
Governmental Funds
June 30, 2024

| | General Fund | Measure AA Capital Projects Fund | GF Capital Projects Fund | Debt Service Fund | Total Governmental Funds |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and investments | $ 102,322,161 | $ 5,482,619 | $ - | $ 4,772,131 | $ 112,576,911 |
| Receivables: | | | | | |
| Interest | 445,696 | - | - | 30,928 | 476,624 |
| Other | 91,662 | - | - | - | 91,662 |
| Other current assets | 793,352 | - | - | - | 793,352 |
| Due from other funds | 11,846,453 | 5,098,576 | 656,194 | - | 17,601,223 |
| Leases receivable | 5,776,022 | - | - | - | 5,776,022 |
| Notes receivable | 55,429 | - | - | - | 55,429 |
| Total Assets | $ 121,330,775 | $ 10,581,195 | $ 656,194 | $ 4,803,059 | $ 137,371,223 |
| **Liabilities** | | | | | |
| Liabilities: | | | | | |
| Accounts payable | $ 2,346,949 | $ 799,704 | $ 656,194 | $ - | $ 3,802,847 |
| Deposits payable | 188,750 | - | - | - | 188,750 |
| Due to other funds | 7,875,218 | 9,726,005 | - | - | 17,601,223 |
| Payroll and other liabilities | 1,047,878 | 55,486 | - | - | 1,103,364 |
| Total Liabilities | 11,458,795 | 10,581,195 | 656,194 | - | 22,696,184 |
| **Deferred Inflows of Resources** | | | | | |
| Leases receivable | 5,002,374 | - | - | - | 5,002,374 |
| Unavailable revenues | 55,429 | - | - | - | 55,429 |
| | 5,057,803 | - | - | - | 5,057,803 |
| **Fund Balance** | | | | | |
| Nonspendable: | | | | | |
| Leases receivable | 773,648 | - | - | - | 773,648 |
| Prepaid expenditures | 776,660 | - | - | - | 776,660 |
| Restricted for: | | | | | |
| Debt service | - | - | - | 4,803,059 | 4,803,059 |
| Hawthorn maintenance | 1,706,746 | - | - | - | 1,706,746 |
| Pension | 12,469,694 | - | - | - | 12,469,694 |
| Committed for: | | | | | |
| Infrastructure | 26,825,087 | - | - | - | 26,825,087 |
| Equipment replacement | 4,000,000 | - | - | - | 4,000,000 |
| Capital maintenance | 11,559,535 | - | - | - | 11,559,535 |
| Future acquisitions and capital projects | 18,662,386 | - | - | - | 18,662,386 |
| Assigned for: | | | | | |
| Ongoing Projects | 2,891,390 | - | - | - | 2,891,390 |
| Unassigned | 25,149,031 | - | - | - | 25,149,031 |
| Total Fund Balance | 104,814,177 | - | - | 4,803,059 | 109,617,236 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balance | $ 121,330,775 | $ 10,581,195 | $ 656,194 | $ 4,803,059 | $ 137,371,223 |

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, 2024

| | | |
|---|---|---|
| Total fund balance - governmental funds | | $ 109,617,236 |
| 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 | $ 637,698,498 | |
| Accumulated depreciation | (34,392,380) | 603,306,118 |
| 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. | | 55,429 |
| 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. | | 132,509 |
| 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. | | 7,491,695 |
| Interest payable on long-term debt does not require the use of current financial resources and, therefore, is not reported in the governmental funds. | | (1,857,988) |
| 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 | $ 18,904,963 | |
| Issuance cost | (214,315) | (18,690,648) |
| 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. | | 5,739,060 |
| 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 | 137,985,000 | |
| Promissory notes | 28,360,324 | |
| Net pension liability | 19,732,636 | |
| Compensated absences | 3,076,176 | |
| Net OPEB liability (asset) | 135,872 | (189,290,008) |
| Total net position - governmental activities | | $ 516,503,403 |

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, 2024

| | General Fund | Measure AA Capital Projects Fund | GF Capital Projects Fund | Debt Service Fund | Total Governmental Funds |
|---|---|---|---|---|---|
| Revenues: | | | | | |
| Property taxes | $ 67,035,111 | $ - | $ - | $ 5,269,004 | $ 72,304,115 |
| Grant revenue | 2,111,148 | 2,923,719 | - | 9,234 | 5,044,101 |
| Property management | 2,154,380 | - | - | - | 2,154,380 |
| Investment earnings (losses) | 4,747,234 | 380,437 | - | 100,120 | 5,227,791 |
| Other revenues | 1,126,699 | - | - | - | 1,126,699 |
| Total revenues | 77,174,572 | 3,304,156 | - | 5,378,358 | 85,857,086 |
| Expenditures: | | | | | |
| Current: | | | | | |
| Land preservation: | | | | | |
| Salaries and employee benefits | 30,965,053 | 547,279 | - | - | 31,512,332 |
| Services and supplies | 11,490,354 | - | - | - | 11,490,354 |
| Capital outlay | - | 16,269,922 | 3,106,531 | - | 19,376,453 |
| Debt service: | | | | | |
| Principal | - | - | - | 7,395,000 | 7,395,000 |
| Interest | - | - | - | 6,776,262 | 6,776,262 |
| Total expenditures | 42,455,407 | 16,817,201 | 3,106,531 | 14,171,262 | 76,550,401 |
| Excess (deficiency) of revenues over (under) expenditures | 34,719,165 | (13,513,045) | (3,106,531) | (8,792,904) | 9,306,685 |
| Other financing sources (uses): | | | | | |
| Transfers in | 5,490 | 3,542,775 | 3,049,025 | 10,866,047 | 17,463,337 |
| Transfers out | (17,457,847) | - | (5,490) | - | (17,463,337) |
| Sale of property | 41,067 | - | - | - | 41,067 |
| Issuance of debt | 100,000 | - | - | - | 100,000 |
| Total other financing sources (uses) | (17,311,290) | 3,542,775 | 3,043,535 | 10,866,047 | 141,067 |
| Net changes in fund balance | 17,407,875 | (9,970,270) | (62,996) | 2,073,143 | 9,447,752 |
| Fund balance beginning | 87,256,193 | 9,940,738 | - | 2,712,945 | 99,909,876 |
| Prior period restatements | 150,109 | 29,532 | 62,996 | 16,971 | 259,608 |
| Fund balance beginning - as adjusted | 87,406,302 | 9,970,270 | 62,996 | 2,729,916 | 100,169,484 |
| Fund balance ending | $ 104,814,177 | $ - | $ - | $ 4,803,059 | $ 109,617,236 |

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, 2024

| | | |
|---|---|---|
| Total net change in fund balance - governmental funds | | $ 9,447,752 |
| 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. | | |
| Capital asset additions | $ 18,540,486 | |
| Depreciation expense | (4,359,227) | 14,181,259 |
| Governmental funds do not report gains and losses on disposal of capital assets. However, in the government-wide statement of activities and changes in net position, the net book value of the capital assets, net any proceeds, is accounted for as a special item. | | (2,002,551) |
| 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. | | (8,771) |
| 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. | | (624,610) |
| 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: | | |
| Loans issued | | (100,000) |
| Debt service principal payments | | 7,395,000 |
| 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. | | (525,848) |
| 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 | | 1,357,581 |
| 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. | | 360,124 |
| 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. | | (2,525,126) |
| 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. | | 120,066 |
| Change in net position of governmental activities | | $ 27,074,876 |

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

MIDPENINSULA REGIONAL OPEN SPACE

*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 60 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 assets 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 assets 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 Items

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. Leases Receivable

The District's leases receivable are measured at the present value of lease payments expected to be received during the lease terms. The present value, net of accumulated amortization, is reported as deferred inflows of resources. Deferred inflows of resources are recorded at the initiation of the leases in an amount equal to the initial recording of the leases receivable, plus incentive payments received. Amounts recorded as deferred inflows of resources from the leases are amortized on a straight-line basis over the term of the lease.

5. 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.

Intangible right-to-use lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the university has determined is reasonably certain of being exercised, then the lease asset is amortized over the useful life of the underlying asset. Intangible right-to-use subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying IT asset. All capital assets, except land and construction in progress, are depreciated/amortized 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 |

6. 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.

7. 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.

8. <u>Debt Discount and Issuance Costs</u>

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.

9. <u>Subscription Based Information Technology Arrangements</u>

The District recognizes subscription liabilities with an initial, individual value of $100,000 or more. The District uses its estimated incremental borrowing rate to measure subscription liabilities unless it can readily determine the interest rate in the arrangement. The District's estimated incremental borrowing rate is calculated as described above. The District's estimated incremental borrowing rate is based on its most recent public debt issuance.

10. <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 include 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: $26,825,087; projected minimum requirement for expansion of field and office facilities over the next five years.

  - Equipment Replacement: $4,000,000; projected requirement for equipment and vehicle replacement based on the amount of accumulated depreciation recorded on capital assets in service.

  - Capital maintenance: $11,559,535; amounts committed to reserve for future capital repairs and maintenance.

  - Future acquisitions and capital projects: $18,662,386; amounts committed to reserve for future capital acquisitions.

- *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, 2024, the District had assigned $2,891,390 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.

11. <u>Net Position</u>

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.

12. <u>Pension</u>

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, 2022
Measurement Date (MD) ................................ June 30, 2023
Measurement Period (MP) .............................. July 1, 2022 to June 30, 2023

13. 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, 2023 |
| Measurement Date | June 30, 2023 |
| Measurement Period | July 1, 2022 to June 30, 2023 |

14. 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.

15. 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. Implementation of New Accounting Pronouncements

***GASB Statement No. 100, Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62***

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections in previously issued financial statements. This statement did not have a material impact on the financial statements.

**GASB Statement No. 101, *Compensated Absences***

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences - including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. However, the District implemented GASB 101 as of June 30, 2024. This statement did not have a material impact on the financial statements.

J. Upcoming Accounting and Reporting Changes

The District is currently analyzing its accounting practices to determine the potential impact on the financial statements of the following recent GASB Statements:

**GASB Statement No. 102, *Certain Risk Disclosures***

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The disclosure should include descriptions for (1) the concentration or constraint (2) each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements (3) actions taken by the government prior to the issuance of the financial statements to mitigate the risk. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

### GASB Statement No. 103, *Financial Reporting Model Improvements*

This Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement establishes new accounting and financial reporting requirements or modifies existing requirements related to (a) Management's discussion and analysis (MD&A) (b) Unusual or infrequent items (c) Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position (d) Information about major component units in basic financial statements (5) Budgetary comparison information (6) Financial trend information in the statistical section. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

## NOTE 2 - CASH AND INVESTMENTS

### Summary of Cash and Investments

The following summarizes deposits as of June 30, 2024:

| Cash and Investments | Available for Operations | Restricted | Total |
|---|---|---|---|
| Cash Deposits: | | | |
| Cash in Banks | $ 1,006,788 | $ 118,598 | $ 1,125,386 |
| Cash with Fiscal Agent PARS | - | 12,469,694 | 12,469,694 |
| Petty Cash | 2,478 | - | 2,478 |
| Total Cash Deposits | 1,009,266 | 12,588,292 | 13,597,558 |
| Investments: | | | |
| California Local Agency Investment Fund | 1,846,442 | - | 1,846,442 |
| CalTRUST | - | 1,706,746 | 1,706,746 |
| Brokerage Accounts/Cash with Fiscal Agents | 42,448,299 | 5,485,608 | 47,933,907 |
| Santa Clara County Pool | 42,720,127 | 4,772,131 | 47,492,258 |
| Total Investments | 87,014,868 | 11,964,485 | 98,979,353 |
| Total Cash and Investments | $ 88,024,134 | $ 24,552,777 | $ 112,576,911 |

### 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, 2024, the District's bank balances exceeded FDIC coverage by $1,018,243.

### 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, 2024:

| Investment Type | Rating | Fair Value | Input Level | Maturities: 12 Months or Less | 13 - 24 Months | 25 - 60 Months | Concen-trations |
|---|---|---|---|---|---|---|---|
| Money Market Accounts | n/a | $ 4,107,870 | n/a | $ 4,107,870 | $ - | $ - | 4.18% |
| Mutual Funds | n/a | - | Level 2 | - | - | - | 0.00% |
| Municipal Bonds | AAA/A- | 17,898,651 | Level 2 | 5,244,988 | 7,325,790 | 5,327,873 | 18.23% |
| Corp/Gov Bonds | AAA/A- | 25,923,881 | Level 1 | 10,999,467 | 10,374,464 | 4,549,951 | 26.41% |
| LAIF | n/a | 1,839,640 | Level 2 | 1,839,640 | - | - | 1.87% |
| CalTrust | A+f | 1,706,746 | Level 2 | - | - | 1,706,746 | 1.74% |
| Santa Clara County Pool | n/a | 46,694,603 | Level 2 | 20,396,702 | 10,706,779 | 15,591,122 | 47.56% |
| U.S. Obligations | AA+/A- | 448 | Level 1 | 448 | - | - | 0.00% |
| Total Investments | | $ 98,171,839 | | $ 42,589,116 | $ 28,407,032 | $ 27,175,691 | 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, 2024, 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, 2024, these investments had an average maturity date of 1 to 3.5 years.

**Investments Authorized by Debt Agreements**

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

**Restricted for Debt Service**

As of June 30, 2024, the District had $4,769,142 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, 2024 was $1,706,746.

**Restricted for Measure AA Bond Projects**

As of June 30, 2024, the District had $5,482,619 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 Historic Picchetti Reserve**

As of June 30, 2024, the District had $118,598 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, 2024, the District had a balance of $12,469,694 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 $11.3 billion and $178 billion, respectively as of June 30, 2024, 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 2024 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 regulatFaed under State law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 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, 2024:

| Fund | Due from Other Funds | Due to Other Funds |
|---|---|---|
| General Fund | $ 11,846,453 | $ 7,875,218 |
| Measure AA Capital Projects Fund | 5,098,576 | 9,726,005 |
| GF Capital Projects Fund | 656,194 | - |
| Total | $ 17,601,223 | $ 17,601,223 |

At June 30, 2024, interfund transfers consisted of the following:

| Fund | Transfer In | Transfer Out |
|---|---|---|
| General Fund | $ 5,490 | $ 17,457,847 |
| Measure AA Capital Projects Fund | 3,542,775 | - |
| GF Capital Projects Fund | 3,049,025 | 5,490 |
| Debt Service Fund | 10,866,047 | - |
| Total | $ 17,463,337 | $ 17,463,337 |

## NOTE 4 - LEASES RECEIVABLE

The following summarizes the District's leases receivable and related deferred inflows of resources as of June 30, 2024:

| Description | FAA Tower | Crown Castle Tower | C&C Tower | Communication and Control Tower | Verizon Tower |
|---|---|---|---|---|---|
| Lease inception | 10/1/2008 | 10/1/2000 | 9/1/2009 | 7/1/2021 | 7/1/2018 |
| Lease end | 9/30/2033 | 9/30/2025 | 8/31/2029 | 6/30/2046 | 6/30/2043 |
| Min Annual Payment | $ 42,900 | $ 77,094 | $ 42,000 | $ 64,824 | $ 61,319 |
| Rate | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% |
| **Leases Receivable** | | | | | |
| Beg. Balance | $ 369,045 | $ 170,371 | $ 232,653 | $ 1,379,740 | $ 1,253,671 |
| Additions/Adjustments | - | - | - | - | - |
| Deletions | - | - | - | - | - |
| Principal Payments | (30,469) | (72,273) | (34,406) | (16,801) | (17,723) |
| Ending Balance | $ 338,576 | $ 98,098 | $ 198,247 | $ 1,362,940 | $ 1,235,947 |
| **Deferred Inflows of Resources** | | | | | |
| Beg. Balance | 257,429 | $ 85,493 | $ 185,953 | $ 1,297,472 | $ 1,044,705 |
| Additions/Adjustments | - | - | - | - | - |
| Deletions | - | - | - | - | - |
| Amortization | (25,321) | (37,997) | (30,155) | (56,412) | (52,235) |
| Ending Balance | $ 232,108 | $ 47,496 | $ 155,799 | $ 1,241,060 | $ 992,470 |

Continued

| Description | AT&T Tower | Picchetti Winery | Skyline Christmas Tree | Driscoll Grazing | Korea Investment |
|---|---|---|---|---|---|
| Lease inception | 2/10/2005 | 11/1/2007 | 7/1/2021 | 7/1/2021 | 9/1/2022 |
| Lease end | 2/10/2026 | 10/31/2027 | 6/30/2041 | 6/30/2026 | 8/31/2027 |
| Min Annual Payment | $ 61,605 | $ 75,218 | $ 50,000 | $ 32,000 | $ 188,882 |
| Rate | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% |
| **Leases Receivable** | | | | | |
| Beg. Balance | $ 95,339 | $ 316,719 | $ 660,320 | $ 91,007 | $ 765,335 |
| Additions/Adjustments | - | - | - | - | - |
| Deletions | - | - | - | - | - |
| Principal Payments | (59,204) | (65,163) | (27,324) | (29,281) | (164,707) |
| Ending Balance | $ 36,134 | $ 251,556 | $ 632,996 | $ 61,725 | $ 600,628 |
| **Deferred Inflows of Resources** | | | | | |
| Beg. Balance | $ 52,955 | $ 193,596 | $ 642,837 | $ 88,208 | $ 747,583 |
| Additions/Adjustments | - | - | - | - | - |
| Deletions | - | - | - | - | - |
| Amortization | (33,445) | (44,676) | (35,713) | (29,403) | (179,420) |
| Ending Balance | $ 19,510 | $ 148,920 | $ 607,124 | $ 58,805 | $ 568,163 |

Continued

| Description | One80 Intermediaries | Tenyx | Mintegral | Total |
|---|---|---|---|---|
| Lease inception | 3/1/2023 | 10/1/2023 | 12/1/2023 | |
| Lease end | 6/30/2028 | 7/31/2025 | 11/30/2025 | |
| Min Annual Payment | $ 129,336 | $ 126,228 | $ 102,641 | |
| Rate | 3.5% | 3.5% | 3.5% | |
| **Leases Receivable** | | | | |
| Beg. Balance | $ 622,570 | $ - | $ - | $ 5,956,769 |
| Additions/Adjustments | - | 318,495 | 345,408 | 663,902 |
| Deletions | - | - | - | - |
| Principal Payments | (103,615) | (126,228) | (97,455) | $ (844,649) |
| Ending Balance | $ 518,955 | $ 192,267 | $ 247,953 | $ 5,776,022 |
| **Deferred Inflows of Resources** | | | | |
| Beg. Balance | $ 622,570 | $ - | $ - | $ 5,218,800 |
| Additions/Adjustments | - | 318,494 | 345,408 | 663,901 |
| Deletions | - | - | - | - |
| Amortization | (124,514) | (130,293) | (100,744) | (880,328) |
| Ending Balance | $ 498,056 | $ 188,200 | $ 244,664 | $ 5,002,374 |

Concluded

## NOTE 5 - 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, 2024 was $55,429.

## NOTE 6 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the period ended June 30, 2024 is shown below:

| Capital Assets | Balance June 30, 2023 | Additions | Deletions/ Adjustments | Balance June 30, 2024 |
|---|---|---|---|---|
| **Non-depreciable:** | | | | |
| Land | $ 474,161,844 | $ 9,270,732 | $ - | $ 483,432,576 |
| Construction in Progress | 51,528,377 | 8,752,782 | (28,198,809) | 32,082,350 |
| Total Non-Depreciable | 525,690,221 | 18,023,514 | (28,198,809) | 515,514,926 |
| **Depreciable:** | | | | |
| Structure and Improvements | 30,341,633 | 27,860,037 | - | 58,201,670 |
| Infrastructure | 55,496,600 | 338,772 | (2,065,428) | 53,769,944 |
| Equipment | 3,843,587 | 142,083 | - | 3,985,670 |
| Vehicles | 5,928,858 | 374,889 | (77,459) | 6,226,288 |
| Total Depreciable | 95,610,678 | 28,715,781 | (2,142,887) | 122,183,572 |
| **Less Accumulated Depreciation for:** | | | | |
| Structure and Improvements | (10,646,141) | (2,002,722) | - | (12,648,863) |
| Infrastructure | (11,897,077) | (1,753,525) | 68,848 | (13,581,754) |
| Equipment | (2,378,333) | (270,811) | - | (2,649,144) |
| Vehicles | (5,251,938) | (332,169) | 71,488 | (5,512,619) |
| Total Accumulated Depreciation | (30,173,489) | (4,359,227) | 140,336 | (34,392,380) |
| Total Depreciable Capital Assets - Net | 65,437,189 | 24,356,554 | (2,002,551) | 87,791,192 |
| Total Capital Assets - Net | $ 591,127,410 | $ 42,380,068 | $ (30,201,360) | $ 603,306,118 |

## NOTE 7 - LONG-TERM LIABILITIES

The following is a summary of the changes in long-term liabilities for the period ended June 30, 2024:

| Long-term Liabilities | Beginning Balance | Additions | Deductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| Promissory Notes (Direct Borrowings): | | | | | |
| Current Interest | $ 17,100,000 | $ - | $ 1,170,000 | $ 15,930,000 | $ 1,225,000 |
| Capital Appreciation | 6,580,603 | - | - | 6,580,603 | - |
| Accreted interest | 5,125,112 | 624,610 | - | 5,749,722 | - |
| Unamortized Premium | 4,308,628 | - | 330,887 | 3,977,741 | - |
| Forgivable Loan | - | 100,000 | - | 100,000 | - |
| Subtotal Promissory Notes | 33,114,343 | 624,610 | 1,500,887 | 32,338,066 | 1,225,000 |
| Bonds: | | | | | |
| Current Interest | 144,210,000 | - | 6,225,000 | 137,985,000 | 6,575,000 |
| Unamortized Bond Premium | 15,999,473 | - | 1,072,252 | 14,927,221 | - |
| Subtotal Bonds | 160,209,473 | - | 7,297,252 | 152,912,221 | 6,575,000 |
| Net Pension Liability | 17,384,921 | 11,993,042 | 9,645,327 | 19,732,636 | - |
| Net OPEB Liability (Asset) | 353,075 | 2,030,698 | 2,247,901 | 135,872 | - |
| Compensated Absences | 3,436,300 | 2,283,023 | 2,643,147 | 3,076,176 | 464,627 |
| Total Long-term Liabilities | $ 214,498,112 | $ 16,931,373 | $ 23,334,514 | $ 208,194,971 | $ 8,264,627 |

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***

**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.

**Forgivable Loan**
The District entered into a partnership agreement with San Mateo County for a forgivable ten-year, no-interest Farmworker Housing Pilot Program Phase III loan for $100,000.

**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***

**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. The 2015B bonds were fully repaid.

**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. These bonds were repaid during the fiscal year.

**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, 2024:

| Long Term Debt | Original Issue | Beginning Balance | Additions | Retirements | Ending Balance |
|---|---|---|---|---|---|
| **Promissory Notes (Direct Borrowings):** | | | | | |
| 2012 Refunding Note Cap Apprec. | 15,474,708 | 6,580,603 | - | - | 6,580,603 |
| 2015 Refunding Note | 23,630,000 | 17,100,000 | - | 1,170,000 | 15,930,000 |
| **Subtotal Promissory Notes** | 56,394,708 | 23,680,603 | - | 1,170,000 | 22,510,603 |
| **Bonds:** | | | | | |
| 2015A General Obligation Bonds | 40,000,000 | 38,705,000 | - | 1,025,000 | 37,680,000 |
| 2016 Refunding Bonds | 57,410,000 | 36,505,000 | - | 4,245,000 | 32,260,000 |
| 2017 Refunding Bonds | 25,025,000 | 25,025,000 | - | - | 25,025,000 |
| 2018 General Obligation Bonds | 50,000,000 | 43,975,000 | - | 955,000 | 43,020,000 |
| **Subtotal Bonds** | 209,155,000 | 144,210,000 | - | 6,225,000 | 137,985,000 |
| **Accreted Interest:** | | | | | |
| 2012 Refunding Note | | 5,125,111 | 624,610 | - | 5,749,721 |
| **Subtotal Accreted Interest** | | 5,125,111 | 624,610 | - | 5,749,721 |
| **Unamortized Bond Premium** | | 20,308,102 | - | 1,403,139 | 18,904,963 |
| Total Long Term Debt | $ 265,549,708 | $ 193,323,816 | $ 624,610 | $ 8,798,139 | $ 185,150,287 |

The promissory notes future debt service requirements as of June 30, 2024 were as follows:

| Year Ending June 30, | Principal | Remaining Accretion | Interest | Total |
|---|---|---|---|---|
| 2025 | $ 1,225,000 | $ 657,984 | $ 765,875 | $ 2,648,859 |
| 2026 | 1,300,000 | 693,085 | 702,750 | 2,695,835 |
| 2027 | 1,360,000 | 730,160 | 636,250 | 2,726,410 |
| 2028 | 1,440,000 | 769,116 | 566,250 | 2,775,366 |
| 2029 | 1,500,000 | 810,092 | 492,750 | 2,802,842 |
| 2030-2034 | 14,280,603 | 2,544,241 | 1,309,000 | 18,133,844 |
| 2035-2039 | 1,405,000 | - | 35,125 | 1,440,125 |
| Total Debt Service | $ 22,510,603 | $ 6,204,678 | $ 4,508,000 | $ 33,223,281 |

The bonds future debt service requirements as of June 30, 2024 were as follows:

| Year Ending June 30, | Principal | Remaining Accretion | Interest | Total |
|---|---|---|---|---|
| 2025 | $ 6,575,000 | $ - | $ 5,635,288 | $ 12,210,288 |
| 2026 | 7,015,000 | - | 5,295,538 | 12,310,538 |
| 2027 | 7,145,000 | - | 4,941,538 | 12,086,538 |
| 2028 | 7,260,000 | - | 4,581,413 | 11,841,413 |
| 2029 | 7,230,000 | - | 4,225,713 | 11,455,713 |
| 2030-2034 | 23,170,000 | - | 17,528,670 | 40,698,670 |
| 2035-2039 | 41,710,000 | - | 11,255,601 | 52,965,601 |
| 2040-2044 | 20,745,000 | - | 5,566,500 | 26,311,500 |
| 2045-2049 | 17,135,000 | - | 1,459,100 | 18,594,100 |
| Total Debt Service | $ 137,985,000 | $ - | $ 60,489,361 | $ 198,474,361 |

Amortization of the deferred loss on early retirement of long-term debt for the fiscal period ended June 30, 2024 was as follows:

| | |
|---|---|
| Beginning Balance | $ 6,264,908 |
| Amortization | (525,848) |
| Ending Balance | $ 5,739,060 |

**NOTE 8 - RENTAL INCOME**

The District rents certain land and structures to other entities under operating leases with terms generally on a month-to-month basis. Rental income of $1,743,648 was received during the period ended June 30, 2024. See note 4 for additional information related to leases, leases receivable and rental income.

## NOTE 9 - 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, 2024, 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 ben. as a % of eligible comp. | 2% to 2.5% | 2% |
| Required employee contribution rates | 8% | 7.75% |
| Required employer contribution rates | 14.06% | 7.68% |

**Employees Covered** – At June 30, 2024, the following employees were covered by the benefit terms for the Plan:

| | Miscellaneous |
|---|---|
| Active | 169 |
| Transferred | 63 |
| Separated | 102 |
| Retired | 100 |
| Total | 434 |

**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. Contributions to the plan for the year totaled $2,304,593.

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

As of June 30, 2024, 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 | $ 19,732,636 |

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, 2023, 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, 2022 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, 2023 and 2024 was as follows:

| | Miscellaneous |
|---|---|
| Proportion - June 30, 2023 | 0.37153% |
| Proportion - June 30, 2024 | 0.39462% |
| Change - Increase/(Decrease) | 0.02309% |

For the fiscal year ended June 30, 2024, the District recognized pension expense of $5,002,500.

At fiscal year June 30, 2024, 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 | $ 1,191,348 | $ - |
| Differences between Expected and Actual Experience | 1,008,050 | 156,373 |
| Differences between Projected and Actual Investment Earnings | 3,194,891 | - |
| Differences between Employer's Contributions and Proportionate Share of Contributions | - | 2,494,165 |
| Change in Employer's Proportion | 2,443,350 | - |
| Pension Contributions Made Subsequent to Measurement Date | 2,304,593 | - |
| **Total** | $ 10,142,232 | $ 2,650,538 |

The District reported $2,304,593 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, 2025. 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 |
|---|---|
| 2025 | $ 1,757,099 |
| 2026 | 1,111,495 |
| 2027 | 2,226,833 |
| 2028 | 91,675 |
| 2029 | - |
| Thereafter | - |
| **Total** | $ 5,187,102 |

**Actuarial Assumptions** - The total pension liabilities in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions:

| | |
|---|---|
| Valuation Date | June 30, 2022 |
| Measurement Date | June 30, 2023 |
| Actuarial Cost Method | Entry-Age Normal Cost Method |
| Actuarial Assumptions: | |
| Discount Rate | 6.90% |
| Inflation | 2.30% |
| Payroll Growth | 2.80% |
| Projected Salary Increase | (1) |
| Investment Rate of Return | 6.8% (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 6.9 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 6.9 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 6.9 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 | Long-Term Expected Real Return (1)(2) |
|---|---|---|
| Global Equity Cap Weighted | 30.00% | 4.54% |
| Global Equity NonCap Weighted | 12.00% | 3.84% |
| Private Equity | 13.00% | 7.28% |
| Treasury | 5.00% | 0.27% |
| Mortgage-backed Securities | 5.00% | 0.50% |
| Investment Grade Corporates | 10.00% | 1.56% |
| High Yield | 5.00% | 2.27% |
| Emerging Market Debt | 5.00% | 2.48% |
| Private Debt | 5.00% | 3.57% |
| Real Assets | 15.00% | 3.21% |
| Leverage | -5.00% | -0.59% |
| Total | 100.00% | |

(1) An expected inflation of 2.3% used for this period.
(2) Figures are based on the 2021-22 Asset Liability Study.

**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 | 5.90% |
| Net Pension Liability | $ 33,931,016 |
| | |
| Current | 6.90% |
| Net Pension Liability | $ 19,732,636 |
| | |
| 1% Increase | 7.90% |
| Net Pension Liability | $ 8,046,150 |

**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 10 - 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.

**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)<br>Continue participation in PEMHCA |
| Retiree Medical Benefit: | District pays retiree medical premiums up to:<br>- $380/month effective 7/1/21<br>Must be at least equal to statutory PEMHCA minimum |
| PEMHCA Administrative Fee: | District pays CalPERS administrative fees |
| 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, 2023, the plan valuation date, the benefit terms covered the following employees:

| | |
|---|---|
| Active employees | 176 |
| Inactive employees | 36 |
| **Total employees** | 212 |

**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 $419,281. Total contributions included in the measurement period were $533,906. The actuarially determined contribution for the measurement period was $418,000. The District's contributions were 1.84% of covered payroll during the measurement period June 30, 2023 (reporting period June 30, 2024). 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, 2023 |
| Measurement Date: | June 30, 2023 |
| Actuarial Cost Method: | Entry age normal, level precentage of payroll |
| Amortization Period: | 4.8-year average remaining period |
| Asset Valuation Method: | Investment gains and loses spread over 5-year rolling period |
| Actuarial Assumptions: | |
| Discount Rate | 6.15% |
| General Inflation | 2.50% |
| Salary Increases | 2.75% |
| Medical Trend | Non-Medicare - 6.5% for 2023, decreasing to an ultimate rate of 3.75% in 2076.<br><br>Medicare (Non-Kaiser) - 5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076.<br><br>Medicare (Kaiser) - 4.6% for 2023, decreasing to an ultimate rate of 3.75% in 2076. |
| PEMHCA Minimum Increases | 4.00% |
| Mortality, Retirement, Disability, Termination | CalPERS 2000-2019 experience study |
| Mortality Improvement | Mortality projected fully generational with Scale MP-2021 |

**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 | 49% | 4.56% |
| Fixed Income | 23% | 1.56% |
| TIPS | 5% | -0.08% |
| Commodities | 3% | 1.22% |
| REITs | 20% | 4.06% |
| **Total** | 100% | |

The Overall Expected Long-Term Rate of Return is 6.25%

**Net OPEB Liability -** The District's net OPEB liability was measured as of June 30, 2023 (measurement date), and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023 (valuation date) for the fiscal year ended June 30, 2024 (reporting date). The following summarizes the changes in the net OPEB liability during the year ended June 30, 2024:

| Fiscal Year Ended June 30, 2024 | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability (Asset) |
|---|---|---|---|
| **Balance at June 30, 2023** | $ 7,072,320 | $ 6,719,245 | $ 353,075 |
| Service cost | 390,979 | - | 390,979 |
| Interest in Total OPEB Liability | 456,678 | - | 456,678 |
| Employer contributions | - | 533,906 | (533,906) |
| Balance of diff between actual and exp experience | 343,449 | - | 343,449 |
| Balance of changes in assumptions | (444,939) | - | (444,939) |
| Actual investment income | - | 431,416 | (431,416) |
| Administrative expenses | - | (1,952) | 1,952 |
| Benefit payments | (312,906) | (312,906) | - |
| **Net changes** | 433,261 | 650,464 | (217,203) |
| **Balance at June 30, 2024** | $ 7,505,581 | $ 7,369,709 | $ 135,872 |

| | |
|---|---|
| Covered Employee Payroll | $ 22,830,326 |
| Total OPEB Liability as a % of Covered Employee Payroll | 32.88% |
| Plan Fid. Net Position as a % of Total OPEB Liability | 98.19% |
| Service Cost as a % of Covered Employee Payroll | 1.71% |
| Net OPEB Liability as a % of Covered Employee Payroll | 0.60% |

**Deferred Inflows and Outflows of Resources -** At June 30, 2024the 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 | $ 42,713 | $ - |
| Difference between actual and expected earnings | 453,629 | - |
| Change in assumptions | - | 783,114 |
| OPEB contribution subsequent to measurement date | 419,281 | - |
| **Totals** | $ 915,623 | $ 783,114 |

Of the total amount reported as deferred outflows of resources related to OPEB, $419,281 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, 2025. 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, | |
|---|---|
| 2025 | $ (3,733) |
| 2026 | (23,965) |
| 2027 | 191,906 |
| 2028 | (97,703) |
| 2029 | (96,781) |
| Thereafter | (256,496) |
| **Total** | $ (286,772) |

**OPEB Expense -** The following summarizes the OPEB expense by source during the year ended June 30, 2024:

| | |
|---|---|
| Service cost | $ 390,979 |
| Interest in TOL | 456,678 |
| Expected investment income | (426,798) |
| Adjustments | (176,942) |
| Difference between actual and expected experience | (6,036) |
| Difference between actual and expected earnings | 97,412 |
| Change in assumptions | (90,745) |
| Administrative expenses | 1,952 |
| **OPEB Expense** | **$ 246,500** |

The following summarizes changes in the net OPEB liability as reconciled to OPEB expense during the year ended June 30, 2024:

| | | |
|---|---|---|
| Net OPEB liability ending | $ | 135,872 |
| Net OPEB liability begining | | (353,075) |
| Change in net OPEB liability | | (217,203) |
| Changes in deferred outflows | | (47,059) |
| Changes in deferred inflows | | 91,481 |
| Employer contributions and implict subsidy | | 419,281 |
| **OPEB Expense** | **$** | **246,500** |

**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 )** | | **6.15%** | | **(1% Increase )** | |
| Net OPEB Liability (Asset) | $ | 1,327,076 | $ | 135,872 | $ | (450,631) |

**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 )** | | **4.00%** | | **(1% Increase )** | |
| Net OPEB Liability (Asset) | $ | 65,128 | $ | 135,872 | $ | 699,883 |

## NOTE 11 - 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 (California JPIA). California 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 California 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. California 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 California Joint Powers Insurance Authority

General and Automobile Liability

The District pays a primary deposit to cover estimated losses for a fiscal year (claims year) through the California JPIA's Primary Liability Program. 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. Claims valued from $0 to $500,000 are used to determine each member's proportionate share of losses. The pool retains and shares costs of claims, on a per-occurrence basis, up to $3,000,000 - at which point excess and reinsurance attach and pay for costs in excess of $3,000,000 up to the $50,000,000 per occurrence limit.

Workers' Compensation

The District also participates in the Worker's Compensation program administered by the California JPIA. Pool deposits and retrospective adjustments are valued in a manner similar to the General Liability pool. The total target funding estimate for a given coverage year is determined by third-party actuarial analysis, and a portion of that funding estimate is allocated to each member based on the member's share of payroll and share of losses. Claims valued from $0 to $200,000 are used to determine each member's proportionate share of losses. The pool retains and shares costs of claims, on a per-occurrence basis, up to $1,000,000 - at which point excess and reinsurance attach and pay for costs in excess of $1,000,000 up to statutory limits.

Purchased Insurance

Environmental Insurance

The District participates in the Pollution and Remediation Legal Liability Program, which is available through California 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 $250,000 deductible. California JPIA has a limit of $50,000,000 for the three-year coverage period. The current coverage period is July 2024 through July 1, 2025. Each member of California JPIA has a $20,000,000 aggregate limit during the three-year period. The current coverage period is July 2024 through July 1, 2025.

Property Insurance

The District participates in the All-Risk property program of California 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 California JPIA. The All-Risk deductible is $10,000 per occurrence; $2,500 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 California JPIA in the amount of $1,000,000 per claim, with a $5,000 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 California 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 California JPIA. There is no deductible and the District is added as additional insured. Liability limits are purchased in $1,000,000 or $2,000,000 per occurrence increments.

Vendors/Contractors Program

General liability coverage with or without professional liability is offered through California JPIA to vendors/contractors who otherwise could not meet the District's minimum insurance requirement: $1,000,000 per occurrence, $1,000,000 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 $1,000,000 per occurrence limit of coverage, $1,000,000 aggregate limit per policy period per member, and a $10,000,000 aggregate limit of coverage for all members per policy period.

## NOTE 12 - 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, 2024.

Commitments

As of June 30, 2024, the District had remaining commitments of $9,768,331 towards construction and other contracts from original contract balances of $21,666,036. 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 2024 and December 2099.

***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.

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## 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, 2024

| | Budgeted Amounts | | | Variance with Final Budget |
|---|---|---|---|---|
| | Original | Final | Actual (GAAP Basis) | Positive - (Negative) |
| Revenues: | | | | |
| Property taxes | $ 66,497,000 | $ 66,497,000 | $ 67,035,111 | $ 538,111 |
| Grant revenue | 1,353,000 | 827,500 | 2,111,148 | 1,283,648 |
| Property management | 2,248,665 | 2,248,665 | 2,154,380 | (94,285) |
| Investment earnings | 2,324,000 | 2,324,000 | 4,747,234 | 2,423,234 |
| Other revenues | 100,000 | 100,000 | 1,126,699 | 1,026,699 |
| Total revenues | 72,522,665 | 71,997,165 | 77,174,572 | 5,177,407 |
| Expenditures: | | | | |
| Current | | | | |
| Salaries and employee benefits | 32,164,503 | 32,315,819 | 30,965,053 | 1,350,766 |
| Services and supplies | 13,361,191 | 12,390,991 | 11,490,354 | 900,637 |
| Total expenditures | 45,525,694 | 44,706,810 | 42,455,407 | 2,251,403 |
| Excess (deficiency) of revenues over (under) expenditures | 26,996,971 | 27,290,355 | 34,719,165 | 7,428,810 |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | 5,490 | 5,490 |
| Transfers out | - | - | (17,457,847) | (17,457,847) |
| Sale of property | - | - | 41,067 | 41,067 |
| Issuance of debt | - | - | 100,000 | 100,000 |
| Total other financing sources (uses) | - | - | (17,311,290) | (17,311,290) |
| Net change in fund balance | 26,996,971 | 27,290,355 | 17,407,875 | (9,882,480) |
| Fund balance beginning | 87,256,193 | 87,256,193 | 87,256,193 | - |
| Prior period restatement | 150,109 | 150,109 | 150,109 | - |
| Fund balance beginning - as adjusted | 87,406,302 | 87,406,302 | 87,406,302 | - |
| Fund balance ending | $ 114,403,273 | $ 114,696,657 | $ 104,814,177 | $ (9,882,480) |

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.

# Midpeninsula Regional Open Space District

Schedule of Pension Plan Contributions

June 30, 2024

**Miscellaneous Plan**

| Fiscal Year Ended | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| Contractually Required Contributions | $ 1,461,069 | $ 1,358,520 | $ 1,514,352 | $ 1,763,650 | $ 1,358,184 |
| Contributions in Relation to Contractually Required Contributions | 1,343,244 | 4,788,977 | 2,529,862 | 1,783,789 | 1,358,206 |
| 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 |
| Contributions as a % of Covered Payroll | 14.93% | 48.56% | 21.38% | 13.93% | 8.87% |

**Miscellaneous Plan**

| Fiscal Year Ended | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| Contractually Required Contributions | $ 1,534,253 | $ 1,791,425 | $ 1,894,807 | $ 1,939,314 | $ 2,304,593 |
| Contributions in Relation to Contractually Required Contributions | 1,534,253 | 1,791,425 | 1,894,807 | 1,939,314 | 2,304,593 |
| Contribution Deficiency (Excess) | $ - | $ - | $ - | $ - | $ - |
| Covered Payroll | $15,435,511 | $16,402,829 | $ 17,775,634 | $ 18,518,714 | $ 21,959,491 |
| Contributions as a % of Covered Payroll | 9.94% | 10.92% | 10.66% | 10.47% | 10.49% |

**Notes to Schedule:**

Valuation Date: June 30, 2022

Assumptions Used: Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll and Direct Rate Smoothing
Remaining Amortization Period no more than 29 years
Inflation Assumed at 2.30%
Investment Rate of Returns set at 6.8%
The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing morality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

The CalPERS discount rate was increased from 7.50% to 7.65% in FY2016, to 7.15% in FY2018, and then decreased to 6.9% in FY2023.

The CalPERS mortality assumptions was adjusted in fiscal year 2023.

# Midpeninsula Regional Open Space District

Schedule of Net Pension Liability Proportionate Shares

June 30, 2024

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

| **Miscellaneous Plan**<br>Fiscal Year Ended | **2020** | **2021** | **2022** | **2023** | **2024** |
|---|---|---|---|---|---|
| Proportion of Net Pension Liability | 0.29538% | 0.31934% | 0.18789% | 0.37153% | 0.39462% |
| Proportionate Share of Net Pension Liability | $ 11,828,627 | $ 13,470,046 | $ 3,567,574 | $ 17,384,921 | $ 19,732,636 |
| Covered Payroll | $ 15,311,826 | $ 15,435,511 | $ 16,402,829 | $ 17,775,634 | $ 18,518,714 |
| Proportionate Share of NPL as a % of Covered Payroll | 77.25% | 87.27% | 21.75% | 97.80% | 106.56% |
| Plan's Fiduciary Net Position as a % of the TPL | 83.84% | 83.28% | 95.88% | 82.13% | 81.20% |

The CalPERS discount rate was increased from 7.50% to 7.65% in FY2016, to 7.15% in FY2018, and then decreased to 6.9% in FY2023.

The CalPERS mortality assumptions was adjusted in fiscal year 2023.

## Midpeninsula Regional Open Space District

Schedule of Contributions for Postemployment Benefits

June 30, 2024

| **Fiscal Year Ended** | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|
| Actuarially determined contribution (ADC) | $ 609,000 | $ 624,000 | $ 643,000 | $ 686,000 | $ 707,000 | $ 399,000 | $ 418,000 |
| Less: actual contribution in relation to ADC | (412,000) | (670,768) | (638,539) | (789,326) | (832,763) | (312,906) | (419,281) |
| Contribution deficiency (excess) | $ 197,000 | $ (46,768) | $ 4,461 | $ 4,461 | $ (125,763) | $ 86,094 | $ (1,281) |
| | | | | | | | |
| Covered employee payroll | $ 12,802,887 | $ 13,550,000 | $ 16,838,000 | $ 18,617,066 | $ 19,523,601 | $ 21,959,491 | $ 22,830,326 |
| Contributions as a % of covered employee payroll | 3.22% | 4.95% | 3.79% | 4.24% | 4.27% | 1.42% | 1.84% |

***Assumptions and Methods***

| | |
|---|---|
| Valuation Date: | June 30, 2023 |
| Measurement Date: | June 30, 2023 |
| Actuarial Cost Method: | Entry age normal, level precentage of payroll |
| Amortization Period: | 4.8-year average remaining period |
| Asset Valuation Method: | Investment gains and loses spread over 5-year rolling period |
| Actuarial Assumptions: | |
| Discount Rate | 6.25% |
| General Inflation | 2.50% |
| Payroll Increases | 2.75% |
| Medical Trend | Non-Medicare - 6.5% for 2023, decreasing to an ultimate rate of 3.75% in 2076.<br><br>Medicare (Non-Kaiser) - 5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076.<br><br>Medicare (Kaiser) - 4.6% for 2023, decreasing to an ultimate rate of 3.75% in 2076. |
| PEMHCA Minimum Increases | 4.00% |
| Mortality, Retirement, Disability, Termination | CalPERS 2000-2019 experience study |
| Mortality Improvement | CalPERS 2000-2019 experience study |
| Healthcare Participation for Future Retirees | CalPERS 2000-2019 experience study |

***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.

Mortality improvement scale was updated to Scale MP-2021 from MP-2019 in fiscal year 2022.

The discount rate decreased from 7.0% to 6.5% in FY 2019, increased to 6.75% in FY 2019 and decreased to 6.25% in FY 2022.

In FY 2022, the general inflation rate decreased to 2.5% from 2.75%.

In FY 2022, the salary increases rate decreased to 2.75% from 3%.

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, 2024

| Fiscal Year Ended | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|
| **Total OPEB liability** | | | | | | | |
| Service cost | $ 313,000 | $ 321,153 | $ 330,788 | $ 390,204 | $ 396,887 | $ 380,515 | $ 390,979 |
| Interest | 326,000 | 361,203 | 397,289 | 426,406 | 461,666 | 424,248 | 456,678 |
| Diff. expected and actual experience | - | - | (156,450) | - | (260,022) | - | 343,449 |
| Changes of assumptions | - | - | (30,520) | (88,493) | (374,135) | - | (444,939) |
| Benefit payments | (113,000) | (162,000) | (152,768) | (185,539) | (239,326) | (279,786) | (312,906) |
| Net change in Total OPEB Liability | 526,000 | 520,356 | 388,339 | 542,578 | (14,930) | 524,977 | 433,261 |
| Total OPEB Liability - beginning | 4,585,000 | 5,111,000 | 5,631,356 | 6,019,695 | 6,562,273 | 6,547,343 | 7,072,320 |
| Total OPEB Liability - endin | $ 5,111,000 | $ 5,631,356 | $ 6,019,695 | $ 6,562,273 | $ 6,547,343 | $ 7,072,320 | $ 7,505,581 |
| **Plan fiduciary net position** | | | | | | | |
| Employer contributions | $ 513,000 | $ 412,000 | $ 670,768 | $ 638,539 | $ 789,326 | $ 832,763 | $ 533,906 |
| Net investment income | 287,000 | 259,143 | 232,579 | 212,944 | 1,432,096 | (993,556) | 431,416 |
| Benefit payments | (113,000) | (162,000) | (152,768) | (185,539) | (239,326) | (279,786) | (312,906) |
| Administrative expens | (1,000) | (6,064) | (807) | (2,274) | (1,975) | (2,818) | (1,952) |
| Net change in plan fiduciary net position | 686,000 | 503,079 | 749,772 | 663,670 | 1,980,121 | (443,397) | 650,464 |
| Plan fiduciary net position - beginning | 2,580,000 | 3,266,000 | 3,769,079 | 4,518,851 | 5,182,521 | 7,162,642 | 6,719,245 |
| Plan fiduciary net position - endin | $ 3,266,000 | $ 3,769,079 | $ 4,518,851 | $ 5,182,521 | $ 7,162,642 | $ 6,719,245 | $ 7,369,709 |
| Net OPEB liability (asset | $ 1,845,000 | $ 1,862,277 | $ 1,500,844 | $ 1,379,752 | $ (615,299) | $ 353,075 | $ 135,872 |
| Plan fiduciary net position as a % of the total OPEB liability | 63.90% | 66.93% | 75.07% | 78.97% | 109.40% | 95.01% | 98.19% |
| Covered Employee Payroll | $ 11,834,150 | $ 12,802,887 | $ 13,550,000 | $ 16,838,000 | $ 18,617,066 | $ 19,523,601 | $ 21,959,491 |
| NOL as a % of covered employee payroll | 15.59% | 14.55% | 11.08% | 8.19% | -3.31% | 1.81% | 0.62% |
| TOL as a % of covered employee payroll | 43.19% | 43.99% | 44.43% | 38.97% | 35.17% | 36.22% | 34.18% |

*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.

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MIDPENINSULA REGIONAL OPEN SPACE

***Supplementary Information***

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# SUPPLEMENTARY INFORMATION

## BUDGETARY SCHEDULES

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

## 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, 2024

| | Budgeted Amounts | | | Variance with Final Budget Positive - (Negative) |
|---|---|---|---|---|
| | Original | Final | Actual (GAAP Basis) | |
| Revenues: | | | | |
| Grant revenue | $ 4,781,010 | $ 2,223,500 | $ 2,923,719 | $ 700,219 |
| Investment earnings | 662,000 | 662,000 | 380,437 | (281,563) |
| Total revenues | 5,443,010 | 2,885,500 | 3,304,156 | 418,656 |
| Expenditures: | | | | |
| Current | | | | |
| Salaries and employee benefits | 619,981 | 468,665 | 547,279 | (78,614) |
| Capital outlay | 12,180,666 | 16,713,401 | 16,269,922 | 443,479 |
| Total expenditures | 12,800,647 | 17,182,066 | 16,817,201 | 364,865 |
| Excess (deficiency) of revenues over (under) expenditures | (7,357,637) | (14,296,566) | (13,513,045) | 783,521 |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | 3,542,775 | 3,542,775 |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | 3,542,775 | 3,542,775 |
| Net change in fund balance | (7,357,637) | (14,296,566) | (9,970,270) | 4,326,296 |
| Fund balance beginning | 9,940,738 | 9,940,738 | 9,940,738 | - |
| Prior period restatement | 29,532 | 29,532 | 29,532 | - |
| Fund balance beginning - as adjusted | 9,970,270 | 9,970,270 | 9,970,270 | - |
| Fund balance ending | $ 2,612,633 | $ (4,326,296) | $ - | $ 4,326,296 |

## 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, 2024

| | Budgeted Amounts | | | Variance with Final Budget |
|---|---|---|---|---|
| | Original | Final | Actual (GAAP Basis) | Positive - (Negative) |
| Revenues: | | | | |
| Grant revenue | $ 239,000 | $ - | $ - | $ - |
| Investment earnings | - | - | - | - |
| Total revenues | 239,000 | - | - | - |
| Expenditures: | | | | |
| Capital outlay | 10,296,776 | 5,143,419 | 3,106,531 | 2,036,888 |
| Total expenditures | 10,296,776 | 5,143,419 | 3,106,531 | 2,036,888 |
| Excess (deficiency) of revenues over (under) expenditures | (10,057,776) | (5,143,419) | (3,106,531) | 2,036,888 |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | 3,049,025 | 3,049,025 |
| Transfers out | - | - | (5,490) | (5,490) |
| Total other financing sources (uses) | - | - | 3,043,535 | 3,043,535 |
| Net change in fund balance | (10,057,776) | (5,143,419) | (62,996) | 5,080,423 |
| Fund balance beginning | - | - | - | - |
| Prior period restatement | 62,996 | 62,996 | 62,996 | - |
| Fund balance beginning - as adjusted | 62,996 | 62,996 | 62,996 | - |
| Fund balance ending | $ (9,994,780) | $ (5,080,423) | $ - | $ 5,080,423 |

## 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, 2024

| | Budgeted Amounts | | | Variance with Final Budget |
|---|---|---|---|---|
| | Original | Final | Actual (GAAP Basis) | Positive - (Negative) |
| Revenues: | | | | |
| Property taxes | $ 5,449,000 | $ 5,449,000 | $ 5,269,004 | $ (179,996) |
| Grant revenue | - | - | 9,234 | 9,234 |
| Investment earnings | 90,000 | 90,000 | 100,120 | 10,120 |
| Total revenues | 5,539,000 | 5,539,000 | 5,378,358 | (160,642) |
| Expenditures: | | | | |
| Debt service: | | | | |
| Principal | 7,395,000 | 7,395,000 | 7,395,000 | - |
| Interest | 6,776,263 | 6,776,263 | 6,776,262 | 1 |
| Total expenditures | 14,171,263 | 14,171,263 | 14,171,262 | 1 |
| Excess (deficiency) of revenues over (under) expenditures | (8,632,263) | (8,632,263) | (8,792,904) | (160,641) |
| Other financing sources (uses): | | | | |
| Transfers in | 8,632,263 | 8,632,263 | 10,866,047 | 2,233,784 |
| Total other financing sources (uses) | 8,632,263 | 8,632,263 | 10,866,047 | 2,233,784 |
| Net change in fund balance | - | - | 2,073,143 | 2,073,143 |
| Fund balance beginning | 2,712,945 | 2,712,945 | 2,712,945 | - |
| Prior period restatement | 16,971 | 16,971 | 16,971 | - |
| Fund balance beginning - as adjusted | 2,729,916 | 2,729,916 | 2,729,916 | - |
| Fund balance ending | $ 2,729,916 | $ 2,729,916 | $ 4,803,059 | $ 2,073,143 |

## Midpeninsula Regional Open Space District

Measure AA Bond Program

Schedule of Program Expenditures

June 30, 2024

| Project No. | Project Description | Expenditures from July 01, 2023 through June 30, 2024 | Expenditures from Inception through June 30, 2024 |
|---|---|---|---|
| AA01 | Miramontes Ridge - Gateway to San Mateo Coast | $ 4,850,874 | $ 5,455,983 |
| AA02 | Regional: Bayfront Habitat Protection & Public Access Partnerships | 7,528 | 6,881,857 |
| AA03 | Purisima Creek Redwoods: Purisma-to Sea Trail, Watershed & Grazing | 328,736 | 8,537,962 |
| AA04 | El Corte de Madera Creek: Bike Trail & Water Quality Projects | - | 966,168 |
| AA05 | La Honda Creek - Upper Recreation Area | 2,112,872 | 5,458,518 |
| AA06 | Hawthorn Public Access Improvements | 188,447 | 417,973 |
| AA07 | Driscoll Ranch Public Access, Wildlife Protection & Grazing | 162,866 | 12,819,878 |
| AA08 | La Honda/Russian Ridge: Upper San Gregorio Watershed | - | 2,153,910 |
| AA09 | Russian Ridge: Public Recreation, Grazing & Wildlife Protection | - | 796,787 |
| AA10 | Coal Creek: Reopen Alpine Road for Trail Use | 1,105,560 | 3,431,046 |
| AA11 | Rancho San Antonio: Interpretive Improvements, Refurbishing | 14,365 | 576,858 |
| AA13 | Cloverdale Ranch: Wildlife Protection, Grazing and Trail Connections | 108,845 | 15,718,534 |
| AA15 | Regional: Redwood Protection & Salmon Fishery Conservation | 3,309,019 | 6,419,837 |
| AA16 | Long Ridge: Trail, Conservation and Habitat Restoration Projects (Saratoga) | 6,202 | 6,202 |
| AA17 | Regional: Complete Upper Stevens Creek Trail | - | 2,386,442 |
| AA18 | South Bay Foothills: Saratoga-to-Sea Trail & Wildlife Corridor | - | 1,164,187 |
| AA19 | El Sereno Dog Park & Connections | - | 1,564,764 |
| AA20 | South Bay Foothills: Wildlife Passage/Ridge Trail Improvements | 1,485,381 | 4,070,019 |
| AA21 | Bear Creek Redwoods: Public Recreation & Interpretive Projects | 3,136,380 | 19,287,182 |
| AA22 | Sierra Azul: Cathedral Oaks Public Access & Conservation Projects | 126 | 1,996,536 |
| AA23 | Sierra Azul: Mt Umunhum Public Access & Interpretation Projects | - | 23,134,891 |
| AA24 | Sierra Azul: Rancho de Guadalupe Family Recreation | - | 1,591,996 |
| AA25 | Sierra Azul: Loma Prieta Area Public Access, Regional Trails/Habitat Projects | - | 2,398,668 |
| | Total MAA Bond Project Expenditures | 16,817,201 | 127,236,198 |
| | Reimbursements from Grants, Contributions, and Other Funds | (2,923,719) | (25,752,379) |
| | Total MAA Bond Project Expenditures - Net Reimbursements | $ 13,893,482 | $ 101,483,819 |

## 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, 2024, 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 Annual Comprehensive 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. Computation of Direct and Overlapping Debt
4. 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.

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# Midpeninsula Regional Open Space District

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

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | $ 278,611 | $ 276,395 | $ 308,601 | $ 312,121 | $ 351,152 | $ 371,186 | $ 382,788 | $ 409,656 | $ 435,083 | $ 448,182 |
| Restricted | 2,566 | 5,786 | 4,571 | 7,252 | 8,207 | 6,277 | 5,731 | 6,193 | 4,345 | 6,510 |
| Unrestricted | 39,948 | 39,280 | 23,831 | 29,415 | 8,015 | 14,617 | 26,926 | 30,666 | 49,741 | 61,811 |
| Total Net Position | $ 321,125 | $ 321,461 | $ 337,003 | $ 348,788 | $ 367,374 | $ 392,080 | $ 415,445 | $ 446,515 | $ 489,169 | $ 516,503 |

Source: Annual Financial Report

# Midpeninsula Regional Open Space District

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

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Expenses** | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Land preservation | $ 19,478 | $ 26,080 | $ 21,783 | $ 28,910 | $ 34,304 | $ 32,482 | $ 38,861 | $ 31,358 | $ 45,382 | $ 50,363 |
| Interest and fiscal charges | 7,202 | 9,752 | 8,327 | 8,193 | 10,449 | 9,874 | 8,356 | 7,930 | 7,126 | 6,449 |
| Depreciation | 1,232 | 1,311 | 1,585 | 2,399 | - | - | - | - | - | - |
| Total governmental activities expenses | 27,912 | 37,143 | 31,695 | 39,502 | 44,753 | 42,356 | 47,217 | 39,288 | 52,508 | 56,812 |
| **Program Revenues** | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| Charges for Services | 1,437 | 1,636 | 1,479 | 1,576 | 2,360 | 2,655 | 2,298 | 1,490 | 1,875 | 2,154 |
| Grants and Contributions | 953 | 1,194 | 651 | 1,613 | 1,082 | 3,293 | 2,881 | 3,884 | 12,685 | 5,044 |
| Total governmental activities program revenues | 2,390 | 2,830 | 2,130 | 3,189 | 3,442 | 5,948 | 5,179 | 5,374 | 14,560 | 7,198 |
| Net (expense)/revenue - governmental activities | (25,522) | (34,313) | (29,565) | (36,313) | (41,311) | (36,408) | (42,038) | (33,914) | (37,948) | (49,614) |
| **General Revenues and Other Changes in Net Position** | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| Property taxes | 35,082 | 44,980 | 43,861 | 47,798 | 54,395 | 57,251 | 62,476 | 64,410 | 69,719 | 72,304 |
| Investment earnings | 202 | 648 | 463 | 1,045 | 3,648 | 2,307 | 1,979 | (896) | 2,330 | 5,228 |
| Miscellaneous | 216 | 810 | 784 | 1,153 | | 1,557 | 976 | 838 | 397 | 1,118 |
| Special item - gain on disposal of capital assets | - | - | - | - | - | - | - | - | 8,155 | (1,962) |
| Total governmental activities | 35,500 | 46,438 | 45,108 | 49,996 | 58,043 | 61,115 | 65,431 | 64,352 | 80,601 | 76,688 |
| **Change in Net Position** | | | | | | | | | | |
| Governmental activities | 9,978 | 12,125 | 15,543 | 13,683 | 18,586 | 24,708 | 23,393 | 30,438 | 42,654 | 27,074 |
| Prior period adjustments | - | (11,790) | - | (1,898) | - | - | (30) | 633 | - | 260 |
| Total Changes in Net Position | $ 9,978 | $ 335 | $ 15,543 | $ 11,785 | $ 18,586 | $ 24,708 | $ 23,363 | $ 31,071 | $ 42,654 | $ 27,334 |

Source: Annual Financial Report

# Midpeninsula Regional Open Space District

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

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| General fund | | | | | | | | | | |
| Nonspendable | $ - | $ - | $ 55 | $ 36 | $ 186 | $ 206 | $ 291 | $ 840 | $ 1,131 | $ 1,550 |
| Restricted | 1,702 | 1,971 | 1,971 | 1,467 | 1,432 | 5,527 | 7,876 | 8,349 | 11,006 | 14,177 |
| Committed | 20,400 | 35,400 | 35,400 | 55,300 | 29,288 | 30,518 | 40,587 | 36,985 | 51,625 | 66,147 |
| Assigned | - | - | - | - | 1,400 | 710 | 2,891 | 1,266 | 1,266 | 2,891 |
| Unassigned | 21,330 | 16,848 | 23,872 | 16,306 | 16,515 | 19,979 | 17,974 | 19,263 | 22,227 | 20,049 |
| Total General Fund | $ 43,432 | $ 54,219 | $ 61,298 | $ 73,109 | $ 48,821 | $ 56,940 | $ 69,619 | $ 66,703 | $ 87,255 | $ 104,814 |
| All other governmental funds | | | | | | | | | | |
| Restricted | $ - | $ 26,894 | $ 9,539 | $ 59,304 | $ 52,975 | $ 43,959 | $ 26,848 | $ 23,679 | $ 12,654 | $ 4,803 |
| Total all other governmental funds | $ - | $ 26,894 | $ 9,539 | $ 59,304 | $ 52,975 | $ 43,959 | $ 26,848 | $ 23,679 | $ 12,654 | $ 4,803 |

Source: Annual Financial Report

# 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)

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| **REVENUES** | | | | | | | | | | |
| Property taxes | $ 35,082 | $ 44,980 | $ 43,861 | $ 47,798 | $ 54,395 | $ 57,251 | $ 62,476 | $ 64,410 | $ 69,719 | $ 72,304 |
| Grant income | 953 | 1,194 | 651 | 1,613 | 1,082 | 3,293 | 2,881 | 3,884 | 12,685 | 5,044 |
| Property management | 1,438 | 1,636 | 1,479 | 1,576 | 2,360 | 2,655 | 2,298 | 1,490 | 1,875 | 2,154 |
| Investment earnings | 216 | 666 | 480 | 1,064 | 3,649 | 2,327 | 1,979 | (896) | 2,331 | 5,228 |
| Other | 241 | 644 | 609 | 348 | 641 | 262 | 978 | 842 | 401 | 1,127 |
| TOTAL REVENUE | 37,930 | 49,120 | 47,080 | 52,399 | 62,127 | 65,788 | 70,612 | 69,730 | 87,011 | 85,857 |
| **EXPENDITURES** | | | | | | | | | | |
| Land Preservation | 18,272 | 28,965 | 25,807 | 28,226 | 29,186 | 31,445 | 34,234 | 35,286 | 39,538 | 43,003 |
| Capital outlay | 8,445 | 18,901 | 19,961 | 16,440 | 45,356 | 20,101 | 24,140 | 25,116 | 24,573 | 19,376 |
| Debt service: | | | | | | | | | | |
| Principal and advance refunding escrow | 3,145 | 4,367 | 5,193 | 6,392 | 6,480 | 9,115 | 8,395 | 8,120 | 16,390 | 7,395 |
| Interest and fiscal charges | 5,749 | 6,478 | 7,190 | 6,597 | 9,191 | 8,555 | 8,246 | 7,925 | 7,382 | 6,776 |
| TOTAL EXPENDITURES | 35,611 | 58,711 | 58,152 | 57,655 | 90,213 | 69,216 | 75,015 | 76,447 | 87,883 | 76,550 |
| EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES | 2,319 | (9,591) | (11,072) | (5,256) | (28,086) | (3,428) | (4,403) | (6,717) | (872) | 9,307 |
| **OTHER FINANCING SOURCES AND USES** | | | | | | | | | | |
| Transfers in | 8,894 | 12,146 | 15,839 | 9,409 | 49,929 | 21,110 | 16,227 | 38,927 | 19,775 | 17,463 |
| Transfers out | (8,894) | (12,146) | (15,839) | (9,409) | (49,929) | (21,110) | (16,227) | (38,927) | (19,775) | (17,463) |
| 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 | - | - | - | - | - | 100 |
| Premium from debt issuances | - | 2,282 | 11,564 | 8,246 | - | - | - | - | - | - |
| Sale of Property | - | - | - | - | - | - | - | - | 10,400 | 41 |
| TOTAL OTHER FINANCING SOURCES (USES) | (1,662) | 47,282 | 787 | 66,831 | - | - | - | - | 10,400 | 141 |
| **NET CHANGES IN FUND BALANCES** | $ 657 | $ 37,691 | $ (10,285) | $ 61,575 | $ (28,086) | $ (3,428) | $ (4,403) | $ (6,717) | $ 9,528 | $ 9,448 |
| **Capitalized capital outlay expenditures** | 8,445 | 18,901 | 19,961 | 16,440 | 45,356 | 20,101 | 24,140 | 25,116 | 26,987 | 18,541 |
| **Debt Service as a percentage of noncapital expenditures** | 32.74% | 27.24% | 32.43% | 31.52% | 34.94% | 35.98% | 32.71% | 31.26% | 39.04% | 24.43% |

Source: Annual Financial Report

# 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 |
|---|---|---|---|---|---|---|
| 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% |
| 2021 | 215,781,759 | 8,646 | 11,330,441 | 227,120,846 | 218,943,920 | 1.00% |
| 2022 | 228,077,982 | 8,646 | 10,356,600 | 238,443,228 | 229,079,367 | 1.00% |
| 2023 | 246,772,685 | 8,646 | 9,626,603 | 256,407,934 | 246,589,192 | 1.00% |
| 2024 | 263,412,206 | 8,897 | 10,957,085 | 274,378,188 | 263,327,121 | 1.00% |

**County of San Mateo**

| Fiscal Year | Secured | State Board | Unsecured | Total before Rdv. Increment | Total after Rdv. Increment | Total Direct Tax Rate |
|---|---|---|---|---|---|---|
| 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% |
| 2021 | 106,601,125 | 3,117 | 2,841,197 | 109,445,439 | 98,825,038 | 1.00% |
| 2022 | 112,134,905 | 3,117 | 2,887,059 | 115,025,081 | 103,840,320 | 1.00% |
| 2023 | 121,491,885 | 3,116 | 3,087,846 | 124,582,847 | 112,202,838 | 1.00% |
| 2023 | 128,464,464 | 3,116 | 3,411,054 | 131,878,633 | 118,724,019 | 1.00% |

Source: California Municipal Statistics, Inc

# 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 |
| 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 |
| 2021 | 1.00000 | 0.17196 | 0.00150 | 1.17346 | 1.00000 | 0.08270 | 0.00150 | 1.08420 |
| 2022 | 1.00000 | 0.18382 | 0.00150 | 1.18532 | 1.00000 | 0.08630 | 0.00150 | 1.08780 |
| 2023 | 1.00000 | 0.18476 | 0.00130 | 1.18606 | 1.00000 | 0.07570 | 0.00130 | 1.07700 |
| 2024 | 1.00000 | 0.17507 | 0.00120 | 1.17627 | 1.00000 | 0.10720 | 0.00120 | 1.10840 |

Source: FY 2023-24 Tax Rate Books for San Mateo and Santa Clara Counties

[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 2020-21 assessed valuation of Tax Rate Area (TRA) 6-001 is $34,784,837,029 which is 10.34**%** of the District's total assessed valuation.

[3] The 2020-21 assessed valuation of TRA 9-001 is $18,856,576,299 which is 5.60% 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)

| Taxpayer | Fiscal Year 2024 | | | Fiscal Year 2015 | | |
|---|---|---|---|---|---|---|
| | Taxable Assessed Valuation | Rank | Percentage of Total Assessed Valuation | Taxable Assessed Valuation | Rank | Percentage of Total Assessed Valuation |
| Google Inc. | $ 10,464,019 | 1 | 2.67% | $ 1,647,049 | 2 | 0.84% |
| Board of Trustees, Leland Stanford Jr. University | 8,874,390 | 2 | 2.26% | 4,704,666 | 1 | 2.41% |
| Campus Holdings Inc. | 4,488,998 | 3 | 1.15% | 654,540 | 4 | 0.34% |
| Apple Computer Inc. | 2,634,991 | 4 | 0.67% | 919,903 | 3 | 0.47% |
| Hibscus Properties LLC | 2,202,289 | 5 | 0.56% | | | |
| Planetary Ventures LLC | 1,610,330 | 6 | 0.41% | | | |
| Facebook Inc. | 1,261,691 | 7 | 0.32% | | | |
| Sobrato Interests | 1,185,901 | 8 | 0.30% | 434,887 | 8 | 0.22% |
| Lockheed Missiles and Space Co. Inc. | 1,055,424 | 9 | 0.27% | 635,029 | 5 | 0.33% |
| Intuitive Surgical Inc. | 1,044,106 | 10 | 0.27% | 352,794 | 11 | 0.18% |
| LinkedIn Corporation | 991,319 | 11 | 0.25% | | | |
| Applied Materials Inc. | 911,069 | 12 | 0.23% | 337,986 | 13 | 0.17% |
| Pathline Park LLC | 828,906 | 13 | 0.21% | | | |
| CW SPE LLC | 811,086 | 14 | 0.21% | | | |
| Richard T. Spieker, Trustee | 768,399 | 15 | 0.20% | | | |
| Baccarat Shoreline LLC | 649,943 | 16 | 0.18% | | | |
| Menlo & Juniper Networks LLC | 633,516 | 17 | 0.17% | 341,130 | 12 | 0.17% |
| Orion V Sac Village Office Property LLC | 655,972 | 18 | 0.17% | | | |
| ARE-San Framicsci No.63 LLC | 626,586 | 19 | 0.16% | | | |
| MT2 B3-4 LLC | 550,870 | 20 | 0.14% | | | |
| Oracle Corporation | * | | * | 580,921 | 6 | 0.30% |
| Network Appliance Inc. | * | | * | 564,701 | 7 | 0.29% |
| VII Pac Shores Investors LLC | * | | * | 410,058 | 9 | 0.21% |
| Yahoo Inc | * | | * | 384,729 | 10 | 0.20% |
| HCP Life Science REIT Inc. | * | | * | 332,894 | 14 | 0.17% |
| Wells REIT II-University Circle LP | * | | * | 326,635 | 15 | 0.17% |
| SPF Mathilda LLC | * | | * | 291,450 | 16 | 0.15% |
| Irvin Company | * | | * | 281,055 | 17 | 0.14% |
| MT SPE LLC | * | | * | 276,454 | 18 | 0.14% |
| Westport Office Park LLC | * | | * | 267,217 | 19 | 0.14% |
| Tishman Speyer Archstone-Smith | * | | * | 251,078 | 20 | 0.13% |
| Total | $ 42,249,806 | | 10.80% | $ 13,995,176 | | 7.18% |

* Information not available/not applicable

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% |
| 2021 | 3,234,509 | 1,594,389 | 3,213,174 | 99.3% | 1,583,986 | 99.3% |
| 2022 | 3,415,153 | 1,674,334 | 3,395,878 | 99.4% | 1,672,767 | 99.9% |
| 2023 | 3,223,331 | 1,580,479 | 3,198,622 | 99.2% | 1,570,003 | 99.3% |
| 2024 | 3,168,227 | * | 3,168,227 | 100.0% | * | * |

Source: California Municipal Statistics, Inc.

* Information not available

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 applicable. 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] | Population | Per Capita [2] |
|---|---|---|---|---|---|---|---|
| 2015 | - | - | - | 195,005,584 | 0.000% | 2,673,291 | - |
| 2016 | 45,000 | 3,116 | 41,884 | 214,740,668 | 0.020% | 2,695,537 | 15.54 |
| 2017 | 44,225 | 2,194 | 42,031 | 231,940,459 | 0.018% | 2,706,409 | 15.53 |
| 2018 | 104,570 | 5,785 | 98,785 | 250,718,954 | 0.039% | 2,714,506 | 36.39 |
| 2019 | 102,880 | 6,776 | 96,104 | 270,535,736 | 0.036% | 2,715,893 | 35.39 |
| 2020 | 98,290 | 4,814 | 93,476 | 295,787,770 | 0.032% | 2,716,227 | 34.41 |
| 2021 | 94,890 | 4,283 | 90,607 | 317,768,958 | 0.029% | 2,699,416 | 33.57 |
| 2022 | 92,025 | 4,583 | 87,442 | 332,919,687 | 0.026% | 2,639,445 | 33.13 |
| 2023 | 82,680 | 2,713 | 77,979 | 358,792,030 | 0.022% | 2,623,723 | 29.72 |
| 2024 | 80,700 | 4,803 | 75,897 | 382,051,140 | 0.020% | 2,644,763 | 28.70 |

Source: Annual Financial Report

[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

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

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Assessed Valuation:** | | | | | | | | | | |
| Assessed value subject to debt levy | $ 195,005,584 | $ 214,740,668 | $ 231,940,459 | $ 250,718,954 | $ 270,535,736 | $ 295,787,770 | $ 317,768,958 | $ 332,919,688 | $ 358,792,030 | $ 382,051,140 |
| Total assessed valuation | 195,005,584 | 214,740,668 | 231,940,459 | 250,718,954 | 270,535,736 | 295,787,770 | 317,768,958 | 332,919,688 | 358,792,030 | 382,051,140 |
| **Debt Applicable to Limitation:** | | | | | | | | | | |
| Total debt | 6,973 | 9,087 | 20,475 | 26,839 | 25,567 | 24,263 | 23,026 | 21,661 | 20,308 | 18,905 |
| Less: amount available for repayment | - | 3,116 | 2,194 | 5,785 | 6,776 | 4,814 | 4,283 | 4,283 | 4,701 | 4,803 |
| Total debt applicable to limitation | 6,973 | 5,971 | 18,281 | 21,054 | 18,791 | 19,449 | 18,743 | 17,378 | 15,607 | 14,102 |
| **Legal Debt Margin:** | | | | | | | | | | |
| Bonded debt limit (5% AV) | 9,750,279 | 10,737,033 | 11,597,023 | 12,535,948 | 13,526,787 | 14,789,389 | 15,888,448 | 16,645,984 | 17,939,602 | 19,102,557 |
| Debt applicable to limitation | 6,973 | 5,971 | 18,281 | 21,054 | 18,791 | 19,449 | 18,743 | 17,378 | 15,607 | 14,102 |
| Legal debt margin | $ 9,743,306 | $ 10,731,062 | $ 11,578,742 | $ 12,514,894 | $ 13,507,996 | $ 14,769,940 | $ 15,869,705 | $ 16,628,606 | $ 17,923,995 | $ 19,088,455 |

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

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 |
|---|---|---|---|---|---|---|---|---|---|---|
| 2015 | - | 20,385 | 49,935 | 6,973 | 59,271 | 136,564 | 195,005,584 | 0.070% | 0.074% | 51.08 |
| 2016 | 45,000 | 20,290 | 47,300 | 9,087 | 58,698 | 180,375 | 214,740,668 | 0.084% | 0.092% | 66.92 |
| 2017 | 44,225 | 1,080 | 57,410 | 20,475 | 58,761 | 181,951 | 231,940,459 | 0.078% | 0.085% | 67.23 |
| 2018 | 104,570 | 930 | 78,870 | 26,839 | 34,466 | 245,675 | 250,718,954 | 0.098% | 0.105% | 90.50 |
| 2019 | 102,880 | 750 | 75,460 | 25,567 | 33,749 | 238,406 | 270,535,736 | 0.088% | 0.096% | 87.78 |
| 2020 | 98,290 | 535 | 72,435 | 24,263 | 32,971 | 228,494 | 295,787,770 | 0.077% | 0.086% | 84.12 |
| 2021 | 94,890 | 285 | 69,060 | 23,026 | 32,134 | 219,395 | 317,768,958 | 0.069% | 0.073% | 82.90 |
| 2022 | 92,025 | - | 65,535 | 21,661 | 31,252 | 210,473 | 332,919,687 | 0.063% | * | 79.53 |
| 2023 | 82,680 | - | 61,530 | 20,308 | 28,806 | 193,324 | 358,792,030 | 0.059% | * | 80.22 |
| 2024 | 80,700 | - | 57,285 | 18,905 | 28,260 | 185,150 | 382,051,140 | 0.048% | * | 70.01 |

* Information not available

Source: Annual Financial Report

(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

Santa Clara County, California

Computation of Direct and Overlapping Debt

For the Year Ended June 30, 2024

2023-24 Assessed Valuation: $406,256,821,381

| DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT: | Total Debt 6/30/24 | % Applicable (1) | City's Share of Debt 6/30/24 |
|---|---|---|---|
| Santa Clara County | $ 956,770,000 | 41.567% | $ 397,700,586 |
| Foothill-De Anza Community College District | 640,179,446 | 94.029 | 601,954,331 |
| San Mateo Community College District | 682,237,216 | 42.849 | 292,331,825 |
| West Valley-Mission Community College District | 663,040,000 | 28.616 | 189,735,526 |
| Palo Alto Unified School District | 415,553,859 | 100. | 415,553,859 |
| Fremont Union High School District | 737,130,088 | 86.679 | 638,936,989 |
| Sequoia Union High School District | 488,322,000 | 91.788 | 448,220,997 |
| Other High School Districts | 1,716,843,160 | Various | 383,004,120 |
| Belmont-Redwood Shores School District and School Facilities Improvement Districts Nos. 1 and 2 | 125,747,652 | 11.184-92.132 | 51,989,542 |
| Cupertino Union School District | 235,883,303 | 75.366 | 177,775,810 |
| Los Altos School District | 132,000,000 | 100. | 132,000,000 |
| Los Gatos Union School District | 57,080,000 | 98.305 | 56,112,494 |
| Menlo Park City School District | 112,067,593 | 100. | 112,067,593 |
| San Carlos School District | 94,589,118 | 96.708 | 91,475,244 |
| Mountain View-Whisman School District | 350,765,000 | 100. | 350,765,000 |
| Sunnyvale School District | 251,455,820 | 100. | 251,455,820 |
| Other Unified and Elementary School Districts | 2,889,048,010 | Various | 982,057,795 |
| Cities | 724,520,000 | 0.017-100. | 81,533,941 |
| El Camino Hospital District | 102,186,937 | 98.153 | 100,299,544 |
| Saratoga Fire Protection District | 1,665,669 | 100. | 1,665,669 |
| **Midpeninsula Regional Open Space District** | **80,700,000** | **100.** | **80,700,000** |
| Community Facilities Districts | 21,532,427 | 100. | 21,532,427 |
| Santa Clara Valley Water District Benefit Assessment District | 29,235,000 | 41.567 | 12,152,112 |
| 1915 Act Bonds (Estimate) | 19,265,498 | 100. | 19,265,498 |
| TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT | | | $5,890,286,722 |

(1) The percentage of overlapping debt applicable to the district is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the district divided by the district's total taxable assessed value.

(Continued)

# Midpeninsula Regional Open Space District

Santa Clara County, California
Computation of Direct and Overlapping Debt
For the Year Ended June 30, 2024

| DIRECT AND OVERLAPPING GENERAL FUND DEBT: | Total Debt 6/30/24 | % Applicable (1) | City's Share of Debt 6/30/24 | |
|---|---|---|---|---|
| Santa Clara County General Fund Obligations | $1,057,709,440 | 41.567% | $ 439,658,083 | |
| Santa Clara County Pension Obligation Bonds | 323,733,582 | 41.567 | 134,566,338 | |
| San Mateo County General Fund Obligations | 554,571,645 | 42.849 | 237,628,404 | |
| County Board of Education Certificates of Participation | 17,808,098 | 41.567-42.849 | 7,475,815 | |
| West Valley-Mission Community College District General Fund Obligations | 2,520,000 | 28.616 | 721,123 | |
| Union High School District General Fund Obligations | 61,797,406 | Various | 3,399,287 | |
| Other Unified and Elementary School District General Fund Obligations | 60,568,073 | Various | 37,491,243 | |
| City of Cupertino General Fund Obligations | 14,030,000 | 93.101 | 13,062,070 | |
| City of Los Altos General Fund Obligations | 8,725,700 | 100 | 8,725,700 | |
| City of Palo Alto General Fund Obligations | 141,720,000 | 100 | 141,720,000 | |
| City of Redwood City General Fund Obligations | 55,680,000 | 100 | 55,680,000 | |
| City of Sunnyvale General Fund Obligations | 128,745,000 | 99.996 | 128,739,850 | |
| Other City General Fund Obligations | 640,539,268 | Various | 3,027,760 | |
| Fire Protection Districts Certificates of Participation | 38,915,000 | 96.752-100. | 38,033,818 | |
| Montara Water and Sanitary District Certificates of Participation | 4,302,407 | 100 | 4,302,407 | |
| San Mateo County Mosquito and Vector Control District General Fund Obligations | 3,404,654 | 42.849 | 1,458,860 | |
| **Midpeninsula Regional Open Space District General Fund Obligations** | **166,245,324** | **100** | **166,245,324** | **(2)** |
| TOTAL GROSS DIRECT AND OVERLAPPING DEBT | | | $1,421,936,082 | |
| Less: Santa Clara County supported obligations | | | 1,105,682 | |
| TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT | | | $1,420,830,400 | |
| | | | | |
| OVERLAPPING TAX INCREMENT DEBT (Successor Agencies): | $144,982,556 | 100 % | $144,982,556 | |
| | | | | |
| **TOTAL DIRECT DEBT** | | | **$166,245,324** | |
| TOTAL GROSS OVERLAPPING DEBT | | | $7,296,709,760 | |
| TOTAL NET OVERLAPPING DEBT | | | $7,295,604,078 | |
| | | | | |
| GROSS COMBINED TOTAL DEBT | | | $7,457,205,360 | (3) |
| NET COMBINED TOTAL DEBT | | | $7,456,099,678 | |

(1) The percentage of overlapping debt applicable to the district is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the district divided by the district's total taxable assessed value.
(2) Excludes accreted value of capital appreciation bonds.
(3) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2023-24 Assessed Valuation:

**Direct Debt ($166,245,324) ............................................................ 0.04%**
Total Direct and Overlapping Tax and Assessment Debt................. 1.45%
**Total Direct Debt ($166,245,324) .................................................. 0.04%**
Gross Combined Total Debt............................................................ 1.81%
Net Combined Total Debt ............................................................... 1.81%

Ratios to Redevelopment Successor Agency Incremental Valuation ($24,205,680,922):

Total Overlapping Tax Increment Debt ........................................... 0.60%

AB:($625)

# Midpeninsula Regional Open Space District

Demographic and Economic Statistics
Last Ten Fiscal Years

**County of Santa Clara**

| Fiscal Year | Population [1] (January 1st) | Personal Income [2] (in millions) | Per Capita Personal Income [2] | Median Age [3] | School Enrollment [4] | County Unemployment Rate [5] |
|---|---|---|---|---|---|---|
| 2015 | 1,911,670 | 158,729 | 82,756 | 37.2 | 276,689 | 4.6% |
| 2016 | 1,928,438 | 170,673 | 88,920 | 37.0 | 274,948 | 4.0% |
| 2017 | 1,937,008 | 190,002 | 98,032 | 37.1 | 273,264 | 3.5% |
| 2018 | 1,943,579 | 209,020 | 107,877 | 37.2 | 271,400 | 2.9% |
| 2019 | 1,944,733 | 223,625 | 115,997 | 37.4 | 267,224 | 2.6% |
| 2020 | 1,945,166 | 235,835 | 123,661 | 37.2 | 263,449 | 10.7% |
| 2021 | 1,907,693 | 261,565 | 138,724 | 38.2 | 253,625 | 5.2% |
| 2022 | 1,894,783 | * | * | 38.3 | 241,326 | 2.2% |
| 2023 | 1,886,079 | * | * | 38.3 | 236,428 | 3.0% |
| 2024 | 1,903,198 | * | * | * | 232,168 | 4.3% |

**County of San Mateo**

| Calendar Year | Population [1] (January 1st) | Personal Income [2] (in millions) | Per Capita Personal Income [2] | Median Age [3] | School Enrollment [4] | County Unemployment Rate [5] |
|---|---|---|---|---|---|---|
| 2015 | 761,621 | 78,525 | 102,639 | 39.8 | 95,187 | 3.3% |
| 2016 | 767,099 | 81,448 | 106,115 | 39.5 | 95,502 | 3.3% |
| 2017 | 769,401 | 89,223 | 116,077 | 39.9 | 95,620 | 2.9% |
| 2018 | 770,927 | 96,306 | 125,332 | 39.9 | 95,103 | 2.5% |
| 2019 | 771,160 | 101,056 | 132,133 | 39.9 | 94,234 | 2.2% |
| 2020 | 771,061 | 107,559 | 141,841 | 39.8 | 93,554 | 10.8% |
| 2021 | 751,596 | 118,420 | 160,485 | 40.8 | 90,315 | 5.0% |
| 2022 | 744,662 | * | 175,070 | 41.4 | 86,442 | 2.1% |
| 2023 | 737,644 | * | * | 41.5 | 84,836 | 2.6% |
| 2024 | 741,565 | * | * | * | 83,579 | 3.7% |

* Information not available

Data Sources

[1] State of California Department of Finance - https://www.dof.ca.gov/Forecasting/Demographics/Estimates/e-4/2010-21/

[2] U.S. Department of Commerce Bureau of Economic Analysis (includes retroactive revisions)

[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 (includes retroactive revisions)

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

Capital Asset Statistics by Function

Last Ten Fiscal Years

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Function** | | | | | | | | | | |
| Land: | | | | | | | | | | |
| Number of preserves | 26 | 26 | 26 | 26 | 26 | 26 | 26 | 26 | 27 | 27 |
| Acreage: | | | | | | | | | | |
| Santa Clara County | 33,259.21 | 33,366.71 | 33,449.99 | 33,628.15 | 33,631.06 | 33,631.06 | 33,943.56 | 33,985.32 | 34,127.05 | 34,169.27 |
| San Mateo County | 29,063.13 | 29,452.58 | 29,643.96 | 29,664.41 | 29,854.41 | 30,636.85 | 31,010.37 | 31,010.37 | 40,610.10 | 40,774.47 |
| 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) | (1,802.88) | (1,802.88) | (1,802.88) | (1,802.88) | (1,802.88) | (4,542.85) | (4,542.85) |
| Total | 62,500.64 | 62,997.59 | 63,272.25 | 63,493.86 | 63,686.77 | 64,469.21 | 65,155.23 | 65,196.99 | 72,198.48 | 72,405.07 |
| Facilities: | | | | | | | | | | |
| Administrative office | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Field/patrol offices | 2 | 2 | 2 | 3 | 3 | 3 | 4 | 4 | 4 | 4 |
| Visitor Center | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 1 | 1 | 1 |
| Vehicles & Equipment: | | | | | | | | | | |
| Patrol vehicles | 38 | 37 | 42 | 36 | 34 | 33 | 36 | 36 | 38 | 40 |
| Service vehicles | 8 | 10 | 13 | 10 | 11 | 14 | 13 | 10 | 10 | 13 |
| Maintenance vehicles | 16 | 19 | 25 | 29 | 31 | 31 | 31 | 32 | 33 | 32 |
| Administrative vehicles | n/a | n/a | n/a | 13 | 13 | 15 | 15 | 15 | 15 | 16 |
| Motorcycles/ATVs/Electric bicycles | 13 | 13 | 13 | 27 | 27 | 32 | 21 | 25 | 27 | 29 |
| Bulldozers/excavators/tractors | 21 | 23 | 23 | 20 | 23 | 23 | 23 | 31 | 33 | 36 |
| Dump trucks | 5 | 5 | 5 | 4 | 6 | 11 | 11 | 11 | 11 | 6 |
| Water Truck | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Trailers | n/a | n/a | n/a | 25 | 27 | 31 | 30 | 32 | 35 | 32 |
| Chippers/mowers | 4 | 5 | 5 | 5 | 5 | 5 | 3 | 3 | 6 | 6 |

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

Principal Employers

Most Current Year and Nine Years Ago

**County of Santa Clara**

| Employer | 2024 Number of Employees [1] | 2024 Rank | 2024 Percentage of Total Employment | 2015 Number of Employees [2] | 2015 Rank | 2015 Percentage of Total Employment |
|---|---|---|---|---|---|---|
| Google LLC | 44,244 | 1 | 4.40% | 11,000 | 6 | 1.25% |
| Tesla Motors Inc. | 30,000 | 2 | 2.98% | * | | * |
| Apple Inc. | 25,000 | 3 | 2.49% | 15,000 | 3 | 1.71% |
| Meta Platforms Inc. | 22,515 | 4 | 2.24% | * | | * |
| County of Santa Clara | 21,590 | 5 | 2.15% | 16,408 | 2 | 1.87% |
| Cisco Systems Inc. | 18,500 | 6 | 1.84% | 16,819 | 1 | 1.91% |
| Stanford University | 16,963 | 7 | 1.69% | 14,641 | 4 | 1.66% |
| Stanford Health Care | 10,847 | 8 | 1.08% | 8,451 | 7 | 0.96% |
| University of California Santa Cruz | 8,671 | 9 | 0.86% | * | | * |
| City of San Jose | 8,134 | 10 | 0.81% | 5,650 | 10 | 0.64% |
| Kaiser Permanente | * | | * | 13,500 | 5 | 1.53% |
| Lockheed Martin Space Systems Co. | * | | * | 6,400 | 8 | 0.73% |
| Intel Corporation | * | | * | 5,800 | 9 | 0.66% |
| Total | 206,464 | | 20.54% | 113,669 | | 12.92% |

**County of San Mateo**

| Employer | 2023 Number of Employees | 2023 Rank | 2023 Percentage of Total Employment | 2014 Number of Employees [3] | 2014 Rank | 2014 Percentage of Total Employment |
|---|---|---|---|---|---|---|
| Meta (Facebook, Inc.) | 21,000 | 1 | 4.75% | 3,957 | 5 | 0.96% |
| Oracle Corp. | 12,140 | 2 | 2.75% | 6,750 | 3 | 1.63% |
| Genentech Inc. | 10,000 | 3 | 2.26% | 9,800 | 2 | 2.37% |
| United Airlines | 8,700 | 4 | 1.97% | 10,000 | 1 | 2.42% |
| County of San Mateo | 5,794 | 5 | 1.31% | 5,472 | 4 | 1.32% |
| Gilead Sciences, Inc. | 4,500 | 6 | 1.02% | 3,115 | 8 | 0.75% |
| Visa USA/Visa International | 4,092 | 7 | 0.93% | 3,500 | 7 | 0.85% |
| Alaska Airlines | 4,000 | 8 | 0.91% | | | |
| YouTube | 2,400 | 9 | 0.54% | | | |
| Electronic Arts Inc | 1,770 | 10 | 0.40% | | | |
| Kaiser Permanente | | | | 3,900 | 6 | 0.94% |
| Mills-Peninsula Health Services | | | | 2,500 | 9 | 0.61% |
| San Mateo Community College | | | | 2,285 | 10 | 0.56% |
| Total | 74,396 | | 16.84% | 51,279 | | 12.41% |

* Information not available

Source:

[1] County of Santa Clara Finance Department FY 2023-24 ACFR

2 County of San Mateo Finance Department FY2022-23 ACFR

# Midpeninsula Regional Open Space District

Full-time Equivalent District Government Employees by Function

Last Ten Fiscal Years

| Function | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| Office of the General Manager | 5.00 | 6.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 |
| Real Property | 6.00 | 4.00 | 4.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Plannning | 14.00 | 13.00 | 10.50 | 10.50 | 10.50 | 10.50 | 10.50 | 10.50 | 11.00 | 11.00 |
| Engineering & Construction | N/A | N/A | 5.50 | 7.50 | 7.50 | 7.50 | 7.50 | 7.50 | 7.00 | 7.00 |
| Public Affairs | 11.00 | 12.00 | 8.00 | 7.00 | 6.00 | 8.00 | 7.00 | 7.00 | 7.00 | 7.00 |
| Admininstration | | | | | | | | | | |
| Reception | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Finance | 4.75 | 5.25 | 9.25 | 9.25 | 9.25 | 10.25 | 10.25 | 11.25 | 13.25 | 14.25 |
| Human Resources | 5.50 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 |
| Information Technology [1] | 2.50 | 5.50 | 7.50 | 7.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 9.00 |
| Operations | | | | | | | | | | |
| Administration | 6.00 | 6.00 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Patrol | 31.00 | 32.00 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Land/Facilities Maintenance | 28.30 | 30.30 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Resource Management [2] | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Land & Facilities | N/A | N/A | 49.30 | 55.30 | 56.30 | 57.30 | 57.30 | 59.30 | 62.30 | 63.50 |
| Visitor Services | N/A | N/A | 41.90 | 39.90 | 41.90 | 42.90 | 42.90 | 43.90 | 45.90 | 46.90 |
| General Counsel | 2.50 | 2.50 | 2.50 | 2.50 | 3.50 | 3.50 | 4.00 | 4.00 | 4.00 | 4.00 |
| Natural Resources [2] | 9.00 | 10.00 | 11.00 | 10.00 | 10.00 | 11.00 | 11.00 | 11.00 | 12.00 | 12.00 |
| Total | 126.55 | 134.55 | 165.45 | 169.95 | 173.95 | 179.95 | 179.45 | 183.45 | 191.45 | 195.65 |

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

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

Operating Indicators by Function

Last Ten Fiscal Years

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Function** | | | | | | | | | | |
| General Manager | | | | | | | | | | |
| Board meetings | 33 | 31 | 31 | 44 | 32 | 28 | 36 | 36 | 31 | 58 |
| Resolutions adopted | 61 | 61 | 40 | 46 | 47 | 43 | 45 | 45 | 43 | 37 |
| Real Property | | | | | | | | | | |
| Acres preserved | | | | | | | | | | |
| Santa Clara County | 100 | 108 | 83 | 178 | 2 | - | 313 | 42 | 102 | 41 |
| San Mateo County | 393 | 81 | 191 | 20 | 190 | 782 | 375 | - | 5,107 | 804 |
| Public Affairs | | | | | | | | | | |
| Stewardship volunteer hours | 14,354 | 15,839 | 17,440 | 16,088 | 15,910 | 10,296 | 7,778 | 7,778 | 8,341 | 10,420 |
| Interpretation/education docent hours | 5,828 | 4,462 | 4,697 | 4,320 | 4,438 | 975 | 20 | 1,585 | 4,389 | 5,631 |
| Website visits | 418,748 | 429,891 | 487,215 | 589,280 | 524,387 | 782,003 | 788,683 | 570,880 | 553,067 | 589,766 |
| Bicycle Accident | 20 | 26 | 19 | 37 | 13 | 30 | 33 | 23 | 30 | 19 |
| Equestrian Accident | 1 | 2 | - | - | 1 | 3 | 4 | 5 | - | - |
| Hiking/Running Accident | 20 | 14 | 37 | 40 | 11 | 25 | 35 | 27 | 19 | 12 |
| Other first aid | 25 | 26 | 23 | 31 | 13 | 29 | 31 | 29 | 9 | 37 |
| Search & rescue | 8 | 3 | 4 | 2 | 2 | 4 | 2 | 2 | 7 | 9 |
| Vehicle Accident | 19 | 14 | 17 | 50 | 15 | 47 | 41 | 34 | 46 | 62 |
| Fire | 9 | 10 | 9 | 13 | 4 | 7 | 10 | 5 | 9 | 7 |
| HazMat | 1 | 6 | 1 | 3 | 1 | 1 | 1 | - | - | 2 |
| Citation/Juvenile Contact Report | 825 | 767 | 678 | 592 | 405 | 387 | 438 | 558 | 244 | 375 |
| Parking Citation | 700 | 645 | 836 | 870 | 375 | 1,027 | 1,144 | 953 | 635 | 579 |
| Arrests | 4 | 3 | 2 | - | 2 | 2 | 1 | - | 2 | 3 |
| Day Permits | 2,154 | 2,541 | 2,530 | 2,676 | 2,417 | 1,350 | 1,388 | 2,375 | 2,436 | 3,357 |
| Multi-day permits | 306 | 321 | 366 | 419 | 361 | 313 | 330 | 337 | 327 | 804 |
| Camping permits | 476 | 573 | 613 | 570 | 571 | 441 | 855 | 784 | 632 | 630 |

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.

*Other Independent Auditor's Reports*

Chavan and Associates, llp
Certified Public Accountants

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

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, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 21, 2024.

**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) as a basis for designing 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 and significant deficiencies may exist that were not 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

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material effect on the financial statements. 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

November 21, 2024
Morgan Hill, California

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info@cnallp.com • www.cnallp.com

Fremont Older Open Space Preserve by Jing Liu

**Cover Photos**

Top photo: Fremont Older Open Space Preserve by Denise Lawrence

Second row, left to right

Purisima Creek Open Space Preserve by Katrina Zerga,

Bear Creek Redwoods Open Space Preserve by Ingrid Hegerberg,

Long Ridge Open Space Preserve by Jacob Osborne


**Midpeninsula Regional Open Space District**

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