

SANTA CLARA VALLEY OPEN SPACE AUTHORITY

FINANCIAL STATEMENTS

June 30, 2023

SANTA CLARA VALLEY OPEN SPACE AUTHORITY
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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 governmental activities and each major fund of the Santa Clara Valley Open Space Authority, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Santa Clara Valley Open Space Authority'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 Santa Clara Valley Open Space Authority, as of June 30, 2023, and the respective changes in financial position thereof 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Santa 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 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 Santa Clara Valley Open Space Authority'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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 3 through 8, the budgetary information on pages 35 through 37, the schedule of proportionate share of net pension liability on page 38, and the schedule of pension contributions on page 39 be presented to supplement the basic financial statements. Such information, is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2023, 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 & Hartgrain LLP

Santa Maria, California
October 6, 2023

Santa Clara Valley Open Space Authority

Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

INTRODUCTION

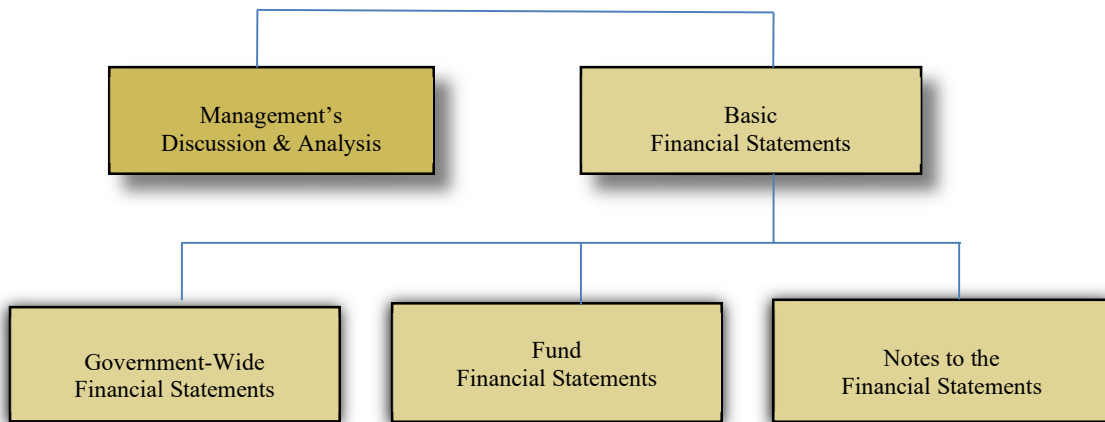
The Management’s Discussion and Analysis (MD&A) is a required section of the Authority’s annual financial report, as shown in the overview below. The purpose of the MD&A is to present a discussion and analysis of the Authority’s financial performance during the fiscal year that ended on June 30, 2023. This report will (1) focus on significant financial issues, (2) provide an overview of the Authority’s financial activity, (3) identify changes in the Authority’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 Authority’s operations and financial standing.

USING THE ANNUAL REPORT

The Statement of Net Position and Statement of Activities comprise the government-wide financial statements and provide information about the activities of the whole Authority, presenting both an aggregate view of the Authority’s finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell 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.

Required Components of the Annual Financial Report



The view of the Authority as a whole looks at all financial transactions and asks the question, “How did we do financially during the fiscal year 2022 - 2023?” The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting practices used by most private-sector companies. This basis of accounting takes into account all of the current year revenues and expenses regardless of when cash is received or paid.

These two statements report the Authority’s net position and changes in net position. This change in net position is important because it tells the reader that, for the Authority as a whole, the financial position of the Authority 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 changing laws in California restricting revenue growth, facility conditions and other factors.

Santa Clara Valley Open Space Authority

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

In the Statement of Net Position and the Statement of Activities, the Authority reports governmental activities. Governmental activities are the activities where the Authority's programs and services are reported. The Authority does not have any business type activities.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended June 30, 2023 were as follows:

- Total net position increased by \$5,147,684, from 2022 to 2023, primarily due to an increase in investments of capital assets.
- Capital assets, net of accumulated depreciation, increased by \$3,874,945 as a result of additions to capital assets from land purchases, construction in progress, and vehicles.
- Current assets increased by \$1,869,310, primarily due to the Authority's investments market value as of June 30, 2023 and accounts receivable for services in June.
- Noncurrent liabilities increased by \$1,253,816 mainly due to an increase in net pension liability.

REPORTING THE AUTHORITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the Authority's fund financial statements begins on page 11. Fund financial reports provide detailed information about the Authority's major funds. The Authority uses one operating fund, the Assessment District No.1 Fund, to account for a multitude of financial transactions.

Governmental Funds

The Assessment District No. 1 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 Authority'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.

Santa Clara Valley Open Space Authority

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2023

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Recall that the Statement of Net Position provides the perspective of the Authority as a whole. Table 1 provides a summary of the Authority's net position as of June 30, 2023 as compared to June 30, 2022:

Table 1 - Summary of Statement of Net Position				
Description	2023	2022	Change	Percentage Change
Assets				
Current Assets	53,828,214	51,958,904	1,869,310	3.60%
Capital Assets - Net	122,115,827	118,240,882	3,874,945	3.28%
Total Assets	175,944,041	170,199,786	5,744,255	3.38%
Deferred Outflows				
	1,382,426	871,160	511,266	58.69%
Liabilities				
Current Liabilities	1,227,997	868,378	359,619	41.41%
Noncurrent Liabilities	3,514,771	2,260,955	1,253,816	55.46%
Total Liabilities	4,742,768	3,129,333	1,613,435	51.56%
Deferred Inflows				
	4,159,843	4,665,441	(505,598)	-10.84%
Net Position				
Net Investment in Capital Assets	122,115,827	118,240,882	3,874,945	3.28%
Restricted	22,038,588	19,909,021	2,129,567	10.70%
Unrestricted	24,269,441	25,126,269	(856,828)	-3.41%
Total Net Position	168,423,856	163,276,172	5,147,684	3.15%

Total net position increased by \$5,147,684. Total assets increased by \$5,744,255 and total liabilities increased by \$1,613,435. Net investment in capital assets increased by \$3,874,945 as a result of additions to capital assets from land purchases, construction in progress, and vehicles.

Santa Clara Valley Open Space Authority

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2023

Table 2 shows the changes in net position for fiscal year 2023 as compared to 2022.

Table 2 - Summary of Changes in Net Position				
Description	2023	2022	Change	Percentage Change
Revenues				
Program revenues:				
Operating grants and contributions	32,632	40,341	(7,709)	-19.11%
Capital grants and contributions	2,977,107	6,221,771	(3,244,664)	-52.15%
General revenues:				
District 1 Assessments	4,369,166	4,359,533	9,633	0.22%
Measure Q Assessments	12	6,300	(6,288)	-99.81%
Measure T Assessments	8,018,268	8,003,976	14,292	0.18%
Investment Income (Loss)	964,451	(914,389)	1,878,840	-205.47%
Other Revenues	382,087	469,583	(87,496)	-18.63%
Total Revenues	16,743,723	18,187,115	(1,443,392)	-7.94%
Program Expenses				
Administration	3,353,751	2,342,690	1,011,061	43.16%
Public Affairs	1,180,755	822,280	358,475	43.60%
Planning	682,680	415,907	266,773	64.14%
Conservation Initiatives & Grants	1,606,957	1,670,954	(63,997)	-3.83%
Land Management	3,906,612	3,155,731	750,881	23.79%
20% Funding Program	-	-	-	0.00%
Depreciation	865,284	665,002	200,282	30.12%
Total Expenses	11,596,039	9,072,564	2,523,475	27.81%
Change in Net Position	5,147,684	9,114,551	(3,966,867)	-43.52%
Beginning Net Position	163,276,172	154,161,621	9,114,551	5.91%
Ending Net Position	168,423,856	163,276,172	5,147,684	3.15%

Most of the Authority's revenue is derived from benefit assessments which are handled by the County of Santa Clara. In November 2020, Measure T was passed and replaced Measure Q. Effective in Fiscal Year 2021/2022, the Authority no longer received parcel tax revenues for Measure Q.

Santa Clara Valley Open Space Authority

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

THE AUTHORITY'S FUND BALANCE

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

Table 3 - Summary of Fund Balance				
Description	2023	2022	Change	Percentage Change
Assessment District 1 Fund	11,080,670	11,548,320	(467,650)	-4.05%
Capital Reserve Fund	15,730,930	15,372,261	358,669	2.33%
Measure Q Fund	13,383,855	15,079,260	(1,695,405)	-11.24%
Measure T Fund	7,425,304	3,600,332	3,824,972	106.24%
Grant Fund	1,029,429	1,029,429	-	0.00%
Total Fund Balance	48,650,188	46,629,602	2,020,586	4.33%

ASSESSMENT DISTRICT NO. 1 FUND BUDGETING HIGHLIGHTS

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

Changes from the Authority's General Fund 2022/2023 original budget to the final budget are detailed in the Required Supplementary Information Section along with a comparison to actual activity for the year ended. The final budgeted revenue was \$4,709,709. The final budgeted expenditures and other uses of funds were \$7,125,431.

CAPITAL ASSETS

Table 4 shows June 30, 2023 capital asset balances as compared to June 30, 2022.

Table 4 - Summary of Capital Assets Net of Depreciation				
Description	2023	2022	Change	Percentage Change
Land	106,213,515	106,181,748	31,767	0.03%
Construction in Progress	6,522,544	2,827,208	3,695,336	130.71%
Land Improvements	5,403,227	4,716,331	686,896	14.56%
Buildings	7,669,113	7,661,933	7,180	0.09%
Furniture and fixtures	162,632	179,447	(16,815)	-9.37%
Vehicles	1,221,199	902,149	319,050	35.37%
Accumulated Depreciation	(5,076,403)	(4,227,934)	(848,469)	-20.07%
Total Capital Assets, Net	122,115,827	118,240,882	3,874,945	3.28%

Santa Clara Valley Open Space Authority

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Board of Directors adopted the Authority's budget for fiscal year 2024 on June 8, 2023. This budget assumes a decrease of \$370,003 in assessment income from fiscal year 2023 to fiscal year 2024. The budget assumes the acquisition of \$3.38 million of new land and \$3.38 million of other capital spending. Operating expenditures are budgeted at \$8.71 million. If all revenues and expenditures occur as budgeted, the Authority's cash position would decrease by \$10.0 million in fiscal year 2024.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have any questions regarding this report or need additional financial information, contact the General Manager, Santa Clara Valley Open Space Authority, 33 Las Colinas Lane, San Jose, CA 95119.

SANTA CLARA VALLEY OPEN SPACE AUTHORITY
STATEMENT OF NET POSITION
June 30, 2023

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 48,750,111
Interest receivable	240,430
Account receivable	2,336,301
Prepaid expenses	2,000
Deposit on easement	2,379,090
Lease receivable	120,282
Capital assets:	
Nondepreciable	112,736,059
Depreciable, net	<u>9,379,768</u>
 Total assets	 <u>175,944,041</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	<u>1,382,426</u>
 Total deferred outflows of resources	 <u>1,382,426</u>
LIABILITIES	
Accounts payable	791,744
Payroll and other liabilities	237,803
Unearned revenue	5,677
Current portion of compensated absences	192,773
Noncurrent liabilities	
Compensated absences	223,921
Fund program liability	2,023,831
Net pension liability	<u>1,267,019</u>
 Total liabilities	 <u>4,742,768</u>
DEFERRED INFLOWS OF RESOURCES	
Pensions	17,041
Lease receivable	127,982
Deferred revenues	<u>4,014,820</u>
 Total deferred inflows of resources	 <u>4,159,843</u>
NET POSITION	
Net investment in capital assets	122,115,827
Restricted for:	
Restricted for Measure Q	13,383,855
Restricted for Measure T	7,425,304
Restricted for Grant projects	1,029,429
Restricted for conservation easement stewardship	200,000
Unrestricted	<u>24,269,441</u>
 Total net position	 <u>\$ 168,423,856</u>

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

SANTA CLARA VALLEY OPEN SPACE AUTHORITY

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2023

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Contributions and Grants		Capital Contributions and Grants
Governmental activities:					
Administration	\$ 3,353,751	\$ -	\$ -	\$ -	\$ (3,353,751)
Public Affairs	1,180,755		20,331		(1,160,424)
Planning	682,680		2,989	2,674,463	1,994,772
Conservation Initiatives & Grants	1,606,957		79	19,403	(1,587,475)
Land Management	3,906,612		9,233	283,241	(3,614,138)
Depreciation (Unallocated)	865,284				(865,284)
Total governmental activities	<u>\$ 11,596,039</u>	<u>\$ -</u>	<u>\$ 32,632</u>	<u>\$ 2,977,107</u>	<u>(8,586,300)</u>
General Revenues					
Taxes:					
					4,369,166
					12
					8,018,268
					964,451
					382,087
					<u>13,733,984</u>
					5,147,684
					<u>163,276,172</u>
					<u>\$ 168,423,856</u>

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

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SANTA CLARA VALLEY OPEN SPACE AUTHORITY
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2023

	Assessment District No.1 <u>Fund</u>	Capital Reserve <u>Fund</u>	Measure Q <u>Fund</u>
ASSETS			
Cash and investments	\$ 4,982,211	\$ 15,711,305	\$ 13,871,791
Interest receivable	43,826	14,709	112,323
Accounts receivable	504,910		
Lease receivable			
Prepaid expenditures	2,000		
Deposit on easement			1,379,090
Due from other funds	6,582,853	4,916	1,969,919
	<u>6,582,853</u>	<u>4,916</u>	<u>1,969,919</u>
Total assets	<u>\$ 12,115,800</u>	<u>\$ 15,730,930</u>	<u>\$ 17,333,123</u>
LIABILITIES			
Accounts payable	\$ 791,744	\$ -	\$ -
Payroll and other liabilities	237,803		
Unearned revenue	667		
Due to other funds	4,916	-	3,949,268
	<u>4,916</u>	<u>-</u>	<u>3,949,268</u>
Total liabilities	<u>1,035,130</u>	<u>-</u>	<u>3,949,268</u>
DEFERRED INFLOWS OF RESOURCES			
Leases			
Deferred revenues			
	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u> </u>	<u> </u>	<u> </u>
FUND BALANCES			
Nonspendable:			
Prepaid expenditures	2,000		
Restricted:			
Measure Q projects			13,383,855
Measure T projects			
Grant projects			
Conservation easement stewardship		200,000	
Assigned:			
20% funding program	2,023,831		
Capital projects		15,530,930	
Unassigned	9,054,839		
	<u>9,054,839</u>	<u>15,530,930</u>	<u> </u>
Total fund balances	<u>11,080,670</u>	<u>15,730,930</u>	<u>13,383,855</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,115,800</u>	<u>\$ 15,730,930</u>	<u>\$ 17,333,123</u>

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

SANTA CLARA VALLEY OPEN SPACE AUTHORITY
GOVERNMENTAL FUNDS
BALANCE SHEET (CONTINUED)
June 30, 2023

	Measure T Fund	Grant Fund	Totals
ASSETS			
Cash and investments	\$ 11,561,466	\$ 2,623,338	\$ 48,750,111
Interest receivable	69,572		240,430
Accounts receivable		1,831,391	2,336,301
Lease receivable	120,282		120,282
Prepaid expenditures			2,000
Deposit on easement		1,000,000	2,379,090
Due from other funds			8,557,688
	<u>11,751,320</u>	<u>5,454,729</u>	<u>62,385,902</u>
Total assets	<u>\$ 11,751,320</u>	<u>\$ 5,454,729</u>	<u>\$ 62,385,902</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 791,744
Payroll and other liabilities			237,803
Unearned revenue	5,010		5,677
Due to other funds	4,193,024	410,480	8,557,688
	<u>4,198,034</u>	<u>410,480</u>	<u>9,592,912</u>
Total liabilities	<u>4,198,034</u>	<u>410,480</u>	<u>9,592,912</u>
DEFERRED INFLOWS OF RESOURCES			
Leases	127,982		127,982
Deferred revenues		4,014,820	4,014,820
	<u>127,982</u>	<u>4,014,820</u>	<u>4,142,802</u>
Total deferred inflows of resources	<u>127,982</u>	<u>4,014,820</u>	<u>4,142,802</u>
FUND BALANCES			
Nonspendable:			
Prepaid expenditures			2,000
Restricted:			
Measure Q projects			13,383,855
Measure T projects	7,425,304		7,425,304
Grant projects		1,029,429	1,029,429
Conservation easement stewardship			200,000
Assigned:			
20% funding program			2,023,831
Capital projects			15,530,930
Unassigned			9,054,839
	<u>7,425,304</u>	<u>1,029,429</u>	<u>48,650,188</u>
Total fund balances	<u>7,425,304</u>	<u>1,029,429</u>	<u>48,650,188</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,751,320</u>	<u>\$ 5,454,729</u>	<u>\$ 62,385,902</u>

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

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SANTA CLARA VALLEY OPEN SPACE AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL
FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2023

Total fund balances, governmental funds \$ 48,650,188

Amounts reported for governmental activities in the statement of net position are different because:

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.

Capital assets at historical cost	\$	127,192,230
Accumulated depreciation		<u>(5,076,403)</u>

Net		122,115,827
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Long-term liabilities have not been included in the governmental funds activity:

Compensated absences	\$	(416,694)
Fund program liability		(2,023,831)
Pension liability		<u>(1,267,019)</u>

Total		(3,707,544)
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Deferred outflows and inflows of resources relating to pensions:

In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods.

In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

Deferred inflows of resources relating to pensions	\$	(17,041)
Deferred outflows of resources relating to pensions		<u>1,382,426</u>

Net		<u>1,365,385</u>
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Total net position, governmental activities	\$	<u><u>168,423,856</u></u>
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The notes to basic financial statements are an integral part of this statement.

SANTA CLARA VALLEY OPEN SPACE AUTHORITY
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2023

	Assessment District No.1 Fund	Capital Reserve Fund	Measure Q Fund
Revenues:			
Assessments	\$ 4,369,166	\$ -	\$ 12
Investment Income	262,028	365,879	283,932
Donations	12,008		
Intergovernmental grants			-
Other revenues	177,185		
Total revenues	<u>4,820,387</u>	<u>365,879</u>	<u>283,944</u>
Expenditures:			
Administration	2,660,677	30	39,869
Public Affairs	1,034,654		12,653
Planning	165,747		168,838
Conservation Initiatives & Grants	398,112		664,919
Land Management	769,991		247,578
Capital Outlay	258,856	7,180	845,492
Total expenditures	<u>5,288,037</u>	<u>7,210</u>	<u>1,979,349</u>
Net change in fund balances	(467,650)	358,669	(1,695,405)
Fund balances, July 1	<u>11,548,320</u>	<u>15,372,261</u>	<u>15,079,260</u>
Fund balances, June 30	<u>\$ 11,080,670</u>	<u>\$ 15,730,930</u>	<u>\$ 13,383,855</u>

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

SANTA CLARA VALLEY OPEN SPACE AUTHORITY**GOVERNMENTAL FUNDS****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)**

For the Fiscal Year Ended June 30, 2023

	Measure T Fund	Grant Fund	Totals
Revenues:			
Assessments	\$ 8,018,268	\$ -	\$ 12,387,446
Investment loss	52,612		964,451
Donations			12,008
Intergovernmental grants		2,997,731	2,997,731
Other revenues	204,902		382,087
Total revenues	<u>8,275,782</u>	<u>2,997,731</u>	<u>16,743,723</u>
Expenditures:			
Administration	390,283		3,090,859
Public Affairs	71,050	8,324	1,126,681
Planning	293,975	2,989	631,549
Conservation Initiatives & Grants	443,971	79	1,507,081
Land Management	2,599,936	9,233	3,626,738
Capital Outlay	651,595	2,977,106	4,740,229
Total expenditures	<u>4,450,810</u>	<u>2,997,731</u>	<u>14,723,137</u>
Net change in fund balances	3,824,972		2,020,586
Fund balances, July 1	<u>3,600,332</u>	<u>1,029,429</u>	<u>46,629,602</u>
Fund balances, June 30	<u>\$ 7,425,304</u>	<u>\$ 1,029,429</u>	<u>\$ 48,650,188</u>

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

SANTA CLARA VALLEY OPEN SPACE AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2023

Net change in fund balances - governmental funds \$ 2,020,586

Amounts reported for governmental activities in the statement of activities are different because:

Capital assets 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. This is the amount by which additions to capital assets of \$4,740,229 is greater than depreciation expense of \$865,284 in the period.

3,874,945

In the statement of activities, compensated absences are measured by the amounts earned during the fiscal year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts paid). This fiscal year, vacation earned exceeded the amount used by \$33,589.

(33,589)

In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This fiscal year, the difference between pension costs and actual employer contributions was:

(714,258)

Change in net position - governmental activities

\$ 5,147,684

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

SANTA CLARA VALLEY OPEN SPACE AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. **Organization**

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.

B. **Reporting Entity**

The governing board consists of seven officials who, together, constitute the Board of Directors. The Authority's financial statements include the accounts of all its operations. The Authority evaluated whether any other entity should be included in these financial statements. The basic, but not the only, criterion for including a governmental department, agency, institution, commission, public authority, or other governmental organization in a governmental unit's reporting entity for general purpose financial reports is the ability of the governmental unit's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one governmental unit is dependent on another and that the dependent unit should be reported as part of the other. Oversight responsibility is derived from the governmental unit's power and includes, but is not limited to:

- Financial interdependency
- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters

There are no component units included in this report which meets the criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statements No. 39, No. 61, and No. 80.

C. **Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Authority. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) the annual benefit assessment that is assessed to all property owners within the Authority's service area and is reported as charges for services, and 2) contract services that represent service zones for service to other agencies or entities for service outside the Authority's current service area. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

D. **Basis of Presentation**

Government-wide Financial Statements:

The government-wide statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide 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 Authority'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 Authority does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients

SANTA CLARA VALLEY OPEN SPACE AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Presentation (Continued)

Government-wide Financial Statements (Continued):

of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Authority, 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 Authority.

Fund Financial Statements:

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

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.

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 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 is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are to be used or the fiscal year when 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. 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 deferred 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Basis of Accounting (Continued)

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

F. Fund Accounting

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

Major Governmental Funds:

The *Assessment District No. 1 Fund* is the general operating fund of the Authority. It is used to account for all financial resources except those required to be accounted for in another fund.

The *Capital Reserve Fund* is the Authority's long-term reserve.

The *Measure Q Fund* is the Authority's fund for tracking Measure Q parcel tax revenues, and expenditures for related projects.

The *Measure T Fund* is the Authority's fund for tracking Measure T parcel tax revenues, and expenditures for related projects.

The *Grant Fund* is the Authority's fund used to account for grant revenues and expenditures.

G. 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 the Assessment District No. 1 Fund, Measure Q Fund, and Measure T Fund.

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

H. Prepaid Items

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.

SANTA CLARA VALLEY OPEN SPACE AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Encumbrances

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

J. Estimates

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

K. Long-term 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. In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

L. Compensated Absences

The Authority’s personnel policies provide for paid vacation and sick leave (employee benefits) to its employees. Liabilities for vacation leave are recorded when granted up to a maximum of 240 hours. Employees having attained five years of employment are paid one-third of accrued sick leave, up to a 15-day maximum, upon retirement.

M. Capital Assets

Capital assets are recorded in the government-wide financial statements. Included in capital assets are land, building, building improvements, equipment, vehicles and furniture and fixtures.

The Authority has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at estimated fair market value at the date of donation. Capital outlay is recorded as expenditures in governmental funds and as assets in the government-wide financial statements to the extent the Authority’s capitalization threshold is met.

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

Land improvements	3-50 years
Buildings	30 years
Furniture and Equipment	3-5 years
Vehicles	5 years

N. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. 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.

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.

P. Interfund Transactions

Interfund transactions are reflected as loans, services provided, reimbursements, or transfers. Interfund loans are reported as either “due from/due to other funds.”

Services provided, deemed to be at-market or near-market rates, are treated as revenues and expenditures. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its cost as a reimbursement. All other interfund transactions are treated as transfers. All interfund activity is eliminated in the government-wide financial statements.

Q. Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, “*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*,” and GASB Statement No. 65, “*Items Previously Reported as Assets and Liabilities*,” the Authority recognizes deferred outflows and inflows of resources.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. The Authority has one item which qualifies for reporting in this category; refer to Note 8 for a detailed listing of the deferred outflows of resources the Authority has reported.

SANTA CLARA VALLEY OPEN SPACE AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Deferred Outflows and Inflows of Resources (Continued)

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the Authority that is applicable to a future reporting period. The Authority has three items which qualify for reporting in this category; deferred revenue, pension items and lease receivable, please refer to Note 8 and 9 for a detailed listing of the deferred inflows on pensions and lease receivables.

R. Pensions

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 Santa Clara Valley Open Space Authority's California Public Employee's Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan 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.

S. Net Position

GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

Net position that is net investment in capital assets consist of capital assets, net of accumulated depreciation, and reduced by the outstanding principal of related debt. Restricted net position is the portion of net position that has external constraints placed on it by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

T. Benefit Assessment

The Authority utilizes the services of the Santa Clara County Tax Collector's Office to bill and collect the benefit assessment 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.

U. Future Accounting Pronouncements

GASB Statements listed below will be implemented in future financial statements:

Statement No. 99 "Omnibus 2022"

The provisions of this statement are effective in April 2022 except for the provisions related to leases, PPPs, SBITAs, financial guarantees and derivative instruments. The provisions related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022. The provisions related to financial guarantees and derivative instruments are effective for fiscal years beginning after June 15, 2023.

SANTA CLARA VALLEY OPEN SPACE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

U. Future Accounting Pronouncements (Continued)

Statement No. 100	"Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62"	The provisions of this statement are effective for fiscal years beginning after June 15, 2023.
Statement No. 101	"Compensated Absences"	The provisions of this statement are effective for fiscal years beginning after December 15, 2023.

NOTE 2 – CASH AND INVESTMENTS

On June 30, 2023, the Authority had the following cash and investments on hand:

Cash and investments with the County Treasurer	\$ 32,491,020
Investments	13,894,765
Cash in bank	2,363,243
Petty cash	<u>1,083</u>
Total cash and investments	<u>\$ 48,750,111</u>

Cash and investments are presented on the accompanying basic financial statements, as follows:

Cash and investments, statement of net position	<u>\$ 48,750,111</u>
Total cash and investments	<u>\$ 48,750,111</u>

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 has the following recurring fair value measurements as of June 30, 2023:

Investments by fair value level		Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Asset backed securities	\$ 1,199,426	\$ -	\$ 1,199,426	\$ -
Mortgage backed securities	216,613		216,613	
Santa Clara County Investment Pool	32,491,020		32,491,020	
Federal agencies	2,766,182		2,766,182	
Corporate medium term notes	3,667,257		3,667,257	
Commercial paper	557,719		557,719	
US Treasury	<u>5,461,041</u>		<u>5,461,041</u>	
Total investments measured at fair value	46,359,258	<u>\$ -</u>	<u>\$ 46,359,258</u>	<u>\$ -</u>
Investments measured at amortized cost				
Money market funds	<u>26,527</u>			
Total investments	<u>\$ 46,385,785</u>			

SANTA CLARA VALLEY OPEN SPACE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investments Authorized by the Authority’s Investment Policy

The table on the following page identifies the investment types that are authorized for the Authority by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>	<u>Minimum Rating</u>
Local Agency Bonds	5 years	30%	5%	A
U.S Treasury Obligations	5 years	N/A	N/A	N/A
Federal Agency Securities	5 years	20%	25%	None
Bankers' Acceptances	180 days	40%	5%	A
Commercial Paper	270 days	25%	5%	A-1
Negotiable Certificate of Deposit	5 years	30%	5%	A-1
Non-negotiable Certificate of Deposit	5 years	20%	FDIC limit	N/A
Collateralized non-negotiable Certificate of Deposit	5 years	20%	None	N/A
Certificate of Deposit Placement Service	5 years	30%	None	N/A
Repurchase Agreements	1 year	None	None	N/A
Local Agency Investment Fund	N/A	None	\$ 75,000,000	N/A
Corporate Medium Term Notes	5 years	30%	5%	A
Asset backed securities	5 years	20%	5%	AA
Mortgage backed securities	5 years	20%	5%	AA
Mutual funds	N/A	10%	N/A	Highest possible
Money market mutual funds	N/A	20%	N/A	Highest possible
Supranationals	5 years	30%	10%	AA

Cash in County Treasury

The Authority maintains a portion 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.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Authority’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the Authority’s deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

SANTA CLARA VALLEY OPEN SPACE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 2 – CASH AND INVESTMENTS (Continued)

Custodial Credit Risk (Continued)

None of the Authority’s deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

Investments securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty’s trust department or agent but not in the government’s name. Investments in external pools, such as cash in county treasury, are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Interest Rate Risk

The Authority’s formal investment policy limits investment maturities to a maximum of 5 years as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the Authority’s investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Authority’s investments by maturity:

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months Or Less</u>	<u>13-24 Months</u>	<u>25-60 Months</u>	<u>More than 60 months</u>
Asset backed securities	\$ 1,199,426	\$ -	\$ 156,043	\$ 1,043,383	\$ -
Mortgage backed securities	216,613	38,239	83,563	94,811	
Santa Clara County Investment Pool	32,491,020	32,491,020			
Federal agencies	2,766,182	869,960	1,362,900	533,322	
Corporate medium term notes	3,667,257	708,258	1,373,225	1,585,774	
US Treasury	5,461,041	1,793,784	1,057,947	2,609,310	
Commercial paper	557,719	557,719			
Money market funds	26,527	26,527			
	<u>\$ 46,385,785</u>	<u>\$ 36,485,507</u>	<u>\$ 4,033,678</u>	<u>\$ 5,866,600</u>	<u>\$ -</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of rating by a nationally recognized statistical rating organization. Presented on the following page is the minimum rating required by the California Government Code, the Authority’s investment policy, or debt agreements, and the actual rating as of the fiscal year end for each investment type.

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Minimum Legal Rating</u>	<u>Rating as of Fiscal Year End</u>				
			<u>AAA</u>	<u>AA+</u>	<u>A+</u>	<u>A</u>	<u>Not Rated</u>
Asset backed securities	\$ 1,199,426	AA	\$ 1,199,426	\$ -	\$ -	\$ -	\$ -
Mortgage backed securities	216,613	AA	216,613				
Santa Clara County Investment Pool	32,491,020	N/A					32,491,020
Federal agencies	2,766,182	N/A	2,766,182				
Corporate medium term notes	3,667,257	A	169,335	1,155,174	1,366,706	976,042	
US Treasury	5,461,041	N/A	5,461,041				
Commercial paper	557,719	AAA	557,719				
Money market funds	26,527	N/A					26,527
	<u>\$ 46,385,785</u>		<u>\$ 10,370,316</u>	<u>\$ 1,155,174</u>	<u>\$ 1,366,706</u>	<u>\$ 976,042</u>	<u>\$ 32,517,547</u>

Concentration of Credit Risk

The Authority’s investment policy limits the investment in one issuer to 5% of the portfolio. The Authority was not exposed to concentration of credit risk because it had no investments in any one issuer that exceeded 5% of its total investment portfolio.

SANTA CLARA VALLEY OPEN SPACE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 3 – CAPITAL ASSETS

Governmental activities

	Balance July 1	Increases	Deletions	Transfers	Balance June 30
Nondepreciable capital assets:					
Land	\$ 106,181,748	\$ 31,767	\$ -	\$ -	\$ 106,213,515
Construction in Progress	2,827,208	4,382,232		(686,896)	6,522,544
Total nondepreciable capital assets	\$ 109,008,956	\$ 4,413,999	\$ -	\$ (686,896)	\$ 112,736,059
Depreciable capital assets:					
Land improvements	\$ 4,716,331	\$ -	\$ -	\$ 686,896	\$ 5,403,227
Buildings	7,661,933	7,180			7,669,113
Furniture and fixtures	179,447		16,815		162,632
Vehicles	902,149	319,050			1,221,199
Total depreciable capital assets	13,459,860	326,230	16,815	686,896	14,456,171
Less accumulated depreciation	4,227,934	865,284	(16,815)		5,076,403
Net depreciable capital assets	\$ 9,231,926	\$ (539,054)	\$ -	\$ 686,896	\$ 9,379,768
Net capital assets	\$ 118,240,882	\$ 3,874,945	\$ -	\$ -	\$ 122,115,827

NOTE 4 – INTERFUND TRANSACTIONS

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

Due From/Due to Other Funds

Individual fund interfund receivable and payable balances at June 30, 2023, are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Governmental Funds:		
Assessment District 1 Fund	\$ 6,582,853	\$ 4,916
Capital Reserve Fund	4,916	
Measure Q Fund	1,969,919	3,949,268
Measure T Fund		4,193,024
Grant Fund		410,480
Totals	\$ 8,557,688	\$ 8,557,688

SANTA CLARA VALLEY OPEN SPACE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 5 – FUNDING PROGRAM LIABILITY

The 20% Funding Program was established to assist participating jurisdictions with their own urban open space programs. The Five-Year Plan defines participating jurisdictions to consist of the cities of the County not within the Midpeninsula Open Space Authority’s boundaries. The program is funded with 20% of the Authority’s capital fund expenditures; the primary objective of which is for the acquisition of open space in urban areas. Recognizing that opportunities for land acquisition is limited or unavailable within urban areas, funds may be used for environmental restoration and/or site development projects that provide or enhance open space. The liability and assigned fund balance as of June 30, 2023 was as follows:

Government Agency	Balance July 1, 2022	Additions	Project Completion Distributions	Balance June 30, 2023
City of Campbell	\$ 46,721	\$ -	\$ -	\$ 46,721
City of Milpitas	197,806			197,806
City of Morgan Hill	38,442			38,442
City of San Jose	1,344,231			1,344,231
City of Santa Clara	55,346			55,346
Santa Clara County	341,285			341,285
Total	\$ 2,023,831	\$ -	\$ -	\$ 2,023,831

NOTE 6 – LONG-TERM LIABILITIES

Changes in long-term liabilities

The following is a summary of long-term liability activity for the fiscal year ended June 30, 2023:

	Balance July 1	Additions	Reductions	Balance June 30	Due Within One Year
Governmental activities:					
Compensated absences	\$ 383,105	\$ 385,972	\$ 352,383	\$ 416,694	\$ 192,773
20% funding liability	2,023,831			2,023,831	
Net pension liability	31,254	1,235,765		1,267,019	
Governmental activities					
Long-term liabilities	\$ 2,438,190	\$ 1,621,737	\$ 352,383	\$ 3,707,544	\$ 192,773

NOTE 7 – 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, 2023, 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.

SANTA CLARA VALLEY OPEN SPACE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 8 – PENSION PLAN

A. General Information about the Pension Plan

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the Authority’s Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit plans administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Authority 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 50 with statutorily reduced benefits. All members are eligible for nonduty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plans’ provisions and benefits in effect at June 30, 2023, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
Benefit formula	2.0% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-63	52-67
Monthly benefits, as a % of eligible compensation	1.4% to 2.4%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.75%
Required employer contribution rates	10.32% +\$80,527	7.47% +\$1,056

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 is 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 Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Contributions to the pension plan from the Authority were \$494,268 for the fiscal year ended June 30, 2023.

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

At June 30, 2023, the Authority reported a liability of \$1,267,019 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The Authority’s proportion of the net pension liability was based on a projection of the Authority’s long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, actuarially determined. At June 30, 2022, the Authority’s proportion was 0.02708%, which increased by 0.02543% from June 30, 2021.

SANTA CLARA VALLEY OPEN SPACE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 – PENSION PLAN (CONTINUED)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

For the fiscal year ended June 30, 2023, the Authority recognized pension expense of \$1,208,527. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 494,268	\$ -
Differences between expected and actual experience	25,444	17,041
Changes in assumptions	129,833	
Net difference between projected and actual earnings on retirement plan investments	232,084	
Adjustment due to differences in proportions	352,425	
Difference in actual contributions and proportionate share of contributions	148,372	
	<u>\$ 1,382,426</u>	<u>\$ 17,041</u>

\$494,268 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expenses as follows:

Fiscal Year <u>Ending June 30</u>	<u>Amount</u>
2024	\$ 339,621
2025	262,288
2026	127,257
2027	141,951
	<u>\$ 871,117</u>

SANTA CLARA VALLEY OPEN SPACE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 8 – PENSION PLAN (CONTINUED)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

- (1) The mortality table used was developed based on CalPERS' specific data. The rates incorporate Generational Mortality to capture ongoing mortality 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.

Change in Assumptions

For the measurement date of June 30, 2022, the discount rate was lowered from 7.15% to 6.90% and the inflation rate was decreased from 2.50% to 2.30%.

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for public agency plans (including PERF C), 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 6.90 percent discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 6.90 percent will be applied to all plans in the Public Employees Retirement Fund including PERF C. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB No. 68 section.

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

SANTA CLARA VALLEY OPEN SPACE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 8 – PENSION PLAN (CONTINUED)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Project returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

The expected real rates of return by asset class are as followed:

Asset Class	Assumed Asset Allocation	Real Return Years 1-10(a)(b)
Global Equity - cap-weighted	30.0%	4.45%
Global Equity -non-cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	<u>100.0%</u>	

(a) An expected inflation of 2.30% used for this period.

(b) Figures are based on the 2021-22 Asset Liability Management study.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents the Authority’s proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the Authority’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.90 percent) or 1- percentage point higher (7.90 percent) than the current rate:

	1% Decrease <u>5.90%</u>	Discount Rate <u>6.90%</u>	1% Increase <u>7.90%</u>
Authority's proportionate share of the net pension plan liability	\$ 2,529,313	\$ 1,267,019	\$ 228,464

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

C. Payable to the Pension Plan

At June 30, 2023, the Authority had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2023.

SANTA CLARA VALLEY OPEN SPACE AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 9 – 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.

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.

The lease receivable balance on June 30, 2023 was \$120,282. 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, 2023, the Authority recognized \$6,496 in interest revenue and \$153,744 in lease revenue.

REQUIRED SUPPLEMENTARY INFORMATION

SANTA CLARA VALLEY OPEN SPACE AUTHORITY
BUDGETARY COMPARISON SCHEDULE
ASSESSMENT DISTRICT NO.1 FUND
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Assessments	\$ 4,384,019	\$ 4,384,019	\$ 4,369,166	\$ (14,853)
Investment income	80,000	80,000	262,028	182,028
Donations			12,008	12,008
Other revenues	245,690	245,690	177,185	(68,505)
Total revenues	<u>4,709,709</u>	<u>4,709,709</u>	<u>4,820,387</u>	<u>110,678</u>
Expenditures:				
Administration	3,914,409	3,914,409	2,660,677	1,253,732
Public Affairs	1,068,270	1,068,270	1,034,654	33,616
Planning	336,852	336,852	165,747	171,105
Conservation Initiatives & Grants	384,891	384,891	398,112	(13,221)
Land Management	1,171,009	1,171,009	769,991	401,018
Capital outlay	250,000	250,000	258,856	(8,856)
Total expenditures	<u>7,125,431</u>	<u>7,125,431</u>	<u>5,288,037</u>	<u>1,837,394</u>
Net changes in fund balance	(2,415,722)	(2,415,722)	(467,650)	1,948,072
Fund balance, July 1	<u>11,548,320</u>	<u>11,548,320</u>	<u>11,548,320</u>	
Fund balance, June 30	<u>\$ 9,132,598</u>	<u>\$ 9,132,598</u>	<u>\$ 11,080,670</u>	<u>\$ 1,948,072</u>

SANTA CLARA VALLEY OPEN SPACE AUTHORITY
BUDGETARY COMPARISON SCHEDULE
MEASURE Q FUND
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Assessments	\$ -	\$ -	\$ 12	\$ 12
Investment income	150,000	150,000	283,932	133,932
Total revenues	150,000	150,000	283,944	133,944
Expenditures:				
Administration			39,869	(39,869)
Public Affairs			12,653	(12,653)
Planning	489,323	489,323	168,838	320,485
Conservation Initiatives & Grants			664,919	(664,919)
Land Management			247,578	(247,578)
Capital outlay	4,005,000	4,005,000	845,492	3,159,508
Total expenditures	4,494,323	4,494,323	1,979,349	2,514,974
Net changes in fund balance	(4,344,323)	(4,344,323)	(1,695,405)	2,648,918
Fund balance, July 1	15,079,260	15,079,260	15,079,260	
Fund balance, June 30	<u>\$ 10,734,937</u>	<u>\$ 10,734,937</u>	<u>\$ 13,383,855</u>	<u>\$ 2,648,918</u>

SANTA CLARA VALLEY OPEN SPACE AUTHORITY
BUDGETARY COMPARISON SCHEDULE
MEASURE T FUND
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Assessments	\$ 8,424,168	\$ 8,424,168	\$ 8,018,268	\$ (405,900)
Investment income			52,612	52,612
Other revenues	115,000	115,000	204,902	89,902
Total revenues	8,539,168	8,539,168	8,275,782	(263,386)
Expenditures:				
Administration	791,639	791,639	390,283	401,356
Public Affairs	282,646	282,646	71,050	211,596
Planning	464,040	464,040	293,975	170,065
Conservation Initiatives & Grants	1,341,122	1,341,122	443,971	897,151
Land Management	4,316,387	4,316,387	2,599,936	1,716,451
Capital outlay	1,343,000	1,343,000	651,595	691,405
Total expenditures	8,538,834	8,538,834	4,450,810	4,088,024
Net changes in fund balance	334	334	3,824,972	3,824,638
Fund balance, July 1	3,600,332	3,600,332	3,600,332	
Fund balance, June 30	\$ 3,600,666	\$ 3,600,666	\$ 7,425,304	\$ 3,824,638

SANTA CLARA VALLEY OPEN SPACE AUTHORITY
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
Last 10 Years*
As of June 30, 2023

The following table provides required supplementary information regarding the Authority's Pension Plan.

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Proportion of the net pension liability	0.01097%	0.00058%	0.00847%	0.00744%	0.00649%
Proportionate share of the net pension liability	\$ 1,267,019	\$ 31,254	\$ 921,528	\$ 762,146	\$ 625,437
Covered payroll	\$ 4,577,979	\$ 4,348,067	\$ 3,389,687	\$ 2,978,896	\$ 2,554,352
Proportionate share of the net pension liability as percentage of covered payroll	27.7%	0.7%	27.2%	25.6%	24.5%
Plan's total pension liability	\$ 49,525,975,138	\$ 46,174,942,264	\$ 43,702,930,887	\$ 41,426,453,489	\$ 38,944,855,364
Plan's fiduciary net position	\$ 37,975,170,163	\$ 40,766,653,876	\$ 32,822,501,335	\$ 31,179,414,067	\$ 29,308,589,559
Plan fiduciary net position as a percentage of the total pension liability	76.68%	88.29%	75.10%	75.26%	75.26%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	
Proportion of the net pension liability	0.00659%	0.00577%	0.00789%	0.00557%	
Proportionate share of the net pension liability	\$ 654,031	\$ 499,473	\$ 541,769	\$ 346,849	
Covered payroll	\$ 2,468,440	\$ 2,442,660	\$ 2,143,596	\$ 1,459,746	
Proportionate share of the net pension liability as percentage of covered payroll	26.5%	20.4%	25.3%	23.8%	
Plan's total pension liability	\$ 37,161,348,332	\$ 33,358,627,624	\$ 31,771,217,402	\$ 30,829,966,631	
Plan's fiduciary net position	\$ 27,244,095,376	\$ 24,705,532,291	\$ 24,907,305,871	\$ 24,607,502,515	
Plan fiduciary net position as a percentage of the total pension liability	73.31%	74.06%	78.40%	79.82%	

Notes to Schedule:

Changes in assumptions

In 2023, the discount rate was decreased to 6.90% and the inflation rate was decreased to 2.30%.

*- Fiscal year 2015 was the 1st year of implementation, thus only nine years are shown.

SANTA CLARA VALLEY OPEN SPACE AUTHORITY
SCHEDULE OF PENSION CONTRIBUTIONS
 Last 10 Years*
 As of June 30, 2023

The following table provides required supplementary information regarding the Authority's Pension Plan.

	2023	2022	2021	2020	2019
Contractually required contribution (actuarially determined)	\$ 494,268	\$ 493,264	\$ 456,072	\$ 328,483	\$ 331,657
Contribution in relation to the actuarially determined contributions	494,268	493,264	456,072	328,483	331,657
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 4,934,457	\$ 4,577,979	\$ 4,348,067	\$ 3,389,687	\$ 2,978,896
Contributions as a percentage of covered payroll	10.02%	10.77%	10.49%	9.69%	11.13%
	2018	2017	2016	2015	
Contractually required contribution (actuarially determined)	\$ 301,654	\$ 319,350	\$ 308,227	\$ 192,716	
Contribution in relation to the actuarially determined contributions	301,654	319,350	308,227	192,716	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	
Covered payroll	\$ 2,554,352	\$ 2,468,440	\$ 2,442,660	\$ 2,143,596	
Contributions as a percentage of covered payroll	11.81%	12.94%	12.62%	8.99%	

Notes to Schedule

There were no significant changes to the actuarial methods or assumptions for the contributions.

*- Fiscal year 2015 was the 1st year of implementation, therefore only nine years are shown.



**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 governmental activities, and each major fund of the Santa Clara Valley Open Space Authority (the Authority), as of and for the fiscal year ended June 30, 2023, 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 6, 2023.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 & Hartgen LLP

Santa Maria, California
October 6, 2023