MONTEREY PENINSULA REGIONAL PARK DISTRICT

BASIC FINANCIAL STATEMENTS

WITH REPORT ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

FISCAL YEAR ENDED JUNE 30, 2020

MONTEREY PENINSULA REGIONAL PARK DISTRICT
For the Fiscal Year Ended June 30, 2020
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Board of Directors

NAME	OFFICE	TERM EXPIRES
Shane Anderson	President	December 31, 2020
Monta Potter	Vice President	December 31, 2022
Kathleen Lee	Secretary/Treasurer	December 31, 2022
Kelly Sorenson	Director	December 31, 2020
Kevin Raskoff	Director	December 31, 2020

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Monterey Peninsula Regional Park District
Monterey, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability and the schedule of contributions for the CalPERS pension plans, the schedule of changes in net pension liability and related ratios and the schedule for contributions for the PARS pension plan, the schedule of changes in the net OPEB liability and related ratios and the budgetary comparison schedule by department - general fund, identified as Required Supplementary Information (RSI) in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the RSI 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 the audit of the basic financial statements. We do not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The statistical section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Irvine, California
December 21, 2020

MONTEREY PENISUAL REGIONAL PARK DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2020

This section of Monterey Peninsula Regional Park District's (or, the District) annual financial report presents Management's Discussion and Analysis (MD&A) of the District's financial performance during Fiscal Year 2019-20 which ended June 30, 2020. Since the MD&A is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the District's basic financial statements. Comparisons to and analysis of the prior year are incorporated where appropriate.

FINANCIAL HIGHLIGHTS

- The District's net position increased by $3,318,246 for the year ended June 30, 2020. Since the District engages only in governmental-type activities, the increase is fully represented in the category of "governmental-type" net position. Net position was $93,171,392 as of June 30, 2020, and $89,853,146 for FY2018-19 which ended June 30, 2019.

- The District's total general revenues were $5,259,111 and expenses were $4,100,264 for the Fiscal Year 2019-20 which ended June 30, 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District has chosen to present its basic financial statements using the reporting model for special-purpose governments engaged only in a single governmental program. This model allows the fund financial statements and the government-wide financial statements to be combined. The effect of internal activity between funds or groups of funds has been eliminated from these financial statements.

The financial statements include: a Statement of Net Position; Statement of Activities; Balance Sheet – Governmental Fund; Reconciliation of the Balance Sheet of the Governmental Fund to the Statement of Net Position; Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund; Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Fund to the Statement of Activities; Notes to Basic Financial Statements; an Independent Auditor's Report thereon; a Budgetary Comparison Statement by Department – General Fund; and, this MD&A. Readers of these financial statements are encouraged to consider the report as a whole to obtain a complete understanding of the District's financial condition.

Statement of Net Position

The Statement of Net Position is a report of the District's assets, deferred outflow of resources, liabilities, deferred inflows of resources and net position. Assets and liabilities are reported at book value on an accrual basis as of the statement date. Net position is reported in major categories reflecting any restriction thereon.

Statement of Activities

The Statement of Activities presents the District's revenues earned and expenses incurred during the year on an accrual basis.

The District has adopted Governmental Accounting Standard's Board (GASB) Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, as part of its fiscal reporting. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

COMPARATIVE ANALYSIS

Statement of Net Position

A comparative summary of the District's Statement of Net Position as of June 30, 2020 and 2019 respectively is as follows:

	2020	2019
ASSETS		
Cash	$ 2,213,189	$ 560,388
Investments	17,717,056	18,055,579
Grants receivable	-	-
Other receivables	220,085	136,296
Prepaid expenses	103,320	109,419
Property acquisition deposit	600,000	480,000
Net OPEB asset	-	-
Pension asset	-	4,879
Capital assets	74,741,202	74,215,509
Total assets	95,594,852	93,562,070
DEFERRED OUTFLOWS		
Deferred amounts on pensions	1,254,636	1,355,863
Deferred amounts on OPEB	124,847	187,380
Total deferred outflows	1,379,483	1,543,243
LIABILITIES		
Current	285,426	420,833
Current portion of long-term debt	92,724	973,418
Long-term liabilities	53,936	98,318
Pension liability	2,810,552	2,967,787
OPEB Liability	311,733	451,491
Total liabilities	3,554,371	4,911,847
DEFERRED INFLOWS		
Deferred amounts on pensions	155,255	270,372
Deferred amounts on OPEB	93,317	69,948
Total deferred inflows	248,572	340,320
NET ASSETS		
Invested in capital assets, net of related debt	74,741,202	73,211,509
Restricted for:		
Purchase of coastal property	2,511,841	2,448,777
Unrestricted	15,918,349	14,192,860
Total net assets	$93,171,392	$89,853,146

MAJOR FACTORS AFFECTING THE STATEMENT OF NET POSITION

Net position increased by $3,318,246 over the prior year primarily from grants and property tax revenues received which were used to acquire capital assets. Under GASB 34, capital assets acquired are capitalized as an asset and are no longer considered an expense in the statement of activities.

CAPITAL ASSETS

As of June 30, 2020, the District's capital assets totaled $74,741,202 which is an increase of $525,693 over the capital asset balance at June 30, 2019, of $74,215,509. The change is primarily due to the acquisition of vehicles & equipment as well as land improvements.

LONG-TERM DEBT

As of June 30, 2020, the District had $3,176,221 in outstanding long-term debt compared to $3,517,596 at June 30, 2019. The decrease is due to the payoff of the note payable on the Joyce Stevens Monterey Pine Preserve, as well as changes to pension and OPEB liabilities.

Statement of Activities

A comparative summary of the District's Statement of Activities for the years ended June 30, 2020 and 2019 respectively is as follows:

	2020	2019
GENERAL REVENUES		
Property taxes	$4,476,657	$4,165,633
Other	550,082	539,850
Donations, fees and other charges	232,374	1,529,227
Total general revenues	5,259,111	6,234,710
PROGRAM REVENUES		
Community Facilities District	1,209,399	1,304,840
Capital Contributions and Grants	950,000	2,116,857
Total program revenues	2,159,399	3,421,697
EXPENSES		
Operations and maintenance	1,605,997	1,475,729
General and administrative	1,344,237	1,461,652
Education and outreach	479,485	459,138
Planning and conservation management	292,393	149,194
Assessment district	378,152	246,608
Total expenses	4,100,264	3,792,321
Change in net position	$3,318,246	$5,864,086

MAJOR FACTORS AFFECTING THE STATEMENT OF ACTIVITIES

The District collected property taxes of $4,476,657; Community Facility District revenues of $1,209,399; capital contributions and grants of $950,000; other income of $782,454; and, expenses of $4,100,264 that resulted in changes in net position of $3,318,246 for the year ended June 30, 2020.

The District received grants for the purchase of land, or payment of associated debt of $950,000 in 2020 and $1,500,000 in 2019.

FACTORS AFFECTING FUTURE PERIODS AND OTHER ISSUES

Significant factors noted by management affecting future periods are as follows:

Similar to all other agencies across California and the nation, the District faces uncertainties related to COVID-19 virus, the world-wide viral pandemic. The District relies on property taxes, collected by the County of Monterey, for its main source of revenue. With unprecedented numbers of people unemployed, the economic situation of the District's residents and businesses may have an impact on their ability to make property tax payments. The District generally receives its first annual fiscal year installment of property tax collections at the end of December. It is unknown at the writing of this MD&A what this December will look like. It is also anticipated to affect the following fiscal year(s) as property tax assessments may remain lower than previously anticipated and the ability of residents to pay those taxes may remain uncertain for some time into the future.

The District acquired the 851-acre Rancho Aguajito property, now known as the Joyce Stevens Monterey Pine Preserve, in FY2014-15. Funds for the acquisition were obtained from Proposition 117 Habitat Conservation funding. The District made its final annual debt service payment of $950,000 on this acquisition in FY2019-20. There are no future payments required.

The Environmental Education and Community Outreach (EECO) program continues to develop. Since COVID-19 restrictions went into effect, the EECO program has invested staff resources in the development of online and mobile educational programs and events. To stay connected to the community, the District has initiated the LGO Newsletter for Winter 2020-21. Staff is working on a 2-day CA Wildlife Day virtual event, which typically draws 800-1,000 participants to the PCRP property. This program is currently advertising for an Environmental Education Coordinator – Programs position. This position will be enhancing the education & interpretive program, by reviewing and implementing the comprehensive 3-year education plan. In cooperation with other local agencies and organizations, the District's aim is to offer a variety of environmental education and outdoor recreation programs to residents. It is also developing temporary and permanent exhibits for display at the Garland Ranch Regional Park Visitor Center and the PCRP Discovery Center. The District is in the process of developing a comprehensive interpretive master plan. This plan will guide the development of individual park site master and management plans.

The District continues to explore opportunities for acquisition of open space, particularly as it relates to the expansion of existing parks and preserves. The District is involved with other agencies and not-for-profit organizations in the Lobos Corona Parkland Project planning effort. It also continues its discussions with the Fort Ord Reuse Authority and Monterey County on parkland planning and administration options at this site and Jacks Peak County Park.

To replace the revenue of the Parks, Open Space, and Coastal Preservation Assessment District that expired at the end of FY2018-19, the District placed a measure on the November 2016 General Election ballot, to replace the expiring Assessment District funds with funds at the same rate from a Community Facilities District. The ballot measure required a 2/3 super majority from balloted voters, rather than the simple-majority of 50% + 1 required in 2004. According to the Monterey County Election Results website page, the measure passed 71.33%. This measure went into effect in FY2019-20. It currently results in an approximately $25.84 fee on all properties in District Boundaries.

The District developed the 2021- 2025 Strategic Plan to guide the next five-year period. One of the many goals the District will work towards is enhancing K-12 student access to programs, parks, and open spaces. Subject to availability of funding, it will provide transportation grants to schools within MPRPD's boundaries for student participation at MPRPD's properties and collaborators' sites.

The District continues to fund other postemployment health care benefit (OPEB) liabilities for its retirees under GASB Statement 45, through the California Employer's Retiree Benefit Trust (Trust) prefunding program. Liabilities were determined by an independent actuarial consultant. The District will continue to make contributions to the trust as needed to continue pre-funding this future liability.

The District is continuing to aggressively search and apply for grants and other revenue generating opportunities.

REQUEST FOR INFORMATION

The financial report is designed to provide a general overview of the Monterey Peninsula Regional Park District's finances to all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Monterey Peninsula Regional Park District, Attn: Finance Manager, P.O. Box 223340, Carmel, CA 93922.

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MONTEREY PENINSULA REGIONAL PARK DISTRICT

STATEMENT OF NET POSITION

June 30, 2020

	Governmental Activities
ASSETS:	
Cash	$ 2,213,189
Investments	17,717,056
Receivables:	
Property taxes	204,678
Other	15,407
Prepaid expenses	103,320
Property acquisition deposit	600,000
Capital assets, not being depreciated	66,306,097
Capital assets, net of depreciation	8,435,105
TOTAL ASSETS	95,594,852
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred amounts on pensions	1,254,636
Deferred amounts on OPEB	124,847
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,379,483
LIABILITIES:	
Accounts payable	85,119
Accrued payroll	172,607
Security deposits	27,700
Noncurrent liabilities:	
Compensated absences, due within one year	92,724
Compensated absences, due in more than one year	53,936
Net pension liability	2,810,552
Net OPEB liability	311,733
TOTAL LIABILITIES	3,554,371
DEFERRED INFLOWS OF RESOURCES:	
Deferred amounts on pensions	155,255
Deferred amounts on OPEB	93,317
TOTAL DEFERRED INFLOWS OF RESOURCES	248,572
NET POSITION:	
Net investment in capital assets	74,741,202
Restricted for purchase of coastal property	2,511,841
Unrestricted	15,918,349
TOTAL NET POSITION	$ 93,171,392

See accompanying notes to basic financial statements.

MONTEREY PENINSULA REGIONAL PARK DISTRICT

STATEMENT OF ACTIVITIES

For the year ended June 30, 2020

Functions/programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Contributions and Grants	Program Revenues: Capital Contributions and Grants	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities:					
Operations and maintenance	$ 1,605,997	$ -	$ -	$ -	$ (1,605,997)
General and administrative	1,344,237	-	-	-	(1,344,237)
Education and outreach	479,485	-	-	-	(479,485)
Assessment district	378,152	-	1,209,399	950,000	1,781,247
Planning and conservation	292,393	-	-	-	(292,393)
Total governmental activities	$ 4,100,264	$ -	$ 1,209,399	$ 950,000	(1,940,865)
General revenues:					
Property taxes					4,476,657
Investment earnings					550,082
Rent					133,998
Other revenues					98,374
Total general revenues					5,259,111
Change in net position					3,318,246
Net Position at Beginning of Year					89,853,146
Net Position at End of Year					$ 93,171,392

See accompanying notes to basic financial statements.

MONTEREY PENINSULA REGIONAL PARK DISTRICT

BALANCE SHEET - GOVERNMENTAL FUND

June 30, 2020

	General Fund
ASSETS	
Cash and checking	$ 2,213,189
Investments	17,717,056
Receivables:	
Property tax receivables	204,678
Other	15,407
Prepaid expenses	103,320
TOTAL ASSETS	$ 20,253,650
LIABILITIES AND FUND BALANCE	
LIABILITIES:	
Accounts payable	$ 85,119
Accrued payroll	172,607
Security deposits	27,700
TOTAL LIABILITIES	285,426
FUND BALANCE:	
Nonspendable:	
Prepaid expenses	103,320
Restricted:	
Purchase of coastal property	2,511,841
Assigned:	
Property acquisition	600,000
Unassigned	16,753,063
TOTAL FUND BALANCE	19,968,224
TOTAL LIABILITIES AND FUND BALANCE	$ 20,253,650

See accompanying notes to basic financial statements.

MONTEREY PENINSULA REGIONAL PARK DISTRICT

RECONCILIATION OF THE BALANCE SHEET OF THE
GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION

June 30, 2020

Fund balances - total governmental fund	$ 19,968,224
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets net of depreciation have not been included as financial resources in the governmental fund activity.	74,741,202
Long-term liabilities do not consume resources to pay for current-period expenditures and, therefore, are not reported in the governmental fund. Long-term liabilities consist of the following:	
Compensated absences	(146,660)
Net pension liability	(2,810,552)
Net OPEB liability	(311,733)
Long-term assets are not available to pay for current-period expenditures of the governmental fund and, therefore, are not reported as assets in the governmental fund:	
Deposit for acquisition of property	600,000
Items related to pensions and OPEB:	
Deferred outflows related to pensions	1,254,636
Deferred outflows related to OPEB	124,847
Deferred inflows related to pensions	(155,255)
Deferred inflows to OPEB	(93,317)
Net position of governmental activities	$ 93,171,392

See accompanying notes to basic financial statements.

MONTEREY PENINSULA REGIONAL PARK DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND

For the year ended June 30, 2020

	General Fund
REVENUES:	
Property taxes	$ 4,476,657
Assessments	1,209,399
Grants	950,000
Investment earnings	550,082
Donations, fees and other charges	4,219
Rent	133,998
Other revenue	94,155
TOTAL REVENUES	7,418,510
EXPENDITURES:	
Current:	
General and administrative	1,738,600
Operations and maintenance	1,118,206
Education and outreach	489,845
Assessment district	1,251,266
Planning and conservation management	295,883
Capital outlay	47,135
Debt service:	
Principal	950,200
TOTAL EXPENDITURES	5,891,135
EXCESS OF REVENUES OVER EXPENDITURES	1,527,375
FUND BALANCE AT BEGINNING OF YEAR	18,440,849
FUND BALANCE AT END OF YEAR	$ 19,968,224

See accompanying notes to basic financial statements.

MONTEREY PENINSULA REGIONAL PARK DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES

June 30, 2020

Net change in fund balance - total governmental fund	$ 1,527,375
Amounts reported for governmental activities in the Statement of Activities are different because:	
The governmental fund reports capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:	
Capital outlay	800,249
Depreciation	(274,556)
Repayment of debt principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the Statement of Net Position.	950,000
Changes to pension related debt (due to differences in actual activity as compared to actuarial assumptions) are reported as changes in expenses in the Statement of Activities but do not require the use of current financial resources and, therefore, are excluded from governmental fund expenditures.	166,246
Changes to OPEB related debt (due to differences in actual activity as compared to actuarial assumptions) are reported as changes in expenses in the Statement of Activities but do not require the use of current financial resources and, therefore, are excluded from governmental fund expenditures.	53,856
Compensated absences expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund.	(24,924)
The governmental fund reports payment for deposits for acquisition of property as expenditures; however, this payment is reported as an expense in the Statement of Activities.	120,000
Change in net position of governmental activities	$ 3,318,246

See accompanying notes to basic financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Reporting Entity

The Monterey Peninsula Regional Park District (the District) was created in 1972 by a local voter initiative with the primary purpose of protecting and preserving open space and historical lands within Monterey County and adjacent areas. The District acquires lands through purchases, donation and joint partnership with other agencies and non-profit organizations. The District is supported primarily through revenues from property taxes, donor contributions and grants from governmental agencies.

Since 1972, the District has acquired and helped acquire over 20,000 acres of land, parks and preserves.

The financial statements of the District have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

Fund Financial Statements

The underlying accounting system of the District is organized and operated on the basis of separate 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, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The fund financial statements provide information about the District's funds. Separate financial statements for the District's governmental fund are presented after the Government-wide Financial Statements. These statements display information about the major fund individually.

The District reports the following major governmental fund:

The General Fund is used to account for all financial activity in the District except for that which is required to be accounted for in other funds.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations are reported in the government-wide financial statements. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the current financial resources measurement focus, current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are generally included on the balance sheets. The reported fund balance is considered to be a measure of "available spendable resources." Governmental fund financial statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Accordingly, they are said to present a summary of sources and uses of "available spending resources" during a period.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Measurable means that amounts can be estimated, or otherwise determined. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Rental income, charges for services and interest associated with the current fiscal period are all considered to be measurable and available and have been recognized as revenues of the current fiscal period. All other revenue items are recorded as revenue when cash is received by the District.

D. New Accounting Pronouncements

Current Year Standards

In May 2020, GASB issued Statement No. 95 – *Postponement of the Effective Dates of Certain Authority Guidance*, which was effective immediately. This Statement provided temporary relief to governments and other stakeholders in light of the COVID-19 pandemic and postponed the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

In June 2020, GASB issued Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84*, and a supersession of GASB Statement No. 32. Paragraph 4 of this Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

Paragraph 5 of Statement No. 97 also requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively.

The requirements of these statements did not impact the District.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. New Accounting Pronouncements

Pending Accounting Standards

GASB has issued the following statements, which may impact the District's financial reporting requirements in the future:

In January 2017, GASB issued Statement No. 84 – *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

In June 2017, GASB issued Statement No. 87 – *Leases*. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset for leases with a term of more than 12 months. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. For leases with a term of 12 months or less, lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021, early application is encouraged.

In June 2018, GASB issued Statement No. 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020, early application is encouraged. The requirements of this Statement should be applied prospectively.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. New Accounting Pronouncements (Continued)

Pending Accounting Standards (Continued)

In January 2020, GASB issued Statement No. 92 – *Omnibus 2020*. This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to leases, fiduciary activities, measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition, reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers, reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature and terminology used to refer to derivative instruments. The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

In June 2020, GASB issued Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plan*s—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. This Statement requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. This Statement supersedes the remaining provisions of Statement No. *32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, as amended, regarding investment valuation requirements for Section 457 plans. As a result, investments of all Section 457 plans should be measured as of the end of the plan's reporting period in all circumstances. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Investments

Investments are reported at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

F. Receivables

Management has determined that all receivables are collectible for the year ended June 30, 2020.

G. Capital Assets

Capital assets, which include land, buildings, improvements and machinery and equipment, are reported in the Government-wide Financial Statements. Capital assets are defined by the District as an individual cost $5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated or annexed capital assets are recorded at acquisition value at the date of donation or annexation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Depreciation is recorded in the Government-wide Financial Statements on a straight-line basis over the estimated useful life of the assets as follows:

Building and improvements	50 years
Tractors	10 years
Vehicles and machinery	7 years

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. The District has the following items that qualify for reporting in this category:

- Deferred outflows related to pensions and OPEB equal to employer contributions made after the measurement date of the net pension and OPEB liability.

- Deferred outflows related to pensions for differences between expected and actual experience, changes in assumptions, and changes in employer's proportion and differences between employer's contributions and the employer's proportionate share of contributions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the respective CalPERS and PARS plans.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The District has the following items that qualify for reporting in this category:

- Deferred inflows related to pensions and OPEB plan for differences between expected and actual experience, changes in assumptions, and the changes in employer's proportion and differences between employer's contributions and the employer's proportionate share of contributions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with the respective CalPERS pension and OPEB plans.

- Deferred inflow related to pensions and OPEB plan resulting from the net differences between projected and actual earnings on investments of the plans' fiduciary net position. These amounts are amortized over five years.

I. Claims and Judgments

When it is probable that a claim liability has been incurred and the amount of the loss can be reasonably estimated, the District records the loss, net of any insurance coverage. In the opinion of District Counsel, the District had no material claims that require a provision to be made in these financial statements.

J. Compensated Absences

Compensated absences (vacation, compensatory time off and sick leave) are reported as expenditures in the general fund when paid. Any remaining unpaid liability at year-end is recorded on the Statement of Net Position since such obligation is not payable with currently available financial resources and paid by resources in the District's General Fund.

District employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination, retirement or death. Accumulated vacation pay to a maximum of twice the annual accrual rate of an employee may be paid upon termination of employment. Accumulated sick pay is not paid at termination.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Property Taxes

Property taxes are levied by Monterey County on January 1 and are payable in two installments on April 10 and December 10. Monterey County bills and collects the property taxes. Property tax revenues are recognized when levied to the extent they result in current receivables.

The County assesses properties and bills for and collects property tax as follows:

	Secured	Unsecured
Valuation/lien dates	January 1	January 1
Levy dates	January 1	January 1
Due dates (delinquent as of)	50% on November 1 (December 10) 50% on February 1 (April 10)	March 1 (August 31)

The term “unsecured” refers to taxes on personal property other than land and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized in the fiscal year for which they are levied, provided they are due and collected within sixty days after fiscal year end.

L. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted grant proceed) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District’s practice to consider restricted - net position to have been depleted before unrestricted - net position is applied (if eligible).

M. Net Position

In the Government-wide Financial Statements, net position may be classified in the following categories:

Net Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the capital assets.

Restricted Net Position - This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted Net Position - This amount is all net position that does not meet the definition of “net investment in capital assets” or “restricted net position” as defined above.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Balances

In the Governmental Fund Financial Statements, fund balances are classified in the following categories:

Nonspendable - Items that cannot be spent because they are not in spendable form, such as prepaid items and inventories, items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds.

Restricted - Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed - Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally the governing body through council resolutions, etc., and that remain binding unless removed in the same manner. The Board of Directors is considered the highest authority for the District.

Assigned - Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The Board of Directors has the authority to assign fund balance.

Unassigned - This category is for any balances that have no restrictions placed upon them.

O. Spending Policy

When expenditures are incurred for purposes for which all restricted, committed, assigned and unassigned fund balances are available, the District's policy is to apply in the following order:

- Restricted
- Committed
- Assigned
- Unassigned

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Pensions and OPEB

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 District's California Public Employees' Retirement System (CalPERS) and the Public Agency Retirement System (PARS) plans (collectively, the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS and PARS. 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.

Post-Employment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB Plan and additions to/deductions from the OPEB Plans' fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the District's OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Q. Assessment District

In 2004, voters approved a 15-year assessment on parcels within the Monterey Peninsula Regional Park District to benefit parks, open space and coastal preservation. A citizen's oversight committee serves the role of ensuring that annual expenses are consistent with the voter's intent. In 2019, the assessment was $26.80 per Single Family Equivalent (SFE) in Zone A and $13.40 per SFE in Zone B per parcel and resulted in land acquisition and conservation, environmental education and community grants, as well as park construction and maintenance. This assessment has also made possible the creation and operation of Palo Corona and Garland Ranch regional parks, as well as many other parks such as the Frog Pond Wetland Preserve, Marina Dunes Preserve and Locke-Paddon Wetland Community Park.

R. Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

2. *CASH AND INVESTMENTS*

Cash and Investments

Cash and investments consist of deposits and investments, as noted below:

Deposits with financial institutions	$ 2,213,189
Investments	17,717,056
Total cash and investments	$ 19,930,245

The District has adopted an investment policy which authorizes it to invest in various investments.

Investments Authorized by the California Government Code and the District's Investment Policy

The District's Investment Policy is reviewed and adopted by the Board of Directors each year. Investment vehicles not specifically mentioned in the District's investment policy, are not authorized unless the policy is amended by the Board of Directors. The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
United States Treasury Issues	5 years	None	None
United States Government Sponsored Agency Securities	5 years	None	50%
Banker's Acceptance	180 days	None	30%
Certificates of Deposit	5 years	None	None
Local Agency Investment Fund (LAIF)	N/A	None	N/A
California Pooled Investment Authority	None	None	None
The Investment Trust of California (CalTRUST)	N/A	None	None
Money Market Mutual Funds	N/A	None	10%

N/A - Not Applicable

2. *CASH AND INVESTMENTS (CONTINUED)*

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity as of June 30, 2020.

	Remaining Maturity (in Months)
Investment Type	Less Than 12 Months
CalTRUST Investment Pool	$ 17,605,436
LAIF	111,620
Total	$ 17,717,056

Disclosures Relating to 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 a rating by a nationally recognized statistical rating organization. Presented in the following table are the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements and the actual Standard & Poor's credit rating as of June 30, 2020 for each investment type.

Investment Type	Minimum Legal Rating	Total	Not Rated	Aaf	AA-f
CalTRUST Investment Pool	N/A	$ 17,605,436	$ -	$ 6,072,394	$ 9,021,201
LAIF	N/A	111,620	111,620	-	-
Total		$ 17,717,056	$ 111,620	$ 6,072,394	$ 9,021,201

2. CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the District 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 custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF and CalTRUST Investment Pool).

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, 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 market 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 District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2020, all of the District's deposits with financial institutions were either covered by federal depository insurance limits or were held in collateralized accounts.

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

2. CASH AND INVESTMENTS (CONTINUED)

Investment in CalTRUST Investment Pool

CalTRUST is a Joint Powers Agency Authority created by local public agencies to provide a convenient method for local public agencies to pool their assets for investment purposes. CalTRUST is governed by a Board of Trustees made up of experienced local agency treasurers and investment officers. The Board sets overall policies for the program and selects and supervises the activities of the investment manager and other agents. CalTRUST maintains and administers four pooled accounts within the program: Money Market, Short-Term, Medium-Term and Long-Term. The Money Market account permits daily transactions, with same-day liquidity (provided redemption requests are received by 1:00 p.m. Pacific time), with no limit on the amount of funds that may be invested. The Short-Term account permits an unlimited number of transactions per month (with prior day notice), with no limit on the amount of funds that may be invested. The Medium- and Long-Term accounts permit investments, withdrawals and transfers once per month, with five days advance notice. The District has invested in the Short-Term and Medium-Term funds. All CalTRUST accounts comply with the limits and restrictions placed on local agency investments by the California Government Code. CalTRUST imposes a $250,000 minimum investment; however, there is no maximum limit. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's percentage interest of the fair value provided by CalTRUST for the CalTRUST accounts (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by CalTRUST.

Fair Value Measurements

The District categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices for similar assets in active markets and Level 3 inputs are significant unobservable inputs.

The District's investments are in LAIF and CalTRUST, which are not subject to the fair value hierarchy.

3. OTHER LONG-TERM ASSET - OPTION TO PURCHASE

In January 2008, the District entered into a lease for the Sherar property which consists of approximately 30 acres in Carmel Valley. The lease is for five years with an option to purchase the property for $1.2 million. The District paid $60,000 for an option to purchase the property, and paid annual rent of $60,000 until June 30, 2012. Rent payments starting after the first five-year period and until close of escrow shall be applied to the final purchase price. The District made payments totaling $120,000 in the fiscal year ended June 30, 2020, which were applied toward the purchase option deposit. Total deposit on hand for the option to purchase at June 30, 2020, was $600,000. This amount is reported as a property acquisition deposit in the statement of net position.

4. CAPITAL ASSETS

The following is a summary of capital assets for governmental activities for the year ended June 30, 2020:

Governmental Activities

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020
Capital assets, not depreciated:				
Land and improvements	$65,650,220	$ -	$ -	$65,650,220
Construction in progress	271,392	561,329	(176,844)	655,877
Total capital assets, not depreciated	65,921,612	561,329	(176,844)	66,306,097
Capital assets, being depreciated:				
Buildings	8,535,302	329,630	-	8,864,932
Equipment	1,185,089	86,134	-	1,271,223
Total capital assets, being depreciated	9,720,391	415,764	-	10,136,155
Less accumulated depreciation for:				
Buildings	(773,703)	(173,868)	-	(947,571)
Equipment	(652,791)	(100,688)	-	(753,479)
Total accumulated depreciation	(1,426,494)	(274,556)	-	(1,701,050)
Total capital assets, being depreciated, net	8,293,897	141,208	-	8,435,105
Capital assets, net	$74,215,509	$ 702,537	$ (176,844)	$74,741,202

Depreciation expense of $274,556 was charged to functions/programs of the governmental activities as follows:

General and administrative	$ 751
Operations maintenance	268,176
Education and outreach	5,629
Total depreciation expense - governmental activities	$ 274,556

5. LONG-TERM DEBT

The following is a summary of changes in the District's long-term liabilities for the fiscal year ended June 30, 2020:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year
Governmental Activities:					
Pebble Beach Company Note Payable	$ 950,000	$ -	$ (950,000)	$ -	$ -
Compensated absences	121,736	92,724	(67,800)	146,660	92,724
	$ 1,071,736	$ 92,724	$ (1,017,800)	$ 146,660	$ 92,724

Pebble Beach Company Note Payable

On January 20, 2015, the District signed a promissory note for a principal amount of $6,950,000 with no stated interest rate. Proceeds of the loan were used to purchase real property in Monterey County, California. The note is secured by a deed of trust reflecting a first priority lien on the property. The note is payable in five equal annual installments in the amount of $1,500,000 due on December 31 of each calendar year beginning December 31, 2015, with a final payment of the entire outstanding principal balance and any other amounts due under the note on or before December 31, 2019. The final payment on the note was made during the fiscal year ended June 30, 2020.

Compensated Absences

The District employees accumulate earned but unused vacation and sick pay benefits, which can be converted to cash at termination of employment which amounted to $146,660 at June 30, 2020.

6. PENSION PLANS - PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CalPERS)

A. General Information about the Pension Plans

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the District's 2.7% at 55 and 2.0% at 62 (PEPRA) and Miscellaneous (all other) Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire· at age 50 with statutorily reduced benefits. All members are eligible for non-duty 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, 2019, are summarized as follows:

	Miscellaneous	
	Prior to	On or After
Hire date	January 1, 2013	January 1, 2013
Benefit formula	2.7%@55	2%@62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 67	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8%	6.25%
Required employer contribution rates:		
Normal cost rate	13.50%	7.38%
Payment of unfunded liability	$ 248,633	$ 310

6. PENSION PLANS - PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CalPERS) (CONTINUED)

A. General Information about the Pension Plans (Continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS's annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. District contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions.

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

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

	Proportionate Share of Net Pension Liability
Miscellaneous	$ 2,766,108

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2019, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

6. PENSION PLANS - PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CalPERS) (CONTINUED)

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

The District's proportionate share of the net pension liability for the Plan as of the measurement dates ended June 30, 2019 and 2018 was as follows:

	Miscellaneous
Proportion - June 30, 2018	0.07875%
Proportion - June 30, 2019	0.06907%
Change - Increase (Decrease)	-0.00968%

For the year ended June 30, 2020, the District recognized pension expense of $625,113. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 835,133	$ -
Differences between expected and actual experience	192,118	(14,885)
Change in assumptions	131,901	(46,758)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	88,179	(45,253)
Net differences between projected and actual earnings on plan investments	-	(48,359)
Total	$ 1,247,331	$ (155,255)

$835,133 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Amount
2021	$ 233,695
2022	(24,039)
2023	37,514
2024	9,773
2025	-
Thereafter	-

6. PENSION PLANS - PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CalPERS) (CONTINUED)

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

Actuarial Assumptions

For the measurement period ended June 30, 2019, the total pension liability was determined by rolling forward the June 30, 2018 total pension liability determined in the June 30, 2018 actuarial accounting valuation. The June 30, 2019 total pension liability was based on the following actuarial methods and assumptions:

	Miscellaneous
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	(1)
Mortality Rate Table	(2)
Post-Retirement Benefit Increase	(3)

(1) Varies by entry age and service.

(2) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates includes 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

(3) The less of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.50% thereafter.

6. PENSION PLANS - PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CalPERS) (CONTINUED)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.15% for each Plan and reflects the long-term expected rate of return for each Plan net of investment expenses and without reduction for administrative expenses. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the Plans, the tests revealed the assets would not run out. Therefore, the current 7.15% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long term expected discount rate of 7.15% is applied to all plans in the Public Employees Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF 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.

6. PENSION PLANS - PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CalPERS) (CONTINUED)

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

Discount Rate (Continued)

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. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2014.

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

(a) In the CalPERS CAFR, fixed income is included in Global Debt Securities; liquidity is included in short-term investments; and inflation assets are included in both Global Equity Securities and Global Debt Securities.
(b) An expected inflation of 2.0% used for this period.
(c) An expected inflation of 2.92% used for this period.

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

The following presents the District's proportionate share of the net pension liability for all Plans, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Miscellaneous
1% Decrease	6.15%
Net Pension Liability	$ 4,202,225
Current Discount Rate	7.15%
Net Pension Liability	$ 2,766,108
1% Increase	8.15%
Net Pension Liability	$ 1,580,694

6. PENSION PLANS - PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CalPERS) (CONTINUED)

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

Pension Plans Fiduciary Net Position

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

C. Payable to the Pension Plans

At June 30, 2020, the District had no outstanding amount of contributions to the pension plans required for the year ended June 30, 2020.

7. PENSION PLAN - PUBLIC AGENCY RETIREMENT SYSTEM (PARS)

A. General Information about the Pension Plan

Plan Description and Benefits

Effective July 1, 2006, pursuant to sections 401(a), 415(m) and 501(a) of the Internal Revenue Code, the District adopted a tax-qualified single-employer governmental defined benefit plan and qualified governmental excess benefit program that is to be administered for the District by Public Agency Retirement Service (PARS), a third-party administrator. The plan was established to provide eligible employees employed on or after January 1, 2006 supplemental retirement benefits in addition to the benefits employees will receive from the California Public Employees Retirement System (CalPERS). Eligible employees are those who have accumulated prior CalPERS service credit from previous employers before employment with the District. For those employees whose combined CalPERS and PARS benefit exceed the Section 415(b) limitations for defined benefit plans, PARS benefits shall be paid through the Section 415(m) excess benefit plan established by the District instead of the 401(a) plan. This benefit has been discontinued for employees hired after May 15, 2012.

The supplemental benefit for covered employees is equal to the difference between the CalPERS "2.7% at 55" formula and the CalPERS "2% at 55" formula for years of CalPERS service with other CalPERS covered agencies, up to a maximum of 10 years. Employees will be eligible for the benefit upon attaining age 55 and concurrently retiring under CalPERS with either (a) at least five years of District service and 20 or more years of prior CalPERS services, or (b) at least seven years of District service.

7. PENSION PLAN - PUBLIC AGENCY RETIREMENT SYSTEM (PARS) (CONTINUED)

A. General Information about the Pension Plan (Continued)

Contributions

The Board establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the actuarially determined rate. For the year ended June 30, 2020, the District's contribution rate is 1.5% of covered CalPERS payroll.

Employees Covered

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

	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	5
Inactive employees entitled to but not yet receiving benefits	-
Active employees	3
Total	8

B. Net Pension Liability

The District's net pension liability for the Plan, $44,444, is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2020, using an annual actuarial valuation as of January 31, 2020. There were no significant changes between the valuation date and the measurement date. A summary of principal assumptions and methods used to determine the net pension asset is shown below.

7. PENSION PLAN - PUBLIC AGENCY RETIREMENT SYSTEM (PARS) (CONTINUED)

B. Net Pension Asset (Continued)

Actuarial Assumptions

The total pension liability in the January 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	January 31, 2020
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Amortization Method:	
Level percent or level dollar	Level Dollar
Closed, Open, or layered periods	Closed
Amortization period at January 31, 2020	5.9 years
Amortization growth rate	0.00%
Inflation	2.50%
Salary Increases	3.00%
Investment Rate of Return	6.50%
Cost of Living Adjustments	2.00%
Withdrawal/Disability	Consistent with Non-Industrial rates used to value the Miscellaneous CalPERS Pension Plans.
Mortality	Consistent with Non-Industrial rates used to value the Miscellaneous CalPERS Pension Plans after June 30, 2017.
Retirement	Participants are assumed to retire at age 59, or current age, if older.

Change of Assumptions

There were no changes in assumptions in the January 31, 2020 valuation.

7. PENSION PLAN - PUBLIC AGENCY RETIREMENT SYSTEM (PARS) (CONTINUED)

B. Net Pension Asset (Continued)

Discount Rate

GASB 67 and 68 generally require that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 and 68 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 67 and 68 (paragraph 29) do allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for the District:

- The District has at least a 5-year history of paying at least 100% of the Actuarially Determined Contribution (previously termed the Annual Required Contribution).
- The Actuarially Determined Contribution is based on a closed amortization period, which means that payment of the Actuarially Determined Contribution each year will bring the plan to a 100% funded position by the end of the amortization period.
- GASB 67 and 68 specify that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is the actuary's opinion that the detailed depletion date projections outlined in GASB 67 and 68 will show that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per the actuary's investment consulting practice as of June 30, 2020.

7. PENSION PLAN - PUBLIC AGENCY RETIREMENT SYSTEM (PARS) (CONTINUED)

B. Net Pension Asset (Continued)

Discount Rate (Continued)

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	Index	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
Cash	Bank of America Merrill Lynch 3-Month T-Bills	3.82%	-0.22%	-0.20%
U.S. Core Fixed Income	Barclays Aggregate	37.46%	0.92%	0.84%
U.S. Equity Market	Russell 3000	46.51%	4.82%	3.52%
Foreign Developed Equity	MSCI EAFE NR	7.15%	6.32%	4.75%
Emerging Markets Equity	MSCI EM NR	4.08%	8.35%	5.5.%
U.S. REITs	FTSW NAREIT Equity REIT	0.98%	5.32%	3.62%
Assumed Inflation - Mean			2.21%	2.20%
Assumed Inflation - Standard Deviation			1.65%	1.65%
Portfolio Real Mean Return			3.42%	2.94%
Portfolio Nominal Mean Return			5.63%	5.20%
Portfolio Standard Deviation				9.72%
Long-Term Expected Rate of Return				6.50%

7. PENSION PLAN - PUBLIC AGENCY RETIREMENT SYSTEM (PARS) (CONTINUED)

C. Changes in the Net Pension Liability (Asset)

The changes in the net pension liability (asset) for the Plan are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2019	$ 627,027	$ 631,906	$ (4,879)
Changes in the Year:			
Service cost	3,817	-	3,817
Interest on the total pension liability	39,725	-	39,725
Differences between expected and actual experience	43,085	-	43,085
Benefit payments, including refunds of employee contributions	(40,042)	(40,042)	-
Contributions - employer	-	20,600	(20,600)
Net investment income	-	20,493	(20,493)
Administrative expenses	-	(3,789)	3,789
Net Changes	46,585	(2,738)	49,323
Balance at June 30, 2020	$ 673,612	$ 629,168	$ 44,444

7. PENSION PLAN - PUBLIC AGENCY RETIREMENT SYSTEM (PARS) (CONTINUED)

C. Changes in the Net Pension Liability (Asset) (Continued)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the District for the Plan, calculated using the discount rate for the Plan, as well as what the District's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Miscellaneous
1% Decrease	5.50%
Net Pension Liability	$ 118,372
Current Discount Rate	6.50%
Net Pension Liability	$ 44,444
1% Increase	7.50%
Net Pension Liability (Asset)	$ (10,360)

Pension Plan Fiduciary Net Position

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

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2020, the District recognized pension expense of $64,588. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual earnings on plan investments	$ 7,305	$ -
Total	$ 7,305	$ -

7. PENSION PLAN - PUBLIC AGENCY RETIREMENT SYSTEM (PARS) (CONTINUED)

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

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction of pension expense as follows:

Year Ending June 30,	Amount
2021	$ (3,433)
2022	2,715
2023	3,967
2024	4,056
2025	-
Thereafter	-

E. Payable to the Pension Plan

At June 30, 2020, the District had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

8. DEFERRED COMPENSATION PLAN

The District offers a deferred compensation plan for its eligible employees wherein amounts earned by the employee are paid· at a future date. All full-time, regular, salaried employees are permitted to participate in the Plan beginning on the first day of the month following their hire date. The employee may elect to make contributions up to the limits established by the Internal Revenue Service for this type of plan. The employees become 100% vested in their own contributions from the first date of participation.

The Plan was originally established in conformity with Section 457 of the Internal Revenue Code which prevented governments from placing plan assets in trust for the benefit of participants. Consequently, the participating employees' assets were potentially at risk of loss by the claims of the District's general creditors. In 1996, Congress amended Section 457 by requiring governments to place plan assets in a trust for the exclusive benefit of participants and their beneficiaries thus protecting the Plan assets from the District's general creditors.

Through its attorney, the District has complied with the amended Section 457 requirements. Governmental Accounting Standards Board Statement (GASB) No. 32 states that if a fiduciary relationship no longer exists between the governmental entity and the Section 457 deferred compensation plan, the government entity should not report the assets of the plan in its financial statements.

8. DEFERRED COMPENSATION PLAN (CONTINUED)

The District believes that, since it does not provide investment advice or administer the Plan, it does not maintain a fiduciary relationship with the Plan. Therefore, the District does not report the Plan assets in its financial statements.

9. OTHER POST-EMPLOYMENT BENEFIT OBLIGATION

A. General Information About the OPEB Plan

Plan Description

The District has established an agent multiple-employer Defined Benefit Postemployment Healthcare Plan (DPHP) that provides post-retirement medical benefits to retirees through the California Public Employees Medical and Hospital Care Act (PEMCHA) and managed through the California Retiree Benefit Trust (CEBRT). The Plan provides benefits for its retirees, spouses and survivors. The District is obligated to contribute toward health insurance premiums for certain employees retired from the District at the age of 55 or older with at least five years of continuous employment with the District. The District pays a maximum contribution of $1,592 for health insurance premiums for all eligible employees and retirees. For non-Medicare eligible retirees, premiums are the same as for active employees. Reduced premiums are applied for Medicare eligible retirees and the coverage is adjusted to supplement Medicare.

The District Plan does not issue a separate financial report. The District contracts with an actuarial consultant to provide an actuarial valuation of the District's OPEB liability under GASB Statement 75.

Employees Covered

As of the June 30, 2019 actuarial valuation, the following current and former employees were covered by the benefit terms under the plan:

Inactive employees or beneficiaries currently receiving benefits	8
Active employees	11
	19

Contributions

The OPEB plan and its contribution requirements are established by District policy and may be amended by the District, District's Board of Directors and/or the employee associations. Currently, contributions are not required from plan members. The District has established a trust to fund future OPEB benefits with California Employers' Retiree Benefit Trust (CERBT). CERBT issues financial statements that are available on the CalPERS website. The annual contribution is based on the actuarially determined contribution. For the measurement period ended June 30, 2019, the District's cash contributions were $170,510 and an implied subsidy of $21,132.

9. OTHER POST-EMPLOYMENT BENEFITS OBLIGATION (CONTINUED)

B. Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

Actuarial Assumptions

The total OPEB liability at June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry age normal
Actuarial Assumptions:	
Discount Rate	6.50%
Long-Term Expected Rate of Return on Investments	6.50%
General Inflation	2.75%
Payroll Increases	2.75%
Healthcare Trend	Increase 4% per year
Mortality Factors	2017 CalPERS OPEB assumptions model for public agency miscellaneous
Retirement Factors	2017 CalPERS OPEB assumptions model for public agency miscellaneous

Change in Assumptions

The probabilities for retirement, termination and mortality were changed from the 2014 CalPERS assumptions to the 2017 CalPERS assumptions. All other actuarial assumptions are unchanged from the July 1, 2017 valuation.

Long-Term Expected Rate of Return on Investments

The long-term expected rate of return on investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. The asset class percentages are taken from the current composition of the CERBT trust, and the expected yields are taken from a recent CalPERS publication for the Pension Fund.

9. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

B. Net OPEB Liability (Continued)

Long-Term Expected Rate of Return on Investments (Continued)

The long-term expected real rates of return for each major asset class in the CERBT, included in the OPEB plan's target asset allocation as of June 30, 2019 measurement period, are summarized in the following table:

Asset Class	Target Allocation	Real Return, Next 10 Years
CERBT Trust:		
Global equity	59.00%	5.25%
Fixed income	25.00%	0.99%
Treasury securities	5.00%	0.45%
Real estate trusts	8.00%	4.50%
Commodities	3.00%	3.90%
Total	100.00%	

The estimated yield of 3.9% for commodities was obtained from various sources and is an estimated. Using these figures, the weighted-average real rate of return is estimated to be 3.73%. Adding estimated inflation of 2.75%, we obtain 6.48% as an estimate of the expected rate of return, which is rounded to 6.50%.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50%. The cash flows of the OPEB plan were projected to future years, assuming that the District will contribute an amount so the assets always exceed expected benefits to retirees. Under that projection, the plan assets are projected to be adequate to pay all benefits to retirees in all future years, so the discount rate has been set equal to the long-term expected rate of return on investments, 6.50%.

9. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

C. Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2018 (Measurement Date)	$ 2,768,307	$ 2,316,816	$ 451,491
Changes in the Year:			
Service cost	74,479	-	74,479
Interest on the total OPEB liability	176,482	-	176,482
Differences between actual and			-
expected experience	(41,186)	-	(41,186)
Changes in assumptions	(12,821)	-	(12,821)
Contributions - employer	-	191,642	(191,642)
Net investment income	-	145,569	(145,569)
Benefit payments	(106,387)	(106,387)	-
Administrative expenses	-	(499)	499
Net Changes	90,567	230,325	(139,758)
Balance at June 30, 2019 (Measurement Date)	$ 2,858,874	$ 2,547,141	$ 311,733

Change of Benefit Terms

There were no changes of benefit terms.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.5%) or one percentage point higher (7.5%) than the current discount rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Net OPEB Liability (Asset)	$ 708,135	$ 311,733	$ (13,563)

9. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

C. Changes in the Net OPEB Liability (Continued)

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease 3%	Current Healthcare Cost Trend Rates 4%	1% Increase 5%
Net OPEB Liability	$ 103,824	$ 311,733	$ 465,827

D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the District recognized OPEB expense of $75,253. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 124,847	$ -
Differences between actual and expected experience	-	(37,226)
Changes in assumptions	-	(11,588)
Differences between projected and actual earnings	-	(44,503)
Total	$ 124,847	$ (93,317)

9. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

The net difference between projected and actual earnings on plan investments is amortized over a five-year period.

$124,847 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30,	Amount
2021	$ (25,630)
2022	(25,629)
2023	(9,823)
2024	(4,193)
2025	(5,193)
Therefater	(22,849)

E. Payable to the OPEB Plan

At June 30, 2020, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2020.

10. RISK MANAGEMENT

Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The Monterey Peninsula Regional Park District is a member of the California Joint Powers Insurance Authority (Insurance Authority). The Insurance Authority is composed of 116 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq.

The purpose of the Insurance Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance and to arrange for group purchased insurance for property and other lines of coverage. The Insurance Authority began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors which operates through a nine-member Executive Committee.

10. RISK MANAGEMENT (CONTINUED)

Self-Insurance Programs of the Insurance Authority

Each member pays an annual contribution to cover estimated losses for the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. The total funding requirement for self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

Primary Liability Program - In the primary liability program, claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to $30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from $30,000 to $750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from $750,000 to $50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

The overall coverage limit for each member, including all layers of coverage, is $50 million per occurrence. Subsidence losses have a sub-limit of $40 million per occurrence. The coverage structure includes retained risk that is pooled among members, reinsurance and excess insurance. More detailed information about the various layers of coverage is available on the following website: https://cjpia.org/protection/coverage-programs.

Workers' Compensation Program - The District also participates in the workers' compensation pool administered by the Insurance Authority. In the workers' compensation program claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to $50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second of losses includes incurred costs from $50,000 to $100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess from $100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2017-18, the Insurance Authority's pooled retention is $2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to $2 million. Coverage from $2 million to $5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from $5 million to $10 million are pooled among members.

10. RISK MANAGEMENT (CONTINUED)

Purchased Insurance

Crime Insurance - The District purchases crime insurance coverage in the amount of $1,000,000 with a $2,500 deductible. The fidelity coverage is provided through the Insurance Authority.

Property Insurance - The District participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The currently insured according to a schedule of covered property submitted by the District to the Authority. The District property currently has all-risk property insurance protection in the amount of $7,919,874. There is a $10,000 deductible per occurrence except for non-emergency vehicle insurance which has a $2,500 deductible.

Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were no significant reductions in pooled or insured liability coverage in the fiscal year 2019-20.

11. SEAWALL MITIGATION FEE

The District was notified on September 22, 2009 by California Coastal Commission that the District is assigned as a beneficiary of Irrevocable Standby Letter of Credit No. LCCA 20-14882, dated March 19, 2007. Five annual drafts, each in the amount of $430,011 were received, and the District received its final payment on March 21, 2011.

California Coastal Commission assigned the Letter of Credit to the District on September 22, 2009, with the condition of purchase of beachfront/dune property for public recreational use in the southern Monterey Bay area. The entire fee and any accrued interest shall be used for the above stated purpose, in consultation with the Executive Director of California Coastal Commission, within ten years of the final fee being deposited into the District account.

Any portion of the fee that remains after ten years shall be donated to one or more of the State Parks located along southern Monterey Bay (Fort Ord State Park, Marina State Beach, Seaside State Beach), or other organization acceptable to the Executive Director of California Coastal Commission, for the purpose of providing public access and recreation improvements to and along the shoreline, including improvements to the California Coastal Trail.

12. FUND BALANCE ASSIGNMENTS/RESTRICTIONS

As of June 30, 2020, the District had restricted fund balances/net position of $2,511,841, which pertains to the Seawall Mitigation fees.

During the year ended June 30, 2020, the Directors of the District approved an assignment of fund balance for the purpose of funding the acquisition of the Sherar property. The amount assigned for this purpose at June 30, 2020, was $600,000.

13. BOARD DESIGNATION OF (UNASSIGNED) GENERAL FUND BALANCE

As of June 30, 2020, the District had unassigned fund balance of $16,753,063. The District's Board approved a policy to establish prudent target reserve levels to assist the District in managing financial risks. The Board's designated (unassigned) fund balance reserves are as follows:

	Amount
Operating budget (50%)	$ 3,430,000
Accumulated depreciation (100%)	1,130,000
Emergency contingency	1,000,000
Total Board-Designated Reserve	$ 5,560,000

14. SUBSEQUENT EVENTS

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through December 21, 2020, the date the financial statements were available to be issued.

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MONTEREY PENINSULA REGIONAL PARK DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CalPERS PENSION PLANS

Last Ten Fiscal Years*

Fiscal year ended	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement period	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	0.02699%	0.03080%	0.03117%	0.03198%	0.03410%	0.03171%
Plan's proportionate share of the net pension liability	$ 2,766,108	$ 2,967,787	$ 3,091,498	$ 2,767,371	$ 2,340,633	$ 1,973,232
Plan's covered - employee payroll	$ 1,287,720	$ 1,276,980	$ 1,318,917	$ 1,201,877	$ 1,018,700	$ 989,029
Plan's proportionate share of the net pension liability as a percentage of its covered - employee payroll	214.81%	232.41%	234.40%	230.25%	229.77%	199.51%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	75.26%	75.26%	73.31%	74.60%	78.40%	76.83%
Plan's proportionate share of aggregate employer contributions	$ 327,805	$ 273,317	$ 268,814	$ 239,757	$ 226,858	$ 176,921

Notes to Schedule:

Benefit Changes:
There were no changes in benefits.

Changes in Assumptions:
From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:
There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:
The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:
Demographic assumptions and inflation rate were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

From fiscal year June 30, 2019 to June 30, 2020:
There were no changes in assumptions.

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

MONTEREY PENINSULA REGIONAL PARK DISTRICT

SCHEDULE OF CONTRIBUTIONS
CalPERS PENSION PLANS

Last Ten Fiscal Years*

Fiscal year ended	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	$ 423,750	$ 480,366	$ 358,807	$ 340,407	$ 307,912	$ 265,789
Contributions in relation to the actuarially determined contributions	(835,133)	(807,961)	(358,807)	(340,407)	(307,912)	(265,789)
Contribution deficiency (excess)	$ (411,383)	$ (327,595)	$ -	$ -	$ -	$ -
Covered - employee payroll	1,317,299	1,287,720	$ 1,276,980	$ 1,318,917	$ 1,201,877	$ 1,018,700
Contributions as a percentage of covered - employee payroll	32.17%	37.30%	28.10%	25.81%	25.62%	26.09%

Notes to Schedule:

Valuation Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Methods and Assumptions Used to Determine Contribution Rates:						
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	15-Year Smoothed Market Method
Inflation	2.63%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.25% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed
(2) Depending on age, service, and type of employment
(3) Net of pension plan investment expense, including inflation
(4) 2.7% @ 55 and 2% at 62
(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

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

MONTEREY PENINSULA REGIONAL PARK DISTRICT

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
PARS PENSION PLAN

Last Ten Fiscal Years*

	2020	2019	2018	2017	2016	2015
Total Pension Liability:						
Service cost	$ 3,817	$ 4,873	$ 4,567	$ 4,405	$ 4,277	$ 4,360
Interest on total pension liability	39,725	39,377	38,873	38,279	34,787	34,341
Differences between expected and actual experience	43,085	-	6,038	-	27,118	-
Changes in assumptions	-	-	35,883	-	18,051	-
Changes in benefits	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(40,042)	(35,713)	(34,690)	(34,010)	(34,940)	(29,640)
Net Change in Total Pension Liability	46,585	8,537	50,671	8,674	49,293	9,061
Total Pension Liability - Beginning of Year	627,027	618,490	567,819	559,145	509,852	500,791
Total Pension Liability - End of Year (a)	$ 673,612	$ 627,027	$ 618,490	$ 567,819	$ 559,145	$ 509,852
Plan Fiduciary Net Position:						
Contributions - employer	$ 20,600	$ 20,600	$ 19,000	$ 19,000	$ 19,000	$ 19,000
Contributions - employee	-	-	-	-	-	-
Net investment income (loss)	20,493	39,584	47,095	67,466	(5,184)	14,913
Benefit payments	(40,042)	(35,713)	(34,690)	(34,010)	(34,940)	(29,640)
Administrative expenses	(3,789)	(3,658)	(3,437)	(2,854)	(2,680)	-
Net Change in Plan Fiduciary Net Position	(2,738)	20,813	27,968	49,602	(23,804)	4,273
Plan Fiduciary Net Position - Beginning of Year	631,906	611,093	583,125	533,523	557,327	553,054
Plan Fiduciary Net Position - End of Year (b)	$ 629,168	$ 631,906	$ 611,093	$ 583,125	$ 533,523	$ 557,327
Net Pension Liability (Asset) - Ending (a)-(b)	$ 44,444	$ (4,879)	$ 7,397	$ (15,306)	$ 25,622	$ (47,475)
Plan fiduciary net position as a percentage of the total pension liability	93.40%	100.78%	98.80%	102.70%	95.42%	109.31%
Covered - employee payroll	$ 280,847	$ 347,843	$ 337,819	$ 325,778	$ 316,289	$ 379,340
Net pension (asset) liability as a percentage of covered - employee payroll	15.82%	-1.40%	2.19%	-4.70%	8.10%	-12.52%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

There were no changes in assumptions.

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

MONTEREY PENINSULA REGIONAL PARK DISTRICT

SCHEDULE OF CONTRIBUTIONS
PARS PENSION PLAN

Last Ten Fiscal Years*

	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 661	$ 642	$ 10,490	$ 10,185	$ 4,492	$ 4,361
Contributions in relation to the actuarially determined contributions	(20,600)	(20,600)	(19,000)	(19,000)	(19,000)	(19,000)
Contribution deficiency (excess)	$ (19,939)	$ (19,958)	$ (8,510)	$ (8,815)	$ (14,508)	$ (14,639)
Covered - employee payroll	$ 280,847	$ 347,953	$ 337,819	$ 325,778	$ 316,289	$ 379,340
Contributions as a percentage of covered - employee payroll	7.33%	5.92%	5.62%	5.83%	6.01%	5.01%

Notes to Schedule:

Valuation Date	1/31/2020	1/31/2018	1/31/2018	1/31/2016	1/31/2016	1/31/2014
Methods and Assumptions Used to Determine Contribution Rates:						
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)
Remaining amortization period	5.9 years	7.9 years	7.9 years	9.9 years	9.9 years	11.9 years
Asset valuation method	None	None	None	None	None	None
Inflation	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Investment rate of return	6.50%	6.50%	6.50%	7.00%	7.00%	7.00%
Salary increases	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Cost of living adjustment	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Mortality	(2)	(2)	(2)	(2)	(2)	(2)
Retirement age	(3)	(3)	(3)	(3)	(3)	(3)

(1) Level dollar, closed
(2) Consistent with Non-Industrial rates used to value the CalPERS Miscellaneous Public Agency Pension Plans.
(3) Age 59 or current age, if older

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

MONTEREY PENINSULA REGIONAL PARK DISTRICT

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

Last Ten Fiscal Years*

Fiscal year end	6/30/2020	6/30/2019	6/30/2018
Measurement date	6/30/2019	6/30/2018	6/30/2017
Total OPEB Pension Liability:			
Service cost	$ 74,479	$ 72,486	$ 70,546
Interest	176,482	167,467	158,389
Differences between expected and actual experience	(41,186)	-	-
Changes of assumptions	(12,821)	-	-
Benefit payments, including refunds of employee contributions	(106,387)	(96,136)	(82,412)
Net Change in Total OPEB Liability	90,567	143,817	146,523
Total OPEB Liability - Beginning of Year	2,768,307	2,624,490	2,477,967
Total OPEB Liability - End of Year (a)	2,858,874	2,768,307	2,624,490
Plan Fiduciary Net Position:			
Contributions - employer	191,642	183,831	-
Net investment income	145,569	162,532	205,459
Administrative expenses	(499)	(1,105)	(1,000)
Benefit payments, including refunds of employee contributions	(106,387)	(96,136)	(82,412)
Net Change in Plan Fiduciary Net Position	230,325	249,122	122,047
Plan Fiduciary Net Position - Beginning of Year	2,316,816	2,067,694	1,945,647
Plan Fiduciary Net Position - End of Year (b)	2,547,141	2,316,816	2,067,694
Net OPEB Liability - Ending (a)-(b)	$ 311,733	$ 451,491	$ 556,796
Plan fiduciary net position as a percentage of the total OPEB liability	89.10%	83.69%	78.78%
Covered - employee payroll	$ 1,287,720	$ 1,276,980	$ 1,293,817
Net OPEB liability as percentage of covered - employee payroll	24.21%	35.36%	43.04%

Notes to Schedule:

Benefit Changes:
There were no changes in benefits.

Changes in Assumptions:
The fiscal year ended June 30, 2018 is the first year of implementation; therefore, there are no previous GASB 75 actuarial reports for comparison.
For the fiscal year ended June 30, 2019, there were no changes in assumptions.
For fiscal year ended June 30, 2020, the probabilities for retirement, termination and mortality were changed from 2014 CalPERS assumptions to the 2017 CalPERS assumptions.

* Fiscal year 2018 was the first year of implementation and therefore only three years are shown.

MONTEREY PENINSULA REGIONAL PARK DISTRICT

BUDGETARY COMPARISON SCHEDULE BY DEPARTMENT - GENERAL FUND

For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Property taxes	$ 4,061,700	$ 4,061,700	$ 4,476,657	$ 414,957
Assessment district	1,208,000	1,224,000	1,209,399	(14,601)
Grants	1,935,800	1,935,800	950,000	(985,800)
Investment earnings	207,500	207,500	550,082	342,582
Donations, fees and other charges	7,600	7,600	4,219	(3,381)
Rent	125,000	150,000	133,998	(16,002)
Other revenue	26,000	75,000	94,155	19,155
TOTAL REVENUES	7,571,600	7,661,600	7,418,510	(243,090)
EXPENDITURES:				
Current:				
General and Administrative:				
Salaries and wages	448,100	448,100	445,621	2,479
Employee benefits and payroll taxes	810,000	809,600	902,429	(92,829)
Insurance	110,000	110,000	110,207	(207)
Professional services	270,000	200,000	116,026	83,974
Other post-employment benefits	38,100	38,100	-	38,100
Utilities	85,000	85,000	77,879	7,121
Publications and memberships	20,000	20,000	13,470	6,530
Computer maintenance and supplies	22,000	22,000	13,809	8,191
Board compensation	7,000	7,000	6,400	600
Travel, conferences and meetings	15,000	15,000	5,505	9,495
Equipment rentals and leases	5,500	5,500	3,135	2,365
Office supplies and equipment	10,000	10,000	8,930	1,070
Legal	8,000	8,000	3,749	4,251
Job training and education	10,000	10,000	2,402	7,598
Taxes and assessments	20,000	27,000	25,818	1,182
Postage	3,000	3,000	1,070	1,930
Vehicle maintenance and fuel	3,000	1,000	696	304
Mileage reimbursement	1,000	1,000	57	943
Printing	5,000	5,000	1,397	3,603
Advertising	5,000	-	-	-
Total General and Administrative	1,895,700	1,825,300	1,738,600	86,700

(Continued)

See accompanying note to required supplementary information.

BUDGETARY COMPARISON SCHEDULE BY DEPARTMENT - GENERAL FUND
(CONTINUED)

For the year ended June 30, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
EXPENDITURES (CONTINUED):				
Current (Continued):				
Operations and Maintenance:				
Salaries and wages	$ 633,900	$ 608,100	$ 598,851	$ 9,249
Employee benefits	303,400	303,400	277,449	25,951
Other post-employment benefits	49,000	49,000	-	49,000
Utilities	50,000	65,000	64,044	956
Vehicle maintenance and fuel	15,000	15,000	25,003	(10,003)
Supplies	20,000	20,000	22,697	(2,697)
Building repairs	10,000	10,000	10,771	(771)
Computer maintenance and supplies	15,000	12,500	11,387	1,113
Capital outlay	38,000	34,500	25,098	9,402
Janitorial supplies	15,000	15,000	10,278	4,722
Equipment maintenance	15,000	25,000	17,049	7,951
Tools	3,000	2,000	478	1,522
Uniforms	3,000	3,000	3,000	-
Miscellaneous	7,500	7,500	2,494	5,006
Job training and education	3,000	3,000	707	2,293
COVID-19 Response	-	-	46,010	(46,010)
Printing	3,000	3,000	2,890	110
Total Operations and Maintenance	1,183,800	1,176,000	1,118,206	57,794
Education and Outreach:				
Salaries and wages	378,800	327,100	305,341	21,759
Employee benefits	112,800	112,800	94,739	18,061
Other post-employment benefits	12,000	12,000	-	12,000
Printing	30,000	35,000	22,698	12,302
Postage	25,000	25,000	12,035	12,965
Professional services	15,000	15,000	6,313	8,687
Equipment	10,000	10,000	2,198	7,802
Environmental education - schools	1,500	1,500	669	831
Interpretive programs - parks	30,000	30,000	10,770	19,230
Computer maintenance and supplies	9,000	9,000	9,958	(958)
Docent and volunteer programs	7,000	7,000	1,822	5,178
Utilities	15,000	15,000	10,113	4,887
Advertising	7,000	7,000	4,473	2,527
Miscellaneous	1,600	1,600	675	925
Supplies	10,000	10,000	3,123	6,877
Job training and education	3,200	3,200	122	3,078
Vehicle maintenance and fuel	3,500	3,500	4,830	(1,330)
Special events - outreach	3,000	3,000	45	2,955
Travel, conferences and meetings	2,000	2,000	(79)	2,079
Insurance	1,500	1,500	-	1,500
Total Education and Outreach	684,100	637,400	489,845	147,555

(Continued)

See accompanying note to required supplementary information.

MONTEREY PENINSULA REGIONAL PARK DISTRICT

BUDGETARY COMPARISON SCHEDULE BY DEPARTMENT - GENERAL FUND
(CONTINUED)

For the year ended June 30, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
EXPENDITURES (CONTINUED):				
Current (Continued):				
Assessment District:				
Palo Corona improvements	$ 2,665,000	$ 1,174,000	$ 231,789	$ 942,211
Sherar property lease/option payment	60,000	90,000	120,000	(30,000)
Grant program	100,000	15,000	475	14,525
Seasonal and contract services	190,800	190,800	55,927	134,873
Professional services	730,000	730,000	194,402	535,598
Maintenance	291,800	241,800	42,661	199,139
Vehicle acquisition	150,000	65,000	37,084	27,916
Equipment	113,000	113,000	51,384	61,616
Trail construction and rehabilitation	60,000	60,000	51,752	8,248
Park security systems	10,000	10,000	10,114	(114)
Cachagua center play equipment	209,000	414,000	455,678	(41,678)
Total Assessment District	4,579,600	3,103,600	1,251,266	1,852,334
Planning and Conservation Management:				
Salaries and wages	51,200	51,200	51,162	38
Resource management - PCRP	45,000	45,000	37,529	7,471
Employee benefits	28,500	27,300	28,162	(862)
Other post-employment benefits	1,900	1,900	-	1,900
Professional services	116,800	156,800	179,030	(22,230)
Resource management - Marina Dunes	25,000	-	-	-
Total Planning and Conservation Management	268,400	282,200	295,883	(13,683)
Capital Outlay:				
Land and property acquisition	113,400	131,400	47,135	84,265
Total Capital Outlay	113,400	131,400	47,135	84,265
Debt Service:				
Principal	1,500,000	1,500,000	950,200	549,800
Total Debt Service	1,500,000	1,500,000	950,200	549,800
TOTAL EXPENDITURES	10,225,000	8,655,900	5,891,135	2,764,765
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,653,400)	(994,300)	1,527,375	2,521,675
FUND BALANCE AT BEGINNING OF YEAR	18,440,849	18,440,849	18,440,849	-
FUND BALANCE AT END OF YEAR	$ 15,787,449	$ 17,446,549	$ 19,968,224	$ 2,521,675

See accompanying note to required supplementary information.

1. BUDGETS

The Board of Directors of the District legally adopts an annual budget on a basis consistent with generally accepted accounting principles. The budget may be amended by the Board of Directors throughout the year. The budget is prepared on the modified accrual basis of accounting.

Budget amounts reflect the original budget adopted by the Board of Directors, and the final budget after all applicable amendments. The Board approves all budget amendments. The budget appropriations lapse at year-end.

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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
Monterey Peninsula Regional Park District
Monterey, 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 major fund of the Monterey Peninsula Regional Park District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 21, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Irvine, California
December 21, 2020

STATISTICAL SECTION

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This part of the District's financial statements presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information say about the government's overall financial health.

Contents:

	Pages
Financial Trends theses schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	68 - 71
Operating Information this schedule contains service and infrastructure data to help the reader understand how the information in the District's financial statements relates to the services the District provides and the activities it performs.	72

MONTEREY PENINSULA REGIONAL PARK DISTRICT

NET POSITION BY COMPONENT

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended June 30,			
	2011	2012	2013	2014
Governmental activities:				
Net investment in capital assets	$ 46,230,823	$ 49,332,358	$ 50,426,792	$ 52,536,873
Restricted	2,322,741	2,385,409	2,349,824	2,306,896
Unrestricted	7,279,799	6,217,644	8,803,133	9,498,442
Total governmental activities net position	$ 55,833,363	$ 57,935,411	$ 61,579,749	$ 64,342,211
Business-type activity:				
Net investment in capital assets	$ -	$ -	$ -	$ -
Restricted	-	-	-	-
Unrestricted	-	-	-	-
Total business-type activity net position	$ -	$ -	$ -	$ -
Primary government:				
Net investment in capital assets	$ 46,230,823	$ 49,332,358	$ 50,426,792	$ 52,536,873
Restricted	2,322,741	2,385,409	2,349,824	2,306,896
Unrestricted	7,279,799	6,217,644	8,803,133	9,498,442
Total primary government net position	$ 55,833,363	$ 57,935,411	$ 61,579,749	$ 64,342,211

Source: District Finance Department

Fiscal Year Ended June 30,					
2015	2016	2017	2018	2019	2020
$ 54,741,932	$ 56,538,897	$ 58,179,273	$ 71,394,277	$ 73,211,509	$ 74,741,202
2,314,109	2,329,847	2,348,249	2,382,889	2,448,777	2,511,841
8,112,689	9,927,792	11,459,961	10,211,894	14,192,860	15,918,349
$ 65,168,730	$ 68,796,536	$ 71,987,483	$ 83,989,060	$ 89,853,146	$ 93,171,392
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
$ -	$ -	$ -	$ -	$ -	$ -
$ 54,741,932	$ 56,538,897	$ 58,179,273	$ 71,394,277	$ 73,211,509	$ 74,741,202
2,314,109	2,329,847	2,348,249	2,382,889	2,448,777	2,511,841
8,112,689	9,927,792	11,459,961	10,211,894	14,192,860	15,918,349
$ 65,168,730	$ 68,796,536	$ 71,987,483	$ 83,989,060	$ 89,853,146	$ 93,171,392

MONTEREY PENINSULA REGIONAL PARK DISTRICT

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ended June 30, 2011	2012	2013	2014
Revenues:				
Property taxes	$ 2,835,268	$ 2,865,447	$ 3,119,076	$ 3,197,620
Seawall mitigation fee	430,011	-	-	-
Assessment District	1,010,970	1,020,075	1,021,218	1,095,396
Grants	1,687,015	1,546,420	2,116,417	1,570,788
Investment earnings	139,949	89,641	25,305	83,355
Donations fees and other charges	74,605	76,425	55,476	36,269
Rent	36,436	37,863	36,749	38,869
Other	3,765	5,930	4,186	95,126
Total revenues	6,218,019	5,641,801	6,378,427	6,117,423
Expenditures				
Current:				
General and administrative	909,259	781,479	2,558,532	951,459
Operations and maintenance	1,019,420	1,000,000	917,210	924,291
Education and outreach	603,622	578,002	566,533	609,113
Assessment district	225,732	254,563	295,428	963,643
Planning and conservation management	805,863	547,523	484,503	490,366
Capital outlay	2,123,942	914,689	4,222,877	-
Debt service:				
Principal retirement	539,675	1,148,242	2,067,807	1,587,233
Interest and fiscal charges	104,496	91,018	55,626	15,848
Total expenditures	6,332,009	5,315,516	11,168,516	5,541,953
Excess (deficiency) of revenues over (under) expenditures	(113,990)	326,285	(4,790,089)	695,470
Other financing sources (uses):				
Sale of equipment and property	16,198	-	-	-
Issuance of notes	81,394	-	4,000,000	-
Total other financing sources (uses)	97,592	-	4,000,000	-
Net change in fund balances, before extraordinary item	(16,398)	326,285	(790,089)	695,470
Extraordinary loss	-	-	-	-
Net change in fund balances	$ (16,398)	$ 326,285	$ (790,089)	$ 695,470

Source: District Finance Department

Fiscal Year Ended June 30,					
2015	2016	2017	2018	2019	2020
$ 3,253,592	$ 3,548,890	$ 3,689,571	$ 3,913,528	$ 4,165,633	$ 4,476,657
-	-	-	-	-	-
1,130,794	1,164,640	1,212,450	1,235,679	1,304,840	1,209,399
2,050,000	1,789,255	1,529,061	11,193,156	2,116,857	950,000
45,615	153,757	59,066	121,457	539,850	550,082
16,887	10,502	7,819	806,877	4,745	4,219
31,508	33,013	31,765	63,776	109,145	133,998
71,036	20,742	9,966	38,223	1,415,337	94,155
6,599,432	6,720,799	6,539,698	17,372,696	9,656,407	7,418,510
1,146,076	1,193,396	1,348,342	1,248,363	1,600,282	1,738,600
786,793	851,986	968,927	2,201,383	1,387,149	1,118,206
517,122	424,904	456,683	475,002	488,631	489,845
409,365	636,526	545,467	955,804	910,829	1,251,266
850,247	426,779	354,598	304,452	183,195	295,883
6,950,000	-	-	10,237,985	18,995	47,135
1,605,273	1,500,000	1,500,000	1,500,000	1,500,000	950,200
2,483	-	-	-	-	-
12,267,359	5,033,591	5,174,017	16,922,989	6,089,081	5,891,135
(5,667,927)	1,687,208	1,365,681	449,707	3,567,326	1,527,375
-	-	-	-	-	-
6,950,000	-	-	-	-	-
6,950,000	-	-	-	-	-
1,282,073	1,687,208	1,365,681	449,707	3,567,326	1,527,375
-	-	-	-	-	-
$ 1,282,073	$ 1,687,208	$ 1,365,681	$ 449,707	$ 3,567,326	$ 1,527,375

MONTEREY PENINSULA REGIONAL PARK DISTRICT

FULL-TIME EQUIVALENT EMPLOYEES
BY FUNCTION

Last Ten Fiscal Years

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Administration	3.10	3.00	3.00	3.00	2.50	3.00	3.25	3.25	3.75	3.75
Operations and Maintenance	8.15	8.15	7.00	7.00	7.00	7.50	7.25	7.25	8.25	8.25
Environmental Education Community Outreach	4.00	4.25	4.25	4.25	3.25	2.25	2.25	2.25	4.25	4.25
Planning and Conservation	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	0.25	0.25
Total	16.50	16.65	15.50	15.50	14.00	14.00	14.00	14.00	16.50	16.50

Source: District Approved Operating Budgets