

SANTA CLARA VALLEY OPEN SPACE AUTHORITY

FINANCIAL STATEMENTS

June 30, 2022

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, 2022, 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, 2022, 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, for the fiscal year ended June 30, 2022, the Santa Clara Valley Open Space Authority adopted new accounting guidance, *GASB No. 87 Leases*. Our opinions are 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 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 37 through 39, the schedule of proportionate share of net pension liability on page 40, and the schedule of pension contributions on page 41 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2022, 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, Renz & Hartgeim LLP

Santa Maria, California
October 20, 2022

Santa Clara Valley Open Space Authority

Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

INTRODUCTION

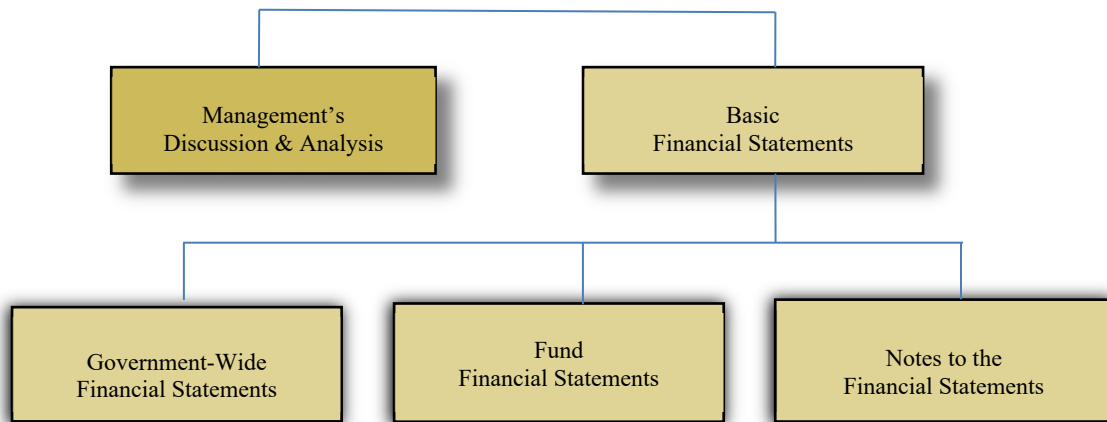
The Management’s Discussion and Analysis (MD&A) is a required section of the Authority’s annual financial report, as shown in the overview below. The purpose of the MD&A is to present a discussion and analysis of the Authority’s financial performance during the fiscal year that ended on June 30, 2022. 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 2021 - 2022?” 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, 2022

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, 2022 were as follows:

- Total net position increased by \$9,114,551, from 2021 to 2022, primarily due to an increase in investments of capital assets.
- Capital assets, net of accumulated depreciation, increased by \$13,188,931 as a result of additions to capital assets from land purchases, construction in progress, and vehicles.
- Current assets decreased by \$4,876,459, primarily due to unrealized losses from the Authority's investments based on the market value as of June 30, 2022.
- Noncurrent liabilities decreased by \$868,115 mainly due to a decrease 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 12. 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, 2022

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, 2022 as compared to June 30, 2021:

Table 1 - Summary of Statement of Net Position				
Description	2022	2021	Change	Percentage Change
Assets				
Current Assets	51,958,904	56,835,363	(4,876,459)	-8.58%
Capital Assets - Net	118,240,882	105,051,953	13,188,929	12.55%
Total Assets	170,199,786	161,887,316	8,312,470	5.13%
Deferred Outflows				
	871,160	818,647	52,513	6.41%
Liabilities				
Current Liabilities	868,378	777,309	91,069	11.72%
Noncurrent Liabilities	2,260,955	3,129,070	(868,115)	-27.74%
Total Liabilities	3,129,333	3,906,379	(777,046)	-19.89%
Deferred Inflows				
	4,665,441	4,637,963	27,478	0.59%
Net Position				
Net Investment in Capital Assets	118,240,882	105,051,953	13,188,929	12.55%
Restricted	19,909,021	24,004,122	(4,095,101)	-17.06%
Unrestricted	25,126,269	25,105,546	20,723	0.08%
Total Net Position	163,276,172	154,161,621	9,114,551	5.91%

Total net position increased by \$9,114,551. Total assets increased by \$8,312,470 and total liabilities decreased by \$777,046. Net investment in capital assets increased by \$13,188,929 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, 2022

Table 2 shows the changes in net position for fiscal year 2022 as compared to 2021.

Table 2 - Summary of Changes in Net Position				
Description	2022	2021	Change	Percentage Change
Revenues				
Program revenues:				
Operating grants and contributions	40,341	124,865	(84,524)	-67.69%
Capital grants and contributions	6,221,771	18,542,255	(12,320,484)	-66.45%
General revenues:				
District 1 Assessments	4,359,533	4,353,055	6,478	0.15%
Measure Q Assessments	6,300	7,990,008	(7,983,708)	-99.92%
Measure T Assessments	8,003,976	-	8,003,976	100.00%
Investment Income (Loss)	(914,389)	488,156	(1,402,545)	-287.31%
Other Revenues	469,583	526,290	(56,707)	-10.77%
Total Revenues	18,187,115	32,024,629	(13,837,514)	-43.21%
Program Expenses				
Administration	2,342,690	5,300,157	(2,957,467)	-55.80%
Public Affairs	822,280	1,000,061	(177,781)	-17.78%
Planning	415,907	554,835	(138,928)	-25.04%
Conservation Initiatives & Grants	1,670,954	1,353,127	317,827	23.49%
Land Management	3,155,731	3,053,026	102,705	3.36%
Depreciation	665,002	527,189	137,813	26.14%
Total Expenses	9,072,564	11,788,395	(2,715,831)	-23.04%
Change in Net Position	9,114,551	20,236,234	(11,121,683)	-54.96%
Beginning Net Position	154,161,621	133,925,387	20,236,234	15.11%
Ending Net Position	163,276,172	154,161,621	9,114,551	5.91%

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, 2022

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	2022	2021	Change	Percentage Change
Assessment District 1 Fund	11,548,320	11,890,570	(342,250)	-2.88%
Capital Reserve Fund	15,372,261	15,716,588	(344,327)	-2.19%
Measure Q Fund	15,079,260	22,974,688	(7,895,428)	-34.37%
Measure T Fund	3,600,332		3,600,332	100.00%
Grant Fund	1,029,429	1,029,429	-	0.00%
Total Fund Balance	46,629,602	51,611,275	(4,981,673)	-9.65%

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 2021/2022 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 \$4,655,322. The final budgeted expenditures and other uses of funds were \$5,146,391.

CAPITAL ASSETS

Table 4 shows June 30, 2022 capital asset balances as compared to June 30, 2021.

Table 4 - Summary of Capital Assets Net of Depreciation				
Description	2022	2021	Change	Percentage Change
Land	106,181,748	97,273,095	8,908,653	9.16%
Construction in Progress	2,827,208	1,516,353	1,310,855	86.45%
Land Improvements	4,716,331	3,259,580	1,456,751	44.69%
Buildings	7,661,933	5,511,750	2,150,183	39.01%
Furniture and fixtures	179,447	179,447	-	0.00%
Vehicles	902,149	874,660	27,489	3.14%
Accumulated Depreciation	(4,227,934)	(3,562,932)	(665,002)	-18.66%
Total Capital Assets, Net	118,240,882	105,051,953	13,188,929	12.55%

Santa Clara Valley Open Space Authority

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Board of Directors adopted the Authority's budget for fiscal year 2023 on June 9, 2022. This budget assumes an increase of \$34,571 in assessment income from fiscal year 2022 to fiscal year 2023. The budget assumes the acquisition of \$2.06 million of new land and \$6.18 million of other capital spending. Operating expenditures are budgeted at \$8.84 million. If all revenues and expenditures occur as budgeted, the Authority's cash position would decrease by \$11.4 million in fiscal year 2023.

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, 2022

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 47,996,224
Interest receivable	90,102
Account receivable	1,251,138
Prepaid expenses	2,000
Deposit on easement	2,379,090
Lease receivable	240,350
Capital assets:	
Nondepreciable	109,008,956
Depreciable, net	<u>9,231,926</u>
 Total assets	 <u>170,199,786</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	<u>871,160</u>
 Total deferred outflows of resources	 <u>871,160</u>
LIABILITIES	
Accounts payable	501,383
Payroll and other liabilities	184,718
Unearned revenue	5,042
Current portion of compensated absences	177,235
Noncurrent liabilities	
Compensated absences	205,870
Fund program liability	2,023,831
Net pension liability	<u>31,254</u>
 Total liabilities	 <u>3,129,333</u>
DEFERRED INFLOWS OF RESOURCES	
Pensions	27,282
Lease receivable	279,733
Deferred revenues	<u>4,358,426</u>
 Total deferred inflows of resources	 <u>4,665,441</u>
NET POSITION	
Net investment in capital assets	118,240,882
Restricted for:	
Restricted for Measure Q	15,079,260
Restricted for Measure T	3,600,332
Restricted for Grant projects	1,029,429
Restricted for conservation easement stewardship	200,000
Unrestricted	<u>25,126,269</u>
 Total net position	 <u>\$ 163,276,172</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, 2022

	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	\$ 2,342,690	\$ -	\$ -	\$ -	\$ (2,342,690)
Public Affairs	822,280		5,113		(817,167)
Planning	415,907			571,000	155,093
Conservation Initiatives & Grants	1,670,954		3,681	4,479,170	2,811,897
Land Management	3,155,731		31,547	1,171,601	(1,952,583)
Depreciation (Unallocated)	665,002				(665,002)
Total governmental activities:	\$ 9,072,564	\$ -	\$ 40,341	\$ 6,221,771	(2,810,452)
General Revenues					
Taxes:					
					4,359,533
					6,300
					8,003,976
Investment loss					(914,389)
Other revenue					469,583
					<u>11,925,003</u>
					9,114,551
					<u>154,161,621</u>
					<u>\$ 163,276,172</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, 2022

	Assessment District No.1 <u>Fund</u>	Capital Reserve <u>Fund</u>	Measure Q <u>Fund</u>
ASSETS			
Cash and investments	\$ 6,765,565	\$ 15,366,197	\$ 13,638,993
Interest receivable	22,757	19,538	35,540
Accounts receivable	950,712		
Lease receivable			
Prepaid expenditures	2,000		
Deposit on easement			1,379,090
Due from other funds	4,494,054		1,969,880
	<u>4,494,054</u>	<u> </u>	<u>1,969,880</u>
Total assets	<u>\$ 12,235,088</u>	<u>\$ 15,385,735</u>	<u>\$ 17,023,503</u>
LIABILITIES			
Accounts payable	\$ 501,383	\$ -	\$ -
Payroll and other liabilities	184,718		
Unearned revenue	667		
Due to other funds		13,474	1,944,243
	<u> </u>	<u>13,474</u>	<u>1,944,243</u>
Total liabilities	<u>686,768</u>	<u>13,474</u>	<u>1,944,243</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			15,079,260
Measure T projects			
Grant projects			
Conservation easement stewardship		200,000	
Assigned:			
20% funding program	2,023,831		
Capital projects		15,172,261	
Unassigned	9,522,489		
	<u>9,522,489</u>	<u> </u>	<u> </u>
Total fund balances	<u>11,548,320</u>	<u>15,372,261</u>	<u>15,079,260</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,235,088</u>	<u>\$ 15,385,735</u>	<u>\$ 17,023,503</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, 2022

	Measure T Fund	Grant Fund	Totals
ASSETS			
Cash and investments	\$ 7,727,958	\$ 4,497,511	\$ 47,996,224
Interest receivable	12,267		90,102
Accounts receivable		300,426	1,251,138
Lease receivable	240,350		240,350
Prepaid expenditures			2,000
Deposit on easement		1,000,000	2,379,090
Due from other funds			6,463,934
	<u>7,980,575</u>	<u>5,797,937</u>	<u>58,422,838</u>
Total assets	<u>\$ 7,980,575</u>	<u>\$ 5,797,937</u>	<u>\$ 58,422,838</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 501,383
Payroll and other liabilities			184,718
Unearned revenue	4,375		5,042
Due to other funds	4,096,135	410,082	6,463,934
	<u>4,100,510</u>	<u>410,082</u>	<u>7,155,077</u>
Total liabilities	<u>4,100,510</u>	<u>410,082</u>	<u>7,155,077</u>
DEFERRED INFLOWS OF RESOURCES			
Leases	279,733		279,733
Deferred revenues		4,358,426	4,358,426
	<u>279,733</u>	<u>4,358,426</u>	<u>4,638,159</u>
Total deferred inflows of resources	<u>279,733</u>	<u>4,358,426</u>	<u>4,638,159</u>
FUND BALANCES			
Nonspendable:			
Prepaid expenditures			2,000
Restricted:			
Measure Q projects			15,079,260
Measure T projects	3,600,332		3,600,332
Grant projects		1,029,429	1,029,429
Conservation easement stewardship			200,000
Assigned:			
20% funding program			2,023,831
Capital projects			15,172,261
Unassigned			9,522,489
	<u>3,600,332</u>	<u>1,029,429</u>	<u>46,629,602</u>
Total fund balances	<u>3,600,332</u>	<u>1,029,429</u>	<u>46,629,602</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,980,575</u>	<u>\$ 5,797,937</u>	<u>\$ 58,422,838</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, 2022

Total fund balances, governmental funds \$ 46,629,602

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	\$	122,468,816	
Accumulated depreciation		(4,227,934)	
Net			118,240,882

Long-term liabilities have not been included in the governmental funds activity:

Compensated absences	\$	(383,105)	
Fund program liability		(2,023,831)	
Pension liability		(31,254)	
Total			(2,438,190)

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	\$	(27,282)	
Deferred outflows of resources relating to pensions		871,160	
Net			843,878

Total net position, governmental activities \$ 163,276,172

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, 2022

	Assessment District No.1 Fund	Capital Reserve Fund	Measure Q Fund
Revenues:			
Assessments	\$ 4,359,533	\$ -	\$ 6,300
Investment loss	(183,285)	(326,982)	(220,411)
Donations	4,335		
Intergovernmental grants			87,560
Other revenues	228,290		
Total revenues	<u>4,408,873</u>	<u>(326,982)</u>	<u>(126,551)</u>
Expenditures:			
Administration	2,600,572	17,345	60,520
Public Affairs	821,275		1,182
Planning	158,289		159,444
Conservation Initiatives & Grants	425,767		630,032
Land Management	709,221		10,311
Capital Outlay	36,000		6,907,388
Total expenditures	<u>4,751,124</u>	<u>17,345</u>	<u>7,768,877</u>
Net change in fund balances	(342,251)	(344,327)	(7,895,428)
Fund balances, July 1	<u>11,890,571</u>	<u>15,716,588</u>	<u>22,974,688</u>
Fund balances, June 30	<u>\$ 11,548,320</u>	<u>\$ 15,372,261</u>	<u>\$ 15,079,260</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, 2022

	Measure T Fund	Grant Fund	Totals
Revenues:			
Assessments	\$ 8,003,976	\$ -	\$ 12,369,809
Investment loss	(183,711)		(914,389)
Donations			4,335
Intergovernmental grants		2,352,967	2,440,527
Other revenues	241,293		469,583
Total revenues	<u>8,061,558</u>	<u>2,352,967</u>	<u>14,369,865</u>
Expenditures:			
Administration	318,507		2,996,944
Public Affairs	88,945	779	912,181
Planning	155,260		472,993
Conservation Initiatives & Grants	665,039	3,681	1,724,519
Land Management	2,457,142	31,547	3,208,221
Capital Outlay	776,333	2,316,960	10,036,681
Total expenditures	<u>4,461,226</u>	<u>2,352,967</u>	<u>19,351,539</u>
Net change in fund balances	3,600,332		(4,981,674)
Fund balances, July 1		<u>1,029,429</u>	<u>51,611,276</u>
Fund balances, June 30	<u>\$ 3,600,332</u>	<u>\$ 1,029,429</u>	<u>\$ 46,629,602</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, 2022

Net change in fund balances - governmental funds	\$ (4,981,674)
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 \$10,036,681 is greater than depreciation expense of \$665,002 in the period.	9,371,679
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 \$14,783.	(14,783)
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. The fiscal year, the difference between pension costs and actual employer contributions was:	922,079
In governmental funds, donated capital assets are not reported because they do not affect current financial resources. In the government-wide statements, donated capital assets are reported as revenue and as an increase to capital assets, at their fair value on the date of donation. The fair value of capital assets donated was:	<u>3,817,250</u>
Change in net position - governmental activities	<u>\$ 9,114,551</u>

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, 2022

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

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, 2022

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.

SANTA CLARA VALLEY OPEN SPACE AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

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, 2022

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. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 87

For the fiscal year ended June 30, 2022, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 87, "Leases." This statement is effective for period beginning after June 15, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Implementation of the GASB Statement No. 87 did have an impact on the Authority's financial statements for the fiscal year ended June 30, 2022, see Note 9 – Lease Receivable.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

V. Future Accounting Pronouncements

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

Statement No. 91	"Conduit Debt Obligations"	The provisions of this statement are effective for fiscal years beginning after December 15, 2021.
Statement No. 93	"Replacement of Interbank Offered Rates"	The provisions of this statement except for paragraphs 11b, 13, and 14 are effective for fiscal years beginning after June 15, 2020. Paragraph 11b is effective for fiscal years beginning after December 31, 2021. Paragraphs 13 and 14 are effective for fiscal years beginning after June 15, 2021.
Statement No. 94	"Public-Private and Public-Public Partnerships and Availability Payment Arrangements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2022.
Statement No. 96	"Subscription-Based Information Technology Arrangements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2022.
Statement No. 98	"The Annual Comprehensive Financial Report"	The provisions of this statement are effective for fiscal years beginning after December 15, 2021.
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.
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.

SANTA CLARA VALLEY OPEN SPACE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 2 – CASH AND INVESTMENTS

On June 30, 2022, the Authority had the following cash and investments on hand:

Cash and investments with the County Treasurer	\$ 38,560,944
Investments	7,768,830
Cash in bank	1,665,582
Petty cash	<u>868</u>
Total cash and investments	<u>\$ 47,996,224</u>

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

Cash and investments, statement of net position	<u>\$ 47,996,224</u>
Total cash and investments	<u>\$ 47,996,224</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, 2022:

	<u>Fair Value Measurement Using</u>		
	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>Investments by fair value level</u>			
Asset backed securities	\$ 479,230	\$ -	\$ 479,230
Mortgage backed securities	138,433		138,433
Santa Clara County Investment Pool	38,560,944		38,560,944
Federal agencies	1,155,678		1,155,678
Coporate medium term notes	1,981,148		1,981,148
US Treasury	<u>3,854,517</u>		<u>3,854,517</u>
Total investments measured at fair value	46,169,950	<u>\$ -</u>	<u>\$ 46,169,950</u>
 Investments measured at amortized cost			
Money market funds	<u>159,824</u>		
Total investments	<u>\$ 46,329,774</u>		

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.

SANTA CLARA VALLEY OPEN SPACE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investments Authorized by the Authority’s Investment Policy (Continued)

<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	None	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
Supernationals	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, 2022

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	\$ 479,230	\$ -	\$ 189,662	\$ 289,568	\$ -
Mortgage backed securities	138,433		138,433		
Santa Clara County Investment Pool	38,560,944	38,560,944			
Federal agencies	1,155,678		898,119	257,559	
Coporate medium term notes	1,981,148	99,917	1,132,588	748,643	
US Treasury	3,854,517	341,118	2,028,172	1,485,227	
Money market funds	159,824	159,824			
	<u>\$ 46,329,774</u>	<u>\$ 39,161,803</u>	<u>\$ 4,386,974</u>	<u>\$ 2,780,997</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	\$ 479,230	AA	\$ 479,230	\$ -	\$ -	\$ -	\$ -
Mortgage backed securities	138,433	AA	138,433				
Santa Clara County Investment Pool	38,560,944	N/A					38,560,944
Federal agencies	1,155,678	N/A		1,155,678			
Coporate medium term notes	1,981,148	A		254,622	432,737	1,293,789	
US Treasury	3,854,517	N/A		3,854,517			
Money market funds	159,824	N/A					159,824
	<u>\$ 46,329,774</u>		<u>\$ 617,663</u>	<u>\$ 5,264,817</u>	<u>\$ 432,737</u>	<u>\$ 1,293,789</u>	<u>\$ 38,720,768</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, 2022

NOTE 3 – CAPITAL ASSETS

Governmental activities

	Balance July 1	Increases	Deletions	Transfers	Balance June 30
Nondepreciable capital assets:					
Land	\$ 97,273,095	\$ 8,908,653	\$ -	\$ -	\$ 106,181,748
Construction in Progress	1,516,353	2,767,606		(1,456,751)	2,827,208
Total nondepreciable capital assets	<u>\$ 98,789,448</u>	<u>\$ 11,676,259</u>	<u>\$ -</u>	<u>\$ (1,456,751)</u>	<u>\$ 109,008,956</u>
Depreciable capital assets:					
Land improvements	\$ 3,259,580	\$ -	\$ -	\$ 1,456,751	\$ 4,716,331
Buildings	5,511,750	2,150,183			7,661,933
Furniture and fixtures	179,447				179,447
Vehicles	874,660	27,489			902,149
Total depreciable capital assets	9,825,437	2,177,672		1,456,751	13,459,860
Less accumulated depreciation	3,562,932	665,002			4,227,934
Net depreciable capital assets	<u>\$ 6,262,505</u>	<u>\$ 1,512,670</u>	<u>\$ -</u>	<u>\$ 1,456,751</u>	<u>\$ 9,231,926</u>
Net capital assets	<u>\$ 105,051,953</u>	<u>\$ 13,188,929</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118,240,882</u>

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, 2022, are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Governmental Funds:		
Assessment District 1 Fund	\$ 4,494,054	\$ -
Capital Reserve Fund		13,474
Measure Q Fund	1,969,880	1,944,243
Measure T Fund		4,096,135
Grant Fund		410,082
Totals	<u>\$ 6,463,934</u>	<u>\$ 6,463,934</u>

SANTA CLARA VALLEY OPEN SPACE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

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, 2022 was as follows:

Government Agency	Balance July 1, 2021	Additions	Project Completion Distributions	Balance June 30, 2022
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, 2022:

	Balance July 1	Additions	Reductions	Balance June 30	Due Within One Year
Governmental activities:					
Compensated absences	\$ 368,322	\$ 354,470	\$ 339,687	\$ 383,105	\$ 177,235
20% funding liability	2,023,831			2,023,831	
Net pension liability	921,528	994,377	1,884,651	31,254	
Governmental activities					
Long-term liabilities	\$ 3,313,681	\$ 1,348,847	\$ 2,224,338	\$ 2,438,190	\$ 177,235

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, 2022, 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, 2022

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, 2022, are summarized as follows:

Hire Date	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
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	10.34% +\$64,953	7.59% +\$35,107

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 \$493,264 for the fiscal year ended June 30, 2022.

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

At June 30, 2022, the Authority reported a liability of \$31,254 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 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, 2021, the Authority’s proportion was 0.00165%, which increased by 0.02020% from June 30, 2020.

SANTA CLARA VALLEY OPEN SPACE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

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, 2022, the Authority recognized pension expense of \$(428,814). 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, 2022, 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	\$ 493,264	\$ -
Differences between expected and actual experience	3,505	
Changes in assumptions		
Net difference between projected and actual earnings on retirement plan investments		27,282
Adjustment due to differences in proportions	191,957	
Difference in actual contributions and proportionate share of contributions	182,434	
	<u>\$ 871,160</u>	<u>\$ 27,282</u>

\$493,264 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, 2023. 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 Ending June 30	Amount
2023	\$ 177,617
2024	123,320
2025	57,215
2026	(7,538)
	<u>\$ 350,614</u>

SANTA CLARA VALLEY OPEN SPACE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2022

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, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.0% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

- (1) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using 90% Scale MP 2016 published by the Society of Actuaries. For more details on this table please refer to the 2017 experience study report.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. 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 7.15 percent discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund 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.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2022. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB No. 67 and No. 68 calculations through at least the 2021-22 fiscal year. CalPERS will continue to check the materiality of the difference in calculation.

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, 2022

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

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

Asset Class	New Strategic Allocation	Real Return Years 1-10(a)	Real Return Years 11+(b)
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	<u>100.0%</u>		

(a) An expected inflation of 2.00% used for this period.

(b) An expected inflation of 2.92% used for this period.

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

The following represents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.15 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 (6.15 percent) or 1- percentage point higher (8.15 percent) than the current rate:

	1% Decrease <u>6.15%</u>	Discount Rate <u>7.15%</u>	1% Increase <u>8.15%</u>
Authority's proportionate share of the net pension plan liability	\$ 1,022,631	\$ 31,253	\$ (788,306)

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, 2022, the Authority had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2022.

SANTA CLARA VALLEY OPEN SPACE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

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. 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 of \$240,350 is measured at the present value of the future minimum rent payments expected during the lease term at a discount rate of 3%, which is the 3-year US Treasury bill rate.

In the fiscal year ended June 30, 2022, the Authority recognized \$3,857 in interest revenue and \$94,253 in lease revenue.

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REQUIRED SUPPLEMENTARY INFORMATION

SANTA CLARA VALLEY OPEN SPACE AUTHORITY
BUDGETARY COMPARISON SCHEDULE
ASSESSMENT DISTRICT NO.1 FUND
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Assessments	\$ 4,357,872	\$ 4,357,872	\$ 4,359,533	\$ 1,661
Investment income (loss)	60,000	60,000	(183,285)	(243,285)
Donations			4,335	4,335
Other revenues	237,450	237,450	228,290	(9,160)
Total revenues	4,655,322	4,655,322	4,408,873	(246,449)
Expenditures:				
Administration	2,682,182	2,712,960	2,600,572	112,388
Public Affairs	784,875	784,875	821,275	(36,400)
Planning	128,052	128,052	158,289	(30,237)
Conservation Initiatives & Grants	604,915	604,915	425,767	179,148
Land Management	665,589	665,589	709,221	(43,632)
Capital outlay	250,000	250,000	36,000	214,000
Total expenditures	5,115,613	5,146,391	4,751,124	395,267
Net changes in fund balance	(460,291)	(491,069)	(342,251)	148,818
Fund balance, July 1	11,890,571	11,890,571	11,890,571	
Fund balance, June 30	\$ 11,430,280	\$ 11,399,502	\$ 11,548,320	\$ 148,818

SANTA CLARA VALLEY OPEN SPACE AUTHORITY
BUDGETARY COMPARISON SCHEDULE
MEASURE Q FUND
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Assessments	\$ -	\$ -	\$ 6,300	\$ 6,300
Investment income (loss)	100,000	100,000	(220,411)	(320,411)
Intergovernmental grants			87,560	87,560
Total revenues	100,000	100,000	(126,551)	(226,551)
Expenditures:				
Administration	34,144	34,144	60,520	(26,376)
Public Affairs	5,000	5,000	1,182	3,818
Planning			159,444	(159,444)
Conservation Initiatives & Grants	248,271	248,271	630,032	(381,761)
Land Management			10,311	(10,311)
Capital outlay	5,612,100	7,755,350	6,907,388	847,962
Total expenditures	5,899,515	8,042,765	7,768,877	273,888
Net changes in fund balance	(5,799,515)	(7,942,765)	(7,895,428)	47,337
Fund balance, July 1	22,974,688	22,974,688	22,974,688	
Fund balance, June 30	<u>\$ 17,175,173</u>	<u>\$ 15,031,923</u>	<u>\$ 15,079,260</u>	<u>\$ 47,337</u>

SANTA CLARA VALLEY OPEN SPACE AUTHORITY
BUDGETARY COMPARISON SCHEDULE
MEASURE T FUND
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Assessments	\$ 8,415,744	\$ 8,415,744	\$ 8,003,976	\$ (411,768)
Investment income (loss)			(183,711)	(183,711)
Other revenues	115,000	115,000	241,293	126,293
Total revenues	8,530,744	8,530,744	8,061,558	(469,186)
Expenditures:				
Administration	877,187	878,128	318,507	559,621
Public Affairs	275,778	275,778	88,945	186,833
Planning			155,260	(155,260)
Conservation Initiatives & Grants	1,188,680	1,188,680	665,039	523,641
Land Management	3,666,657	3,666,657	2,457,142	1,209,515
Capital outlay	2,521,501	2,521,501	776,333	1,745,168
Total expenditures	8,529,803	8,530,744	4,461,226	4,069,518
Net changes in fund balance	941		3,600,332	3,600,332
Fund balance, July 1				
Fund balance, June 30	\$ 941	\$ -	\$ 3,600,332	\$ 3,600,332

SANTA CLARA VALLEY OPEN SPACE AUTHORITY
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
Last 10 Years*
As of June 30, 2022

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Proportion of the net pension liability	0.00058%	0.00847%	0.00744%	0.00649%
Proportionate share of the net pension liability	\$ 31,254	\$ 921,528	\$ 762,146	\$ 625,437
Covered payroll	\$ 4,348,067	\$ 3,389,687	\$ 2,978,896	\$ 2,554,352
Proportionate share of the net pension liability as percentage of covered payroll	0.7%	27.2%	25.6%	24.5%
Plan's total pension liability	\$ 46,174,942,264	\$ 43,702,930,887	\$ 41,426,453,489	\$ 38,944,855,364
Plan's fiduciary net position	\$ 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	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 2018, inflation was changed from 2.75 percent to 2.50 percent and individual salary increases and overall payroll growth was reduced from 3.00 percent to 2.75 percent.

In 2017, as part of the Asset Liability Management review cycle, the discount rate was changed from 7.65 percent to 7.15 percent.

In 2016, the discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected ages of general employees.

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

SANTA CLARA VALLEY OPEN SPACE AUTHORITY
SCHEDULE OF PENSION CONTRIBUTIONS
 Last 10 Years*
 As of June 30, 2022

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

	2022	2021	2020	2019
Contractually required contribution (actuarially determined)	\$ 493,264	\$ 456,072	\$ 328,483	\$ 331,657
Contribution in relation to the actuarially determined contributions	493,264	456,072	328,483	331,657
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 4,577,979	\$ 4,348,067	\$ 3,389,687	\$ 2,978,896
Contributions as a percentage of covered payroll	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

Valuation Date:	6/30/2014			
Actuarial cost method	Entry Age Normal			
Asset valuation method	5-year smoothed market			
Amortization method	The unfunded actuarial accrued liability is amortized over an open 17 year period as a level percentage of payroll.			
Discount rate	7.50%			
Amortization growth rate	3.75%			
Price inflation	3.25%			
Salary increases	3.75% plus merit component based on employee classification and years of service			
Mortality	Sex distinct RP-2000 Combined Mortality projected to 2010 using Scale AA with a 2 year setback for males and a 4 year setback for females.			
Valuation Date:	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Discount Rate:	7.000%	7.250%	7.375%	7.65%
Inflation:	2.500%	2.625%		

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



Moss, Levy & Hartzheim LLP

Certified Public Accountants

**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, 2022, 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 20, 2022.

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 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 & Hartgeim LLP

Santa Maria, California
October 20, 2022