

**SANTA CLARA VALLEY OPEN SPACE AUTHORITY
MEASURE Q AND MEASURE T PARCEL TAX FUNDS**

FINANCIAL STATEMENTS

June 30, 2025

SANTA CLARA VALLEY OPEN SPACE AUTHORITY
MEASURE Q AND MEASURE T PARCEL TAX FUNDS
TABLE OF CONTENTS
June 30, 2025

FINANCIAL SECTION:

Independent Auditors' Report.....1

FINANCIAL STATEMENTS:

Balance Sheet4
Statement of Revenues, Expenditures, and Changes in Fund Balance.....5
Notes to the Financial Statements6

REQUIRED SUPPLEMENTARY INFORMATION:

Measure Q Budgetary Comparison Schedule.....12
Measure T Budgetary Comparison Schedule13

OTHER INDEPENDENT AUDITOR’S REPORTS:

Independent Auditors’ 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*14

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Santa Clara Valley Open Space Authority
San Jose, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Measure Q Parcel Tax Fund (Measure Q) and the Measure T Parcel Tax Fund (Measure T) of the Santa Clara Valley Open Space Authority, as of and for the fiscal year ended June 30, 2025, and the related notes to the 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 Measure Q Parcel Tax Fund and the Measure T Parcel Tax Fund of the Santa Clara Valley Open Space Authority, as of June 30, 2025, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Santa Clara Valley Open Space Authority 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.

Emphasis of Matter

As discussed in Note 2, the financial statements present only Measure Q and Measure T and do not purport to, and do not, present fairly the financial position of the Santa Clara Valley Open Space Authority, as of June 30, 2025, and the changes in its financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Measure Q and Measure T of the Santa Clara Valley Open Space Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- 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 Measure Q and Measure T of the Santa Clara Valley Open Space Authority'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 Measure Q and Measure T of the Santa Clara Valley Open Space Authority's ability to continue as a going concern for a reasonable period of time.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary information 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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2025, on our consideration of the Santa Clara Valley Open Space Authority'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 Authority's internal control over financial reporting and compliance.

Moss, Remy & Haugheim LLP

Santa Maria, California
October 30, 2025

SANTA CLARA VALLEY OPEN SPACE AUTHORITY
MEASURE Q AND MEASURE T PARCEL TAX FUNDS
BALANCE SHEET
June 30, 2025

	Measure Q Fund	Measure T Fund	Totals
ASSETS			
Cash and investments	\$ 4,899,482	\$ 20,608,906	\$ 25,508,388
Interest receivable	43,802	162,978	206,780
Deposit on easement	1,379,090	2,085	1,381,175
Lease receivable		227,487	227,487
Due from Assessment District One Fund	2,071,338		2,071,338
Due from Measure T Fund	1,275,041		1,275,041
Due from Grant Fund	734,908	99,126	834,034
Total assets	<u>\$ 10,403,661</u>	<u>\$ 21,100,582</u>	<u>\$ 31,504,243</u>
LIABILITIES			
Accounts payable	\$ -	\$ 750	\$ 750
Unearned revenue	8,750	122,205	130,955
Due to Assessment District One Fund		5,165,304	5,165,304
Due to Measure Q Fund		1,275,041	1,275,041
Total liabilities	<u>8,750</u>	<u>6,563,300</u>	<u>6,572,050</u>
DEFERRED INFLOWS OF RESOURCES			
Leases		296,593	296,593
Total deferred inflows of resources		<u>296,593</u>	<u>296,593</u>
FUND BALANCES			
Restricted			
Measure Q Projects	10,394,911		10,394,911
Measure T Projects		14,240,689	14,240,689
Total fund balances	<u>10,394,911</u>	<u>14,240,689</u>	<u>24,635,600</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 10,403,661</u>	<u>\$ 21,100,582</u>	<u>\$ 31,504,243</u>

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

SANTA CLARA VALLEY OPEN SPACE AUTHORITY
MEASURE Q AND MEASURE T PARCEL TAX FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2025

	Measure Q Fund	Measure T Fund	Totals
Revenues:			
Assessments	\$ -	\$ 8,038,260	\$ 8,038,260
Investment income	270,201	922,833	1,193,034
Intergovernmental grants		106,296	106,296
Other revenues	14,814	25,485	40,299
	<u>285,015</u>	<u>9,092,874</u>	<u>9,377,889</u>
Total revenues	<u>285,015</u>	<u>9,092,874</u>	<u>9,377,889</u>
Expenditures:			
Capital Outlay	1,026,241	244,341	1,270,582
Conservation Initiatives & Grants Management	49,626	498,993	548,619
Planning	2,236	393,022	395,258
Field Operations and Maintenance Program	530	3,088,895	3,089,425
Natural Resources		433,566	433,566
Community Engagement Program		243,125	243,125
Urban Grant Program	732,462	26,364	758,826
Expenditure Oversight Committee Costs		8,036	8,036
Administrative Costs		1,049,987	1,049,987
SCC Assessor's Fee (1%)		80,381	80,381
	<u>1,811,095</u>	<u>6,066,710</u>	<u>7,877,805</u>
Total expenditures	<u>1,811,095</u>	<u>6,066,710</u>	<u>7,877,805</u>
Net change in fund balances	(1,526,080)	3,026,164	1,500,084
Fund balances - July 1	<u>11,920,991</u>	<u>11,214,525</u>	<u>23,135,516</u>
Fund balances - June 30	<u>\$ 10,394,911</u>	<u>\$ 14,240,689</u>	<u>\$ 24,635,600</u>

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

SANTA CLARA VALLEY OPEN SPACE AUTHORITY
MEASURE Q AND MEASURE T PARCEL TAX FUNDS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – GENERAL BACKGROUND AND ORGANIZATIONAL INFORMATION

The Santa Clara Valley Open Space Authority (the Authority) was created on February 1, 1993 under California Public Resources Code, Section 35100. The purpose of the Authority is to acquire land through fee title and conservation easement for the preservation of open space, creation of a greenbelt, and to encourage agricultural activities, in an effort to counter the continuing and serious conversion of lands to urban uses. The priorities for such acquisitions were set through a public process that included input from members of the public, the Authority's Citizens' Advisory Committee and the cities and county within the Authority's jurisdiction and culminated in the creation of the Authority's 5-Year Plan.

The Measure Q parcel tax was approved in the November 4, 2014 election for voters in the Santa Clara Valley Open Space Authority, Santa Clara County, California. Pursuant to Public Resources Code section 35172 and Government Code sections 50075, et seq. and 53724, Measure Q authorizes the Santa Clara Valley Open Space Authority to levy a tax of \$24 per parcel annually for 15 years. The tax was designed to produce an estimated \$7,883,760 per year in additional revenue for the Santa Clara Valley Open Space Authority. The parcel tax commenced on July 1, 2015 and was set to expire on June 30, 2030. The parcel tax shall not be levied on any property that is legally exempt from paying ad valorem property taxes in any tax year. On November 3, 2020, Measure T was approved to replace Measure Q and to have the \$24 parcel tax continue on an ongoing basis unless ended by voters by a future measure. The parcel tax collected after Measure T was approved would then be deposited into the Measure T fund.

State law requires the Authority to state the specific purposes for which the tax proceeds will be used and only spend the proceeds of the tax for these purposes. The stated purposes of the tax proposed by Measure Q and Measure T are to (1) protect open space, redwood forests, wildlife habitat, scenic hillsides and agricultural land; (2) protect land around creeks, rivers and streams to prevent pollution and improve local water quality; (3) open, improve and maintain parks, open space and trails; and (4) provide urban open space, parks and environmental educational programs.

The Authority is required by law to provide additional accountability measures for the proceeds. These measures include: (1) depositing the proceeds into a fund that is separate and part from other Authority funds; and (2) providing an annual written report to the Board detailing the amount of funds collected and expended and the status of any project authorized to be funded from the tax proceeds. The Board has established an independent advisory committee of citizens to review the expenditures authorized by Measure Q and Measure T.

In April 2015, the Authority's Governing Board adopted the Measure Q Expenditure Oversight Committee bylaws, and, in December 2015, appointed seven members to the Committee. The purpose of the committee is to review Measure Q expenditures on an annual basis to ensure they conform to the Expenditure Plan and review the annual audit and report prepared by an independent auditor and submit the Committee's recommendations and oversight report to the Open Space Authority Board. In December 2021, the Authority's Governing Board adopted amendments to the bylaws, primarily to reflect the addition of Measure T and its associated Expenditure Plan and to change the name of the committee to the Expenditure Plan Oversight Committee.

The Committee does not oversee any other Authority financial information, nor do they set policy or provide input or direction on projects, budgets, work plans or financial matters pertaining to other Authority funds. All actions, including decisions about selecting projects for funding, will be made by the Board in public meetings in compliance with the Brown Act.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The governing board consists of seven officials who, together, constitute the Board of Directors. The Measure Q and Measure T fund financial statements include the accounts of all Measure Q and T Parcel Tax operations. The financial statements presented are for the Measure Q and T Parcel Tax Fund and are not intended to be a complete presentation of the Authority's financial position on operations.

B. Accounting Principles

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

SANTA CLARA VALLEY OPEN SPACE AUTHORITY
MEASURE Q AND MEASURE T PARCEL TAX FUNDS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation

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

D. Basis of Accounting

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

Revenues – exchange and non-exchange transactions:

On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Available” means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Authority, “available” means collectible within the current period or within 90 days after fiscal year-end.

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

Unearned revenue:

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

Expenses/expenditures:

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 Authority’s policy to use restricted resources first then unrestricted resources as they are needed.

SANTA CLARA VALLEY OPEN SPACE AUTHORITY
MEASURE Q AND MEASURE T PARCEL TAX FUNDS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Fund Accounting

The accounts of the Measure Q and Measure T Parcel Tax Funds are organized into two funds with a separate set of self-balancing accounts that comprise of Measure Q's and Measure T's assets, deferred outflows, liabilities, deferred inflows, fund balance, revenues, and expenditures.

F. Budgets and Budgetary Accounting

The Authority adopts an annual budget on or before July 1 of each fiscal year. From the effective date of the budget, the amounts stated as proposed expenditures become appropriations.

The Board of Directors may amend the budget by motion during each fiscal year. The original and revised budgets are presented for financial reporting purposes.

All appropriations lapse at the end of the fiscal year to the extent that they have not been expended.

G. Assets, Liabilities, and Equity

1. Cash and Cash Equivalents

Cash and cash equivalents include all cash and temporary investments with original maturities of three months or less from the date of acquisition.

2. Investments and Investment Policies

The Authority has adopted an investment policy that permits investments in any instrument permitted under the California Government Code Section 53648.

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

Investments are recorded at fair value in accordance with GASB Statements 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.

3. Prepaid Expenditures

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

4. Fund Balances

Fund balance of the governmental fund is classified as follows:

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

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

SANTA CLARA VALLEY OPEN SPACE AUTHORITY
MEASURE Q AND MEASURE T PARCEL TAX FUNDS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Assets, Liabilities, and Equity (Continued)

4. Fund Balances (Continued)

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

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

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

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

5. Parcel Tax

The Authority utilizes the services of the Santa Clara County Tax Collector’s Office to bill and collect the Parcel Tax levied by the Authority each year on the property tax bills under the County Teeter Plan. Property tax bills are due on December 10th and April 10th each fiscal year. Therefore, the Authority receives two special assessment revenue payments, at the end of January and June, each year.

6. Estimates

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

7. Lease Receivable

The Authority’s lease receivable is measured at the present value of lease payments expected to be received during the lease term.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable.

SANTA CLARA VALLEY OPEN SPACE AUTHORITY
MEASURE Q AND MEASURE T PARCEL TAX FUNDS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 3 – CASH AND INVESTMENTS

On June 30, 2025, all of the \$25,508,388 cash and investments in the Measure Q and Measure T Parcel Tax Funds was deposited in the Santa Clara County investment pool.

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. These principles recognize a three-tiered fair value hierarchy. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Authority had investments in the Santa Clara County investment pool, that investment is not measured under Level 1, Level 2, or Level 3.

Cash in County Treasury

The Measure Q and Measure T Parcel Tax Funds maintains all of its cash in Santa Clara County Treasury, an external investment pool. The County pools these funds with those of other governmental entities in the county and invests the cash. These pooled funds are carried at fair value. Interest is earned based on average daily balance and is deposited quarterly into participating funds. Any investment gains and losses are proportionately shared by all funds in the pool. The County is restricted by the California Government Code to invest in obligations issued by the United States Treasury; obligations, participations, or other instruments of or issued by a federal agency or a United States government sponsored enterprise; obligations of State and local agencies of this State; bankers' acceptances; commercial paper; negotiable certificates of deposit; repurchase agreements; medium-term corporate notes; as well as other investments established by the California Government Code. The County's report discloses the required information in accordance with Governmental Accounting Standards Board Statement Nos. 3 and 40. Pooled investments are not required to be categorized by risk category.

NOTE 4 – INTERFUND TRANSACTIONS

During the year, expenditures were incurred in the Assessment District 1 Fund (the Authority's General Operating Fund) that were a part of Measure Q and Measure T, resulting in an interfund asset in the Measure Q Parcel Tax Fund of \$2,071,338 and an interfund liability in Measure T Parcel Tax Fund of \$5,165,304. During the year, expenditures were incurred in the Measure Q Parcel Tax Fund that were a part of the Authority's Grant Fund (Authority's Special Revenue Fund for grants), resulting in an interfund asset in the Measure Q Parcel Tax Fund of \$734,908 and in the Measure T Parcel Tax Fund of \$99,126. During the year, expenditures were incurred in the Measure Q Fund that were a part of Measure T, resulting in an interfund asset and liability of \$1,275,041.

NOTE 5 – JOINT VENTURES (JOINT POWERS AGREEMENTS)

The Authority is exposed to various risks of loss related to tort; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority is a member of the Special Authority Risk Management Authority (SDRMA). During the fiscal year June 30, 2021, the Authority had up to \$100 million per occurrence for workers compensation and \$5 million for employer's liability coverage, subject to the terms, conditions and exclusions as provided in the Memorandum of Coverage from SDRMA.

The Authority has purchased additional insurance with a private insurance carrier to cover potential loss from various identified risks including loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters. Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the Authority's insurance coverage during the current year. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

The Authority 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 Authority's financial position or results of operations as of June 30, 2025.

SANTA CLARA VALLEY OPEN SPACE AUTHORITY
MEASURE Q AND MEASURE T PARCEL TAX FUNDS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 7 – LEASE RECEIVABLE

On June 6, 2022, the Authority entered into a three year lease with B&T Farms for use of 60 acres of the Authority's property. Beginning December 1, 2022, the lease shall only apply to 40 acres of the property. On December 12, 2022, the agreement was amended to increase back to 60 acres of property. Under the lease, B&T Farms shall pay the Authority \$700 per acre per year. The original lease ended in the fiscal year ended June 30, 2025, however an extension was agreed to up through May 31, 2027.

On May 8, 2018, the Authority entered into a six year lease with UC Farms for the use of 175 acres of the Authority's property. Under the lease, UC Farms shall pay the Authority \$465 per acre with the rate increasing annually by 1.5% at the lease commencement date. In May 2024, UC Farms exercised a 3 year option to extend the lease.

The lease receivable balance on June 30, 2025 was \$227,487. The lease receivable is measured at the present value of the future minimum rent payments expected during the lease term at a discount rate of 3%.

In the fiscal year ended June 30, 2025, the Authority recognized \$8,154 in interest revenue and \$141,174 in lease revenue.

REQUIRED SUPPLEMENTARY INFORMATION

SANTA CLARA VALLEY OPEN SPACE AUTHORITY
MEASURE Q PARCEL TAX FUND
BUDGETARY COMPARISON SCHEDULE
For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues:				
Investment income (loss)	\$ 140,000	\$ 140,000	\$ 270,201	\$ 130,201
Other revenues			14,814	14,814
Total revenues	140,000	140,000	285,015	145,015
Expenditures:				
Capital Outlay	2,970,000	2,970,000	1,026,241	1,943,759
Conservation Initiatives & Grants Management			49,626	(49,626)
Planning			2,236	(2,236)
Field Operations and Maintenance Program	7,000	7,000	530	6,470
Measure Q Urban Grant Program			732,462	(732,462)
Total expenditures	2,977,000	2,977,000	1,811,095	1,165,905
Net change in fund balance	(2,837,000)	(2,837,000)	(1,526,080)	1,310,920
Fund balance - July 1	11,920,991	11,920,991	11,920,991	
Fund balance - June 30	<u>\$ 9,083,991</u>	<u>\$ 9,083,991</u>	<u>\$ 10,394,911</u>	<u>\$ 1,310,920</u>

SANTA CLARA VALLEY OPEN SPACE AUTHORITY
MEASURE T PARCEL TAX FUND
BUDGETARY COMPARISON SCHEDULE
For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues:				
Assessments	\$ 8,084,425	\$ 8,084,425	\$ 8,038,260	\$ (46,165)
Investment income (loss)	40,000	40,000	922,833	882,833
Intergovernmental grants			106,296	106,296
Other revenues	160,000	160,000	25,485	(134,515)
Total revenues	8,284,425	8,284,425	9,092,874	808,449
Expenditures:				
Capital Outlay	478,372	478,372	244,341	234,031
Conservation Initiatives & Grants Management	813,786	813,786	498,993	314,793
Planning	834,622	834,622	393,022	441,600
Field Operations and Maintenance Program	4,641,366	4,641,366	3,088,895	1,552,471
Community Engagement Program	458,283	458,283	243,125	215,158
Natural Resources			433,566	(433,566)
Measure T Urban Grant Program	100,000	100,000	26,364	73,636
Expenditure Oversight Committee Costs	8,084	8,084	8,036	48
Administrative Costs	1,026,706	1,026,706	1,049,987	(23,281)
SCC Assessor's Fee (1%)	80,844	80,844	80,381	463
Total expenditures	8,442,063	8,442,063	6,066,710	2,375,353
Net change in fund balance	(157,638)	(157,638)	3,026,164	3,183,802
Fund balance - July 1	11,214,525	11,214,525	11,214,525	
Fund balance - June 30	<u>\$ 11,056,887</u>	<u>\$ 11,056,887</u>	<u>\$ 14,240,689</u>	<u>\$ 3,183,802</u>



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

Board of Directors
Santa Clara Valley Open Space Authority
San Jose, California

We have audited, in accordance with the 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 Measure Q Parcel Tax Fund (Measure Q) and Measure T Parcel Tax Fund (Measure T) of the Santa Clara Valley Open Space Authority (the Authority), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 30, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority'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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's Measure Q and Measure T funds' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss, Renz & Haugheim LLP

Santa Maria, California
October 30, 2024