SAN DIEGUITO RIVER VALLEY
REGIONAL OPEN SPACE PARK
JOINT POWERS AUTHORITY

Basic Financial Statements

Year ended June 30, 2019

This page intentionally left blank.

SAN DIEGUITO RIVER VALLEY
REGIONAL OPEN SPACE PARK JOINT POWERS AUTHORITY

Basic Financial Statements

Year ended June 30, 2019

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1
Management's Discussion and Analysis	7
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	21
Statement of Revenues, Expenditures and Changes in Fund Balances	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	23
Notes to the Basic Financial Statements	25
Required Supplementary Information:	
Schedule of the Plan's Proportionate Share of the Net Pension Liability And Related Ratios	52
Schedule of Plan Contributions	53
Schedule of the Plan's Proportionate Share of the Net OPEB Liability And Related Ratios	54
Schedule of OPEB Contributions	55
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - General Fund	56
Notes to Required Supplementary Information	57

DavisFarr
CERTIFIED PUBLIC ACCOUNTANTS

Davis Farr LLP
2301 Dupont Drive | Suite 200 | Irvine, CA 92612
Main: 949.474.2020 | Fax: 949.263.5520

Independent Auditors' Report

Board of Directors
San Dieguito River Valley
Regional Open Space Park Joint Powers Authority
San Diego, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the San Dieguito River Valley Regional Open Space Park Joint Powers Authority (the JPA), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the JPA'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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 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 auditor's 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 auditor considers internal control relevant to the JPA'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 JPA'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 opinion.

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 each major fund of the JPA, as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

We have previously audited the JPA's 2018 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated March 6, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis, Schedule of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios, Schedule of Plan Contributions, Schedule of the Plan's Proportionate Share of the Net OPEB Liability and Related Ratios, Schedule of OPEB Contributions, and Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund* be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2020 on our consideration of the JPA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering JPA's internal control over financial reporting and compliance.

DavisFarr LLP

Irvine, California
March 25, 2020

This page intentionally left blank.

MANAGEMENT’S DISCUSSION AND ANALYSIS

This page intentionally left blank.

SAN DIEGUITO RIVER VALLEY REGIONAL
OPEN SPACE PARK JOINT POWERS AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

As management of the San Dieguito River Valley Regional Open Space Park Joint Powers Authority ("JPA"), we offer readers of the JPA's financial statements this narrative overview and analysis of the financial activities of the JPA for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the JPA's basic financial statements, which begin immediately following this analysis. This annual financial report consists of three main parts (1) Management's Discussion and Analysis, (2) Basic Financial Statements, and (3) Other Required Supplementary Information.

These financial statements consist of a series of financial statements prepared in accordance with the Governmental Accounting Standards Board Statement 34, *Basic Financial Statements-Management Discussion and Analysis for State and Local Governments.*

FINANCIAL HIGHLIGHTS

- The JPA's ending net position was $54,944,741.
- The change in net position for the year was a decrease of $359,895.
- The JPA had expenses in excess of revenues in the general fund (before Other Financing Sources) in the amount of $382,760 in the current year.
- The JPA had $739,512 of additions to capital assets this year.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the JPA's basic financial statements. The JPA's basic financial statements are comprised of the following:

The basic financial statements include government-wide financial statements and fund financial statements. The two sets of statements are tied together by Reconciliations showing why they differ.

The JPA as a whole is reported in the government-wide statements and uses accounting methods similar to those used by companies in the private sector.

More detailed information about the JPA's most significant funds – not the JPA as a whole is provided in the fund financial statements. Funds are accounting devices the JPA uses to keep track of specific sources of funding and spending on particular programs.

The *Statement of Net Position,* a government-wide statement, presents information on all of the JPA's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the JPA is improving or deteriorating.

OVERVIEW OF FINANCIAL STATEMENTS (continued)

The *Statement of Activities,* a government-wide statement, presents showing how the JPA's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The *Balance Sheet* for governmental funds presents financial information by fund types showing money left at year-end available for spending.

The *Statement of Revenues, Expenditures and Changes in Fund Balances* for all governmental fund types focuses on how money flows into and out of the various funds.

The *Notes to the Basic Financial Statements* and this Discussion and Analysis support these financial statements.

In addition to the basic financial statement and notes this report also presents required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The largest portion of the JPA's Net Position reflects its net investment in capital assets (e.g., land, buildings and improvements, vehicles, furniture and equipment and construction in progress); less any related debt used to acquire those assets that are still outstanding. The JPA uses these capital assets to provide services to its constituents; consequently, these assets are not available for future spending.

Statement of Net Position

To begin our analysis, a summary of the JPA's statement of net position is presented in Table 1 below for the current year and the prior year.

Net position may serve over time, as a useful indicator of a government's financial position. In the case of the JPA, assets and deferred outflows exceeded liabilities and deferred inflows by $54,891,149 as of June 30, 2019.

The JPA's financial position is the product of several financial transactions including the net results of activities, the acquisition, and the depreciation of capital assets.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

TABLE 1
Condensed Statement of Net Position

	2019	2018	Change
ASSETS			
Current and other assets	$4,288,430	4,319,063	(30,633)
Capital assets, net of depreciation	53,480,924	53,582,564	(101,640)
Total assets	57,769,354	57,901,627	(132,273)
DEFERRED OUTFLOWS OF RESOURCES	478,599	696,479	(217,880)
LIABILITIES			
Current liabilities	543,826	695,620	(151,794)
Long-term liabilities	2,491,020	2,364,113	126,907
Total liabilities	3,034,846	3,059,733	(24,887)
DEFERRED INFLOWS OF RESOURCES	268,366	233,737	34,629
NET POSITION:			
Investment in capital assets	52,828,850	53,402,564	(573,714)
Restricted for:			
Endowments	1,982,268	1,982,268	-
Future management and maintenance	1,043,389	990,944	52,445
Unrestricted	(909,766)	(1,071,140)	161,374
Total net position	$54,944,741	55,304,636	(359,895)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Statement of Activities

- The JPA's total revenues increased for the fiscal year ended June 30, 2019, excluding inter-fund Transfers, by $53,320.
- The JPA's total expenses increased by $1,954.
- The change in net position for 2019 was a decrease of $359,895 compared to 2018.

The following table presents a summary of the Statement of Activities for the fiscal year ended June 30, 2019:

TABLE 2
Condensed Statement of Activities

	2019	2018	Change
Program revenues			
Operating grants and contributions	$689,740	701,024	(11,284)
General revenues			
Assessments-members	1,028,529	986,028	42,501
Investment income	177,243	206,689	(29,446)
Donations	97,868	38,252	59,616
Miscellaneous	4,584	12,651	(8,067)
Total revenues	1,997,964	1,944,644	(53,320)
Expenses			
Operations	1,883,537	2,055,863	(172,326)
General administration	474,322	300,042	174,280
Total expenses	2,357,859	2,355,905	1,954
Change in net position	(359,895)	(411,261)	51,366
Net position, beginning	55,304,636	55,715,897	(411,261)
Net position, ending	$54,944,741	55,304,636	(359,895)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

General Fund Budgetary Highlights

The General fund revenues exceeded budgeted amounts by $390,216. This was due to state and federal grant monies received for projects in progress or not started yet and for loan proceeds for the Ranger Station project.

The JPA expenditures were $772,976 over budgeted amounts due to capital outlay to purchase property and several projects not budgeted for.

CAPITAL ASSETS AND DEBT ADMINISTRATION

TABLE 3
Changes in Capital Assets

	2019	2018	Change
Land & construction in progress	$44,777,309	44,037,797	739,512
Improvement of sites	16,770,671	16,770,671	-
Furniture and equipment	433,395	433,395	-
Less: accumulated depreciation	(8,500,451)	(7,659,299)	(841,152)
Total capital assets, net of depreciation	$53,480,924	53,582,564	(101,640)

The JPA had $739,512 of additions to capital assets during the fiscal year ended June 30, 2019. Construction in progress continues of the Pamo Valley Trail three (3) mile section of Coast to Crest Trail and the Coastal Ranger Station is 40% complete.

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Long-Term Liabilities

The JPA has long-term liabilities in the amount of $2,569,292, of which $44,997 is accumulated unpaid employee vacation benefits, $164,298 is note payable for purchase of property, $487,776 for loan payable, $68,514 for post-employment benefits, $1,559,911 for pension liability, and $243,796 for pension obligation bonds.

FACTORS BEARING ON THE JPA'S FUTURE

The JPA's Board of Directors and management considered many factors when setting the fiscal year 2020 budget. The Board appointed a Budget Committee which met to assess the available working capital, the operating and capital needs of the JPA, and the impact of the State's fiscal condition on the JPA's member agencies and on the JPA's budget.

CONTACTING THE JPA

This financial report is designed to provide our citizens, member agencies, affiliated entities and creditors with a general overview of the JPA's finances and to demonstrate the JPA's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the San Dieguito River Valley Regional Open Space Park Joint Powers Authority:

Address: 18372 Sycamore Creek Road, Escondido, CA 92025
Telephone: 858-674-2270
Website: www.sdrp.org

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

SAN DIEGUITO RIVER VALLEY REGIONAL
OPEN SPACE PARK JOINT POWERS AUTHORITY
Statement of Net Position
June 30, 2019
(With comparative information for the prior year)

	Governmental Activities	
	2019	2018
Assets:		
Cash and cash equivalents (note 2)	$ 1,182,264	$1,261,354
Restricted cash and cash equivalents (note 2)	54,464	53,326
Investments (note 2)	2,971,193	2,919,886
Accounts receivable	68,339	79,599
Interest receivable	8,465	4,898
Prepaid items	3,705	-
Capital assets, net of depreciation (note 3)	53,480,924	53,582,564
Total assets	57,769,354	57,901,627
Deferred outflow of resources:		
Deferred outflow of resources - pension related (note 6)	467,947	685,771
Deferred outflow of resources - OPEB related (note 7)	10,652	10,708
Total deferred outflow of resources	478,599	696,479
Liabilities:		
Accounts payable	96,174	39,415
Accrued liabilities	16,502	14,777
Retention payable	18,104	-
Interest payable	5,284	4,050
Unearned revenue	329,490	586,188
Long-term liabilities:		
Due within one year (note 4)	78,272	51,190
Due in more than one year (note 4)	862,595	443,028
Net pension liability (note 6)	1,559,911	1,841,454
Net OPEB liability (note 7)	68,514	79,631
Total liabilities	3,034,846	3,059,733
Deferred inflow of resources:		
Deferred inflow of resources - pension related (note 6)	268,283	233,737
Deferred inflow of resources - opeb related (note 7)	83	-
Total deferred inflow of resources	268,366	233,737
Net position (deficit):		
Net investment in capital assets	52,828,850	53,402,564
Restricted for:		
Endowments	1,982,268	1,982,268
Future Management and Maintenance	1,043,389	990,944
Unrestricted	(909,766)	(1,071,140)
Total net position	$ 54,944,741	$ 55,304,636

See accompanying notes to the basic financial statements.

SAN DIEGUITO RIVER VALLEY REGIONAL
OPEN SPACE PARK JOINT POWERS AUTHORITY
Statement of Activities
Year ended June 30, 2019
(With comparative information for the prior year)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Contributions and Grants	Program Revenues: Capital Contributions and Grants	Changes in Net Position - Governmental Activities: 2019	Changes in Net Position - Governmental Activities: 2018
Governmental activities:						
Operations	$ 1,883,537	-	689,740	-	(1,193,797)	(1,354,839)
General government	474,322	-	-	-	(474,322)	(300,042)
Total governmental activities	$ 2,357,859	-	689,740	-	(1,668,119)	(1,654,881)
			General revenues:			
			Assessments		1,028,529	986,028
			Investment income		177,243	206,689
			Donations		97,868	38,252
			Miscellaneous		4,584	12,651
			Total general revenues		1,308,224	1,243,620
			Change in net position		(359,895)	(411,261)
			Net position, beginning of year		55,304,636	55,715,897
			Net position, end of year		$ 54,944,741	55,304,636

See accompanying notes to the basic financial statements.

This page intentionally left blank.

FUND FINANCIAL STATEMENTS

SAN DIEGUITO RIVER VALLEY REGIONAL
OPEN SPACE PARK JOINT POWERS AUTHORITY
Governmental Funds
Balance Sheet
June 30, 2019
(With comparative information for the prior year)

	General Fund	Permanent Fund	Total 2019	Total 2018
Assets				
Cash and cash equivalents	$ 1,182,264	-	1,182,264	1,261,354
Restricted cash and cash equivalents	-	54,464	54,464	53,326
Investments	-	2,971,193	2,971,193	2,919,886
Accounts receivable	68,339	-	68,339	79,599
Interest receivable	8,465	-	8,465	4,898
Prepaid items	3,705	-	3,705	-
Total assets	$ 1,262,773	3,025,657	4,288,430	4,319,063
Liabilities, Deferred Inflows of Resources and Fund Balance				
Liabilities:				
Accounts payable	$ 96,174	-	96,174	39,415
Accrued liabilities	16,502	-	16,502	14,777
Retention payable	18,104	-	18,104	-
Unearned revenue	329,490	-	329,490	586,188
Total liabilities	460,270	-	460,270	640,380
Deferred Inflows of Resources:				
Unavailable revenue	55,662	-	55,662	75,870
Total deferred inflows of resources	55,662	-	55,662	75,870
Fund balance:				
Nonspendable:				
Endowments	-	1,982,268	1,982,268	1,982,268
Restricted for:				
Future Management and Maintenance	-	1,043,389	1,043,389	990,944
Unassigned	746,841	-	746,841	629,601
Total fund balance	746,841	3,025,657	3,772,498	3,602,813
Total liabilities, deferred inflows of resources and fund balance	$ 1,262,773	3,025,657	4,288,430	4,319,063

See accompanying notes to the basic financial statements.

SAN DIEGUITO RIVER VALLEY REGIONAL OPEN SPACE PARK JOINT POWERS AUTHORITY
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2019

Fund balances of governmental funds	$ 3,772,498
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital Related Items	
When capital assets (property, plant, equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets among the assets of San Dieguito River Valley as a whole.	
Capital assets	61,981,375
Accumulated depreciation	(8,500,451)
Long-Term Liability Transactions	
Long-term liabilities applicable to San Dieguito River Valley's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Position.	
Due within one year - long-term liabilities	(78,272)
Due in more than one year - long-term liabilities	(862,595)
Interest payable	(5,284)
Net OPEB liability	(68,514)
Net pension liability	(1,559,911)
Deferred Outflows and Inflows of Resources	
Certain deferred outflows and inflows of resources are not due and payable in the current period and are not current assets or financial resources, therefore these items are not reported in the governmental funds.	
Deferred outflows - OPEB related items	10,652
Deferred outflows - pension related items	467,947
Deferred inflows - OPEB related items	(83)
Deferred inflows - pension related items	(268,283)
Deferred inflows - unavailable revenue	55,662
Net position of governmental activities	$ 54,944,741

See accompanying notes to the basic financial statements.

SAN DIEGUITO RIVER VALLEY REGIONAL
OPEN SPACE PARK JOINT POWERS AUTHORITY
Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2019
(With comparative information for the prior year)

	General	Permanent	Total	
Revenues:	Fund	Fund	2019	2018
Assessments	$ 1,028,529	-	1,028,529	986,028
Contracts and grants	709,948	-	709,948	625,154
Investment income	36,566	140,677	177,243	206,689
Donations	97,868	-	97,868	38,252
Miscellaneous	4,584	-	4,584	12,651
Total revenues	1,877,495	140,677	2,018,172	1,868,774
Expenditures:				
General government:				
Salaries and benefits	1,045,161	-	1,045,161	1,026,108
Auto and travel	13,074	-	13,074	13,451
Professional and contracted services	38,955	-	38,955	224,728
Miscellaneous	27,726	88,232	115,958	89,232
Operating	314,299	-	314,299	176,817
Capital outlay	739,512	-	739,512	210,000
Debt service:				
Principal	51,771	-	51,771	56,664
Interest	29,757	-	29,757	16,492
Total expenditures	2,260,255	88,232	2,348,487	1,813,492
Excess (deficiency) of revenues over (under) expenditures	(382,760)	52,445	(330,315)	55,282
Other Financing Sources (Uses):				
Proceeds from note payable	500,000	-	500,000	180,000
Total other financing sources (uses)	500,000	-	500,000	180,000
Net change in fund balances	117,240	52,445	169,685	235,282
Fund balances at beginning of year	629,601	2,973,212	3,602,813	3,367,531
Fund balances at end of year	$ 746,841	3,025,657	3,772,498	3,602,813

See accompanying notes to the basic financial statements.

SAN DIEGUITO RIVER VALLEY REGIONAL
OPEN SPACE PARK JOINT POWERS AUTHORITY
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
June 30, 2019

Net changes in fund balances - total governmental funds	$ 169,685
Amounts reported for governmental activities in the Statement of Activities	
Capital Related Items	
When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital expenditures	739,512
Depreciation expense	(841,152)
Long-Term Debt Transactions	
Some expenses reported in the Statement of Activities do not require the use of current financial resources. Therefore, these expenses are not reported as expenditures in governmental funds. Repayment of debt service is reported as an expenditure in governmental funds and, thus, has the effect of reducing fund balances because current financial resources have been used. For the JPA as a whole, however, the principal payments reduce the liabilities in the Statement of Net Position and do not result in an expense in the Statement of Activities.	
Proceeds from notes payable	(500,000)
Change in interest payable	(1,234)
Net change in unavailable revenue	(20,208)
Net change in net pension liability and related accounts	29,173
Net change in net OPEB liability and related accounts	10,978
Principal paid on long-term liabilities	51,771
Net change in compensated absences	1,580
Change in net position of governmental activities	$ (359,895)

See accompanying notes to the basic financial statements.

This page intentionally left blank.

(1) Summary of Significant Accounting Policies

The financial statements of the San Dieguito River Valley Regional Open Space Park Joint Powers Authority (JPA) have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Description of the Reporting Entity

The County of San Diego and the cities of Del Mar, Escondido, Poway, San Diego and Solana Beach formed the San Dieguito River Valley Regional Open Space Park Joint Powers Authority on June 12, 1989. The JPA was created to provide a coordinated program to create, preserve and enhance the San Dieguito River Valley Regional Open Space Park for the benefit of the public. As mandated by the Joint Powers Agreement, the JPA's goal is to:

- Preserve land within the focused planning area of the San Dieguito River Valley as a regional open space greenbelt and park system that protects the natural waterways and the natural and cultural resources and sensitive lands and provides compatible recreational opportunities that do not damage sensitive lands.

- Provide a continuous and coordinated system of preserved lands with a connecting corridor of walking, equestrian, and bicycle trails, encompassing the San Dieguito River Valley from the ocean to the river's source.

The focused planning area of the San Dieguito River Park extends from the ocean at Del Mar to Volcan Mountain located north of Julian.

The Board of Directors consists of the following:

- Two elected members of the governing bodies of the County of San Diego and the City of San Diego appointed by their respective councils.

- One elected member of the City Council of the cities of Del Mar, Escondido, Poway and Solana Beach appointed by their respective councils.

- Chairperson of the San Dieguito River Park Citizens Advisory Committee.

Basis of Accounting and Measurement Focus

The *basic financial statements* of the JPA are composed of the following:

(a) Government-wide financial statements
(b) Fund financial statements
(c) Notes to the basic financial statements

(1) Summary of Significant Accounting Policies, (Continued)

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 the activities of the JPA.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a function or segment. Program revenues include charges for services that are restricted to meeting the operational or capital requirements of a particular function or segment. Assessments, investment income, and other items not properly included among program revenues are reported instead as general revenues.

Government-wide financial statements are presented 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 of the reporting government are reported in the government-wide financial statements. *Basis of accounting* refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the *accrual basis of accounting*, revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as expenditures.

Fund Financial Statements

In the fund financial statements, governmental funds are presented using the *modified accrual basis of accounting*. Revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The JPA uses an availability period of 60 days for all revenues.

(1) Summary of Significant Accounting Policies, (Continued)

Charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available where cash is received from the government.

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Due to the nature of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current position, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

Governmental Fund Balances

Fund balances are reported in the fund statements in the following classifications:

Nonspendable Fund Balance

Nonspendable Fund Balance – this includes amounts that cannot be spent because they are either not spendable in form (such as inventory) or legally or contractually required to be maintained intact (such as endowments).

Spendable Fund Balance

Restricted Fund Balance – this includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation. If the Board action limiting the use of funds is included in the same action (legislation) that created (enables) the funding source, then it is restricted.

(1) Summary of Significant Accounting Policies, (Continued)

Committed Fund Balance – this includes amounts that can be used only for the specific purposes determined by a formal action of the Board. It includes legislation (Board action) that can only be overturned by new legislation requiring the same type of voting consensus that created the original action.

Therefore, if the Board action limiting the use of the funds is separate from the action (legislation) that created (enables) the funding source, then it is committed, not restricted. The JPA considers a resolution, to constitute a formal action of the Board of Directors for the purposes of establishing committed fund balance.

Assigned Fund Balance – this includes amounts that are designated or expressed by the Board but does not require a formal action like a resolution or ordinance. The Board may delegate the ability of an employee or committee to assign uses of specific funds, for specific purposes. Such a delegation by the Board has not yet been granted.

Unassigned Fund Balance – this includes the remaining spendable amounts which are not included in one of the other classifications.

Net Position Flow Assumption – sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) 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 government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumption – Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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

(1) Summary of Significant Accounting Policies, (Continued)

The JPA reports the following major governmental funds:

The General Fund is used to account for resources traditionally associated with the organization, which are not required legally or by sound financial management to be accounted for in another fund.

The Permanent Fund is used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the organization.

Cash and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

Investments are reported in the accompanying balance sheet at fair value, except for certain certificates of deposit and investment contracts that are reported at cost because they are not transferable, and they have terms that are not affected by changes in market interest rates. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

Fair Value Measurement

Certain assets and liabilities are required to be reported at fair value. The fair value framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and fair value is determined through the use of models or other valuation methodologies including:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in markets that are inactive
- Inputs other than quoted prices that are observable for the asset or liability

(1) Summary of Significant Accounting Policies, (Continued)

- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable inputs reflect the JPA's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). These unobservable inputs are developed based on the best information available in the circumstances and may include the JPA's own data.

Capital Assets

Capital assets are recorded at cost for purchases in excess of $5,000 that have an expected useful life of five years or more. Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The useful life used for depreciation purposes is as follows:

Buildings	25-50 years
Structures and Improvements	7-25 years
Equipment	5-20 years

Compensated Absences

Permanent JPA employees earn from 20 to 25 vacation days a year, depending upon their length of employment, and 13 sick days a year. Employees can carry forward up to 1.5 their annual allotment in earned but unused vacation days. Upon termination or retirement, permanent employees are entitled to receive compensation at their current base salary for all unused vacation leave.

Pensions

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the San Diego County Employees Retirement Association (SDCERA).

(1) Summary of Significant Accounting Policies, (Continued)

For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. SDCERA audited financial statements are publicly available reports that can be obtained at SDCERA's website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD)	June 30, 2017
Measurement Date (MD)	June 30, 2018
Measurement Period (MP)	July 1, 2018 to June 30, 2019

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported of the San Diego County Employees Retirement Association (SDCERA). For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. SDCERA audited financial statements are publicly available reports that can be obtained at SDCERA's website.

Generally accepted accounting principles require that the reported results must pertain to liability and fiduciary net position information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD)	June 30, 2018
Measurement Date (MD)	June 30, 2018
Measurement Period (MP)	July 1, 2018 to June 30, 2019

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The JPA has pension and OPEB related items for reporting in this category. These are reported on the Statement of Net Position.

(1) Summary of Significant Accounting Policies, (Continued)

In addition to liabilities, the statement of financial 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The JPA has two types of items that qualify for reporting in this category. The first item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from grants. This amount is deferred and recognized as an inflow of resources in the period that the amounts becomes available. The second item, deferred inflows of resources, is reported on the Statement of Net Position. The JPA has pension and OPEB related item for reporting in this category.

Estimates

The presentation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Comparative Data

Prior year data has been included where practical for comparison purposes only. The prior year data does not represent a complete presentation in accordance with generally accepted accounting principles. Certain amounts presented in the prior year have been reclassified in order to be consistent with current year presentation and to enhance the comparability with current year figures.

(2) Cash and Investments

Cash and investments as of June 30, 2019, are classified in the accompanying financial statement as follows:

Cash and cash equivalents	$ 1,182,264
Restricted cash and cash equivalents	54,464
Investments	2,971,193
Total cash and investments	$ 4,207,921

Cash and investments as of June 30, 2019, consist of the following:

Cash on hand	$ 300
Deposits with financial institutions	1,236,428
Investments	2,971,193
Total cash and investments	$ 4,207,921

(2) Cash and Investments, (Continued)

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

The JPA's Board of Directors has established an investment policy in accordance with the California Government Code for internally managed investments. In instances where endowment funds have been invested in a public foundation, the JPA is prudent to ensure the assets are properly diversified to preserve the principal balance.

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 are. The JPA does not have any long-term investments that reduce interest rate risk. All investments have maturities of 12 months or less.

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. None of the JPA's investments are rated or have a minimum legal rating.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, an organization 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, an organization will not be able to recover the value of its investments or collateral securities that are in the possession of another party.

The California Government Code and the JPA's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government 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 JPA deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

(2) Cash and Investments, (Continued)

With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial risk does not apply to an organization's indirect investment in securities through the use of mutual funds or government investment pools.

Investment in San Diego Foundation Investment Pool:

The JPA is a voluntary participant in the San Diego Foundation Investment Pool. The funds are invested in a diversified portfolio, which is structured for long-term total return. The Foundation's distribution allocation policy is to disburse 5% annually, based upon endowment principal market value over the last 36 months. These calculations are made monthly. If the market value of the endowment principal of any fund, at the end of each month, is less than the initial value of all the contributions made to endowment principal, then distributions will be limited to interest and dividends received.

Investment in Rancho Santa Fe Foundation Investment Pool:

The JPA is a voluntary participant in the Rancho Santa Fe Foundation Investment Pool. The Foundation provides stewardship for permanent endowment funds, funds held for other non-profit organizations and donor advised funds that provide resources for the charitable mission of the Foundation. The primary goals of the Foundation for the investment of the Portfolio are the preservation of capital with appropriate liquidity and sufficient growth of capital to offset the effects of inflation.

Concentration of Credit Risk

The investment policy of the JPA is in accordance with limitations on the amount that can be invested in any one issuer as stipulated by the California Government Code.

Fair Value Measurements

The JPA categorizes its fair value investments within the fair value hierarchy established by generally accepted accounting principles.

The JPA has the following recurring fair value measurements as of June 30, 2019:

		Fair Value Hierarchy		
Investment Type	Total	Level 1	Level 2	Level 3
Investments measured at fair value				
Equity Traded Mutual Funds (ETFs)	$ 865,789	865,789	-	-
Total investments measured at Fair Value	865,789	865,789	-	-
Investments not measured at fair value				
San Diego Foundation Investment Pool	621,510			
Rancho Santa Fe Foundation Investment Pool	1,483,894			
Total Investments	$ 2,971,193			

(3) Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2019:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated				
Land	$ 43,937,783	-	-	43,937,783
Construction in progress	100,014	739,512	-	839,526
Total capital assets, not being depreciated	44,037,797	739,512	-	44,777,309
Capital assets, being depreciated				
Improvement of sites	16,770,671	-	-	16,770,671
Furniture and equipment	433,395	-	-	433,395
Total capital assets, being depreciated	17,204,066	-	-	17,204,066
Less accumulated depreciation for:				
Improvement of sites	(7,384,674)	(783,309)	-	(8,167,983)
Furniture and equipment	(274,625)	(57,843)	-	(332,468)
Total accumulated depreciation	(7,659,299)	(841,152)	-	(8,500,451)
Total assets being depreciated, net	9,544,767	(841,152)	-	8,703,615
Capital assets, net of depreciation	$ 53,582,564	(101,640)	-	53,480,924

Depreciation expense of $841,152 has been recorded in Operations on the Statement of Activities.

(4) Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2019:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
Pension obligation bonds	$ 267,641	-	(23,845)	243,796	25,265
Note payable	180,000	-	(15,702)	164,298	16,173
Loan payable	-	500,000	(12,224)	487,776	25,585
Compensated absences	46,577	25,039	(26,619)	44,997	11,249
Total	$ 494,218	525,039	(78,390)	940,867	78,272

Pension Obligation Bonds

The JPA participates in the County of San Diego County Employee Retirement Association's (SDCERA) pension plan as discussed further in Note 6. As such they are liable for a share of the County's Taxable Pension Obligation Bonds (POB).

(4) Long-Term Liabilities, (Continued)

POBs are issued by the County to reduce its pension unfunded actuarial liability and to achieve interest rate savings by issuing bonds at interest rates which are less than the assumed rate of return earned on proceeds placed in the SDCERA pension plan. POBs also have been issued to refund previously issued POB debt. Because current federal tax law restricts the investment of the proceeds of tax-exempt bonds in higher-yielding taxable securities, POBs are issued on a taxable basis.

The County of San Diego has issued a total of six series of Pension Obligation Bonds in 2002, 2004 and 2008, with maturities ranging from August 15, 2015 to August 15, 2026. All bonds were issued at variable interest rates ranging from 3.28-6.03%. Additional information on the bonds can be found in the County of San Diego's Comprehensive Annual Financial Report.

The following is a summary of debt service requirements to maturity for JPA's Share of the County's Pension Obligation Bonds:

Year Ending June 30,	Principal	Interest	Total
2020	$ 25,265	13,745	39,010
2021	26,794	12,218	39,012
2022	28,416	10,594	39,010
2023	30,110	8,863	38,973
2024	31,993	7,020	39,013
2025-2027	101,218	8,973	110,191
Total	$243,796	61,413	305,209

Note Payable

In October 2017, the JPA closed escrow on the Blum Property. As a result of the acquisition, the JPA issued an installment note to Marc L. and Orsula Blum in the amount of $180,000. The installment note has annual installments of $21,101 beginning in October 2018 until October 2027. The interest on the note is 3.0%.

The following is a summary of debt service requirements to maturity for the Note Payable:

Year Ending June 30,	Principal	Interest	Total
2020	$ 16,173	4,929	21,102
2021	16,658	4,444	21,102
2022	17,157	3,944	21,101
2023	17,672	3,429	21,101
2024	18,202	2,899	21,101
2025-2027	78,436	5,970	84,406
Total	$ 164,298	25,615	189,913

(4) Long-Term Liabilities, (Continued)

Loan Payable

On December 1, 2018, the JPA entered into an agreement to lease certain property in the amount of $500,000. The effective interest rate on the lease is 3.90%. The Lease agreement has semi-annual installments of $22,180 beginning on June 1, 2019, until December 1, 2033.

The outstanding debt is subject to provisions regarding prepayment of the amount outstanding. On any dates between December 1, 2023 through June 1, 2026, the prepayment price is 102% of unpaid principal components of the rental payments.

The following is a summary of debt service requirements to maturity for the Loan Payable:

Year Ending June 30,	Principal	Interest	Total
2020	$ 25,585	18,777	44,362
2021	26,593	17,769	44,362
2022	27,640	16,721	44,361
2023	28,729	15,633	44,362
2024	29,860	14,502	44,362
2025 - 2029	167,892	53,915	221,807
2030 - 2033	181,477	18,150	199,627
Total	$ 487,776	155,467	643,243

Compensated Absences

The JPA's policies relating to compensated absences are described in Note 1. This liability, to be paid in future years from the general fund, at June 30, 2019 is $44,997.

(5) Insurance

The JPA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The JPA is a member of the Special District Risk Management Authority (SDRMA), an intergovernmental risk sharing joint powers authority currently operating as a common risk management and loss prevention program for 660 public agency members.

The JPA has the following coverages:

Type of Coverage	Limit
General Liability	$5,000,000 per occurrence
Public Officials and Employees Errors & Omissions	$5,000,000 per occurrence
Elected Officials Personal Liability	$500,000 per occurrence

(5) Insurance (Continued)

Type of Coverage	Limit
Employment Practices Liability	$5,000,000 per occurrence
Employee Benefits Liability	$5,000,000 per occurrence
Employee and Public Officials Dishonesty	$1,000,000 per occurrence
Auto Liability	$5,000,000 per occurrence
Uninsured/Underinsured Motorists	$1,000,000 per occurrence
Property	$1,000,000,000 per occurrence
Boiler and Machinery	$100,000,000 per occurrence
Workers' Compensation-Employer Liability	$5,000,000 per occurrence

(6) Retirement Plan

Plan Description

JPA employees who work in a permanent position for at least 20 hours each week are eligible to participate in the San Diego County Employees Retirement Association (SDCERA) cost-sharing multiple employer defined benefit pension plan. All eligible JPA employees are considered General Members. The plan was established under the County Employees Retirement Law of 1937. A nine-member Board of Retirement oversees the plan for five employers. SDCERA issues a publicly available report that includes financial statements and required supplementary information. The SDCERA financial report may be obtained by writing to SDCERA: 227 Rio Bonito Way, Suite 2000, San Diego, California 92108.

Benefits Provided

SDCERA 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. The Plans' provisions and benefits in effect at June 30, 2019, are summarized as follows:

	General Members			
Hire Date	Prior to March 8, 2002 (Tier I)	March 8, 2002 to August 2009 (Tier A)	August 28, 2009 to January 1, 2013 (Tier B)	On or after January 1, 2013 (Tier C)
Benefit formula	2.62% @ 62	3.00% @ 60	2.62% @ 62	2.50% @ 67
Benefit vesting schedule	5 years service	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50-65	50-65	50-65	55-67
Monthly benefits, as a % eligible compensation	1.34% to 2.62%	2.00% to 3.00%	1.34% to 2.62%	1.30% to 2.50%

(6) Retirement Plan, (Continued)

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the SDCERA 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. All members are required to make contributions to SDCERA regardless of the retirement plan in which they are included.

Actuarial Methods and Assumptions used to determine Total Pension Liability

For the measurement period ending June 30, 2018 (the measurement date), the total pension liability was remeasured by revaluing the total pension liability as of June 30, 2017 (before the roll forward) to include the following actuarial assumptions that the Retirement Board has adopted for use in the pension funding valuation as of June 30, 2018 and using this revalued total pension liability in rolling forward the results from June 30, 2017 to June 30, 2018:

Actuarial Cost Method	Entry Age Actuarial Cost Method
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions	
Discount Rate	7.25%
Inflation	3.00%
Payroll Growth	4.25% to 10.25%
Investment Rate of Return	7.25%, net of pension plan investment expense, including inflation

Discount Rate

The discount rate used to measure the TPL was 7.25% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rates and that employer contributions will be made at rates equal to the actuarially determined contribution rates.

(6) Retirement Plan, (Continued)

For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of June 30, 2018.

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 inflation) are developed for each major asset class.

These returns are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and deducting expected investment expenses. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Cap U.S Equity	17.685%	5.80%
Small Cap U.S Equity	1.965%	6.47%
Developed International Equity	16.200%	6.97%
Emerging Markets Equity	9.150%	8.93%
U.S Core Bonds	10.000%	0.84%
High Yield Bonds	5.000%	3.47%
Global Bonds	2.000%	0.49%
Bank Loan	5.000%	2.34%
Cash & Equivalents	2.000%	-0.46%
Real Estate	4.500%	4.45%
Value Added Real Estate	4.500%	7.10%
Hedge Fund (Fund to Funds)	8.000%	4.40%
Private Real Asset	6.000%	9.00%
Private Equity	8.000%	9.00%
Total	100.000%	

(6) Retirement Plan, (Continued)

The Net Pension Liability (NPL) for each membership class is the TPL minus the Plan Net Position. The Total Pension Liability for each membership class is obtained from internal valuation results. The Plan Net Position for each membership class was estimated by adjusting the valuation value of assets for each membership class by the ration of the total SDCERA Plan Net Position to total SDCERA valuation value of assets.

The NPL is allocated based on the actual employer contributions with the membership class.

(1) First calculate the ratio of employer's contributions to the total contributions for the membership class. This ratio is multiplied by the NPL for the membership class to determine the employer's proportionate share of the NPL for the membership class.

(2) The liability for Section 415(m) Replacement Benefit Program for each employer is added to the respective employers. The JPA does not have a liability in this category.

(3) NPL is equal to NPL in (1) and NPL in (2) above.

The following table shows the Plan's proportionate share of the net pension liability over the measurement period:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(c) = (a) - (b)
Balance at: 06/30/17	$ 7,533,667	5,692,213	1,841,454
Balance at: 06/30/18	7,195,173	5,635,262	1,559,911
	$ (338,494)	(56,951)	(281,543)

The JPA's proportionate share of the net pension liability as of June 30, 2017 and 2018 was as follows:

Proportion – June 30, 2017	0.050 %
Proportion – June 30, 2018	0.046 %
Change – Increase (Decrease)	(0.004) %

(6) Retirement Plan, (Continued)

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

The following presents the net pension liability of the Plan as of the Measurement Date, calculated using the discount rate of 7.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.25 percent) or 1 percentage-point higher (8.25 percent) than the current rate:

	Discount Rate – 1% (6.25%)	Current Discount Rate (7.25%)	Discount Rate + 1% (8.25%)
Plan's Net Pension Liability	$ 2,544,083	$ 1,559,911	$ 750,705

Recognition of Gains and Losses

Under GASB 68, deferred inflows and deferred outflows of resources related to pensions are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred inflows and deferred outflows to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5-year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired as of the beginning of the measurement period).

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired).

The EARSL for the Plan was 4.88 years, which was calculating each active employee's expected remaining service life as the present value of $1 per year of future service at zero percent interest, setting the remaining service life to zero for each nonactive or retired member, and then dividing the sum of the amounts by the total number of active employees, nonactive and retired members.

(6) Retirement Plan, (Continued)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the measurement period ending June 30, 2018 (the measurement date), JPA recognized a pension expense of $220,738 for the Plan.

As of the June 30, 2018 measurement date, JPA reports other amounts for the Plan as deferred outflow and deferred inflow of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Fiscal Year 18/19 Contributions	$ 244,408	-
Change of assumptions	144,332	-
Differences between expected and actual experience	-	127,808
Net difference between projected and actual earnings on pension plan investments	7,822	-
Changes in proportion and differences between employer contributions and proportionate share of contributions*	71,385	140,475
Total	$ 467,947	268,283

* - Each employer is required to recognize an employer-specific type of deferred inflows and deferred outflows. This is derived from the difference between actual contributions made by the employer and the employer's proportionate share of the risk pool's total contributions. This deferral and the corresponding amortization amount are calculated separately by each employer. The employer's pension expense is adjusted for the amortization of this additional deferral. This item is required to be amortized over the plan's EARSL.

Amounts reported as deferred outflows and inflows of resources in the previous chart, including the employer-specific item, will be recognized in future pension expense as follows:

Measurement period Ending June 30:	Deferred Outflows/Inflows of Resources
2019	$ 74,891
2020	36,562
2021	(114,143)
2022	(42,054)
2023	-
Thereafter	-

(6) Retirement Plan, (Continued)

In addition to the above amounts, $244,408 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 fiscal year ended June 30, 2020.

(7) Other Post-Employment Benefits

Plan Description

Effective July 1, 2007, the San Diego JPA commenced contributing to the SDCERA Retiree Health Plan, (SDCERA-RHP) a cost-sharing multiple-employer defined benefit health plan administered by SDCERA. The Retirement Act assigns the JPA to establish and amend health allowance benefits to the SDCERA Board of Retirement. The retiree health plan provides a non-taxable health insurance allowance to Tier I and Tier II retirees. Health insurance allowances range from $200 per month to $400 per month based on members’ service credits. SDCERA issues a publicly available report that includes financial statements and required supplementary information. The SDCERA financial report may be obtained by writing to SDCERA: 227 Rio Bonito Way, Suite 2000, San Diego, California 92108.

Benefits provided

SDCERA provides Health Insurance Allowance (HIA) benefits to eligible employees after retirement. All General and Safety Tier I and Tier II members are in the membership classifications eligible for the HIA. The HIA Plan is closed to members in the other Tiers.

Employees Covered

As of the June 30, 2018 measurement date, the following current and former employees were covered by the benefit terms under the HIA:

Active employees	11
Inactive employees or beneficiaries currently receiving benefits	1
Total	12

Contributions

The SDCERA RHP and its contribution requirements are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreements between the JPA and the bargaining units.

The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2019, the JPA’s cash contributions were $10,510.

(10) Excess of Expenditures over Appropriations

For the year ended June 30, 2019 expenditures exceeded appropriations in the General Fund by $772,976 due to capital outlay to purchase property and several projects not budgeted for.

(7) Other Post-Employment Benefits, (Continued)

Actuarial Cost Method:	Entry Age Level Percent of Pay Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	7.25%
Inflation	3.00%
Salary Increases	General: 4.50% to 9.75%, including inflation
Health Care Trend	6.50% graded to ultimate 4.50% over 8 years
HIA subsidy increases	0.00%

Discount Rate

The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that JPA contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses and a risk margin.

The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption as of June 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Cap U.S Equity	17.685%	5.80%
Small Cap U.S Equity	1.965%	6.47%
Developed International Equity	16.200%	6.97%
Emerging Markets Equity	9.150%	8.93%
U.S Core Bonds	10.000%	0.84%
High Yield Bonds	5.000%	3.47%
Global Bonds	2.000%	0.49%
Bank Loan	5.000%	2.34%
Cash & Equivalents	2.000%	-0.46%
Real Estate	4.500%	4.45%
Value Added Real Estate	4.500%	7.10%
Hedge Fund (Fund to Funds)	8.000%	4.40%
Private Real Asset	6.000%	9.00%
Private Equity	8.000%	9.00%
Total	100.000%	

(7) Other Post-Employment Benefits (Continued)

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued SDCERA financial report.

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

The following presents the Net OPEB Liability of the JPA if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

	Discount Rate – 1% (6.25%)	Current Discount Rate (7.25%)	Discount Rate + 1% (8.25%)
Plan's Net OPEB Liability	$ 74,064	68,514	63,643

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

The following presents the Net OPEB Liability of JPA if it were calculated using a healthcare trend rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

	Healthcare Rate – 1%	Current Healthcare Rate	Healthcare Rate + 1%
Plan's Net OPEB Liability	$ 68,300	68,514	68,717

For the fiscal year ended June 30, 2019, JPA recognized OPEB expense of $ (480). As of fiscal year ended June 30, 2019, JPA reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Contributions subsequent to measurement date	$ 10,510	-
Differences between projected and actual earnings on investments	142	83
Total	$ 10,652	83

In addition to the above amounts, $10,510 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 fiscal year ended June 30, 2020.

(7) Other Post-Employment Benefits, (Continued)

Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2020	$ 27
2021	27
2022	27
2023	(22)
2024	-
Thereafter	-

(8) Related Party Transactions

The JPA reimburses the County for annual cost of participating in County administered workers' compensation, employee benefit programs, and payroll and information technology support services. The total amount paid by the JPA to the County for the year ended June 30, 2019, was $1,045,161.

(9) Endowment Funds

The following is a summary of the endowments recorded in the permanent fund at June 30, 2019:

Custodian	Purpose	Agreement Date	Original Principal	Balance at 06/30/19
Rancho Santa Fe Foundation	Coast to Crest Trail repair or replacement.	09/23/03	$ -	34,721
Rancho Santa Fe Foundation	Bernardo Mountain maintenance and preservation.	07/27/04	176,920	210,723
Del Mar Foundation	San Dieguito Lagoon maintenance and management.	04/08/04	500,000	876,367
San Diego Foundation	San Dieguito River Park operations and programs.	05/07/97	569,848	621,510
San Diego Foundation	San Dieguito River Park operations and programs.	05/07/97	-	19,743
Rancho Santa Fe Foundation	Fenton Ranch Conservation Bank maintenance and management.	10/17/08	318,230	318,230
Rancho Santa Fe Foundation	Sycamore Westridge maintenance and management.	09/18/09	52,955	52,955
Rancho Santa Fe Foundation	Fenton Property (Escondido) maintenance and management.	01/19/10	53,628	53,628
Rancho Santa Fe Foundation	Fenton Property (Lowes) maintenance and management.	03/25/09	53,628	53,628
Rancho Santa Fe Foundation	Dean Property long term management.	05/16/16	257,059	257,059
Rancho Santa Fe Foundation	Other endowments/restricted funds.	various	-	527,093
	Total		$ 1,982,268	3,025,657

(10) Excess of Expenditures over Appropriations

For the year ended June 30, 2019 expenditures exceeded appropriations in the General Fund by $772,976 due to capital outlay to purchase property and several projects not budgeted for.

This page intentionally left blank.

REQUIRED SUPPLEMENTARY INFORMATION

SAN DIEGUITO RIVER VALLEY
REGIONAL OPEN SPACE PARK JOINT POWERS AUTHORITY
Schedule of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios
Last Ten Fiscal Years*

Measurement Period	**06/30/18**	**06/30/17**	**06/30/16**	**06/30/15**	**06/30/14**
Proportion of the Collective Net Pension Liability	0.046%	0.050%	0.051%	0.046%	0.055%
Proportionate Share of the Collective Net Pension Liability	$1,559,911	1,841,454	2,186,365	1,298,694	1,179,860
Covered Payroll	$ 637,013	663,354	610,823	530,657	589,697
Proportionate Share of the Collective Net Pension Liability as percentage of covered payroll	244.879%	355.364%	357.938%	244.733%	200.079%
Plan's Fiduciary Net Position as a percentage of the Total Pension Liability	78.320%	75.557%	70.479%	78.630%	82.646%

Notes to Schedule:

Changes of Assumptions:

For the measurement period ending June 30, 2017 the discount rate was changed from 7.50 percent (net of administrative expense) to 7.25 percent, payroll growth changed from 4.5-9.75 percent to 4.25-10.25 percent, and the investment rate of return was changed from 7.5 percent to 7.25 percent.

For the measurement period ending June 30, 2016, the discount rate was changed from 7.75 percent (net of administrative expense) to 7.50 percent, the inflation rate was changed from 3.25 percent to 3.00 percent, payroll growth changed from 4.75-10.00 percent to 4.50-9.75 percent, and the investment rate of return was changed from 7.75 percent to 7.50 percent.

* - The fiscal year ended June 30, 2015 was the first year of implementation of GASB 68. As such, only five years have been presented above.

SAN DIEGUITO RIVER VALLEY
REGIONAL OPEN SPACE PARK JOINT POWERS AUTHORITY
Schedule of Plan Contributions
Last Ten Fiscal Years*

Fiscal Year	**2018-19**	**2017-18**	**2016-17**	**2015-16**	**2014-15**
Actuarially Determined Contribution	$244,408	240,406	221,855	193,542	171,857
Contributions in Relation to the Actuarially Determined Contribution	(244,408)	(240,406)	(221,855)	(193,542)	(171,857)
Contribution Deficiency (Excess)	$ -	-	-	-	-
Covered Payroll	$636,949	637,013	663,354	610,823	530,657
Contributions as a Percentage of Covered Payroll	38.372%	37.740%	42.814%	31.685%	32.386%

Notes to Schedule:

Fiscal Year End:	6/30/2019
Valuation Date:	6/30/2017

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll
Asset Valuation Method	5-year smooth market
Discount Rate	7.25%, net of administrative expenses
Projected Salary Increase	4.25% to 10.25%, vary by service
Inflation	3.00%
Payroll Growth	3.00% for Tier 1 and Tier 2; 2.00% for Tier B and Tier C

* - The fiscal year ended June 30, 2015 was the first year of implementation of GASB 68. As such, only five years have been presented above.

SAN DIEGUITO RIVER VALLEY REGIONAL
OPEN SPACE PARK JOINT POWERS AUTHORITY
Schedule of the Plan's Proportionate Share of the Net OPEB Liability and Related Ratios
Last Ten Fiscal Years*

Measurement Period	**06/30/18**	**06/30/17**
Plan's Proportion of the Net OPEB Liability (Asset)	0.053%	0.056%
Plan's Proportionate Share of the Net OPEB Liability (Asset)	$ 68,514	79,631
Plan's Covered Employee Payroll	$ 635,759	638,204
Plan's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its Covered Employee Payroll	10.777%	12.477%
Plan's Proportionate Share of the Fiduciary Net Position as a percentage of the Plan's Total OPEB Liability	10.120%	6.920%
Plan's Proportionate Share of Aggregate Employer Contributions	0.053%	0.056%

Notes to Schedule:

<u>Changes in assumptions:</u> None.

*Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

SAN DIEGUITO RIVER VALLEY
REGIONAL OPEN SPACE PARK JOINT POWERS AUTHORITY
Schedule of OPEB Contributions
Last Ten Fiscal Years*

Fiscal Year	**06/30/19**	**06/30/18**
Actuarially Determined Contribution (ADC)	$ 10,510	10,510
Contributions in relation to the ADC	(10,510)	(10,510)
Contribution deficiency (excess)	$ -	-
Covered-employee payroll	$ 636,949	637,013
Contributions as a percentage of covered-employee payroll	1.65%	1.65%

Notes to Schedule:
Actuarial methods and assumptions used to set the actuarially determined contributions

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Level % of Pay Actuarial Cost Method
Amortization Method	Separate declining 20-year bases starting June 30, 2007, amortized as level dollar amounts
Remaining Amortization Period	Various
Asset Valuation Method	Market value
Investment Rate of Return	7.25%, net of pension plan investment expense, including inflation
Inflation Rate	3.00%
Real Across-The-Board Salary Increases	0.50%
Projected Salary Increases	General: 4.25% to 10.25%
HIA Subsidy Increase	0.00%

*Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

SAN DIEGUITO RIVER VALLEY REGIONAL
OPEN SPACE PARK JOINT POWERS AUTHORITY
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
Year ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Assessments	$ 1,028,527	1,028,529	2
Contracts and grants	440,252	709,948	269,696
Investment income	-	36,566	36,566
Donations	3,000	97,868	94,868
Miscellaneous	15,500	4,584	(10,916)
Total revenues	1,487,279	1,877,495	390,216
Expenditures:			
General government:			
Salaries and benefits	1,085,766	1,045,161	40,605
Auto and travel	22,500	13,074	9,426
Professional and contracted services	40,500	38,955	1,545
Miscellaneous	-	27,726	(27,726)
Operating	338,513	314,299	24,214
Capital outlay	-	739,512	(739,512)
Debt service:			
Principal	-	51,771	(51,771)
Interest	-	29,757	(29,757)
Total expenditures	1,487,279	2,260,255	(772,976)
Excess (deficiency) of revenues over (under) expenditures	-	(382,760)	(382,760)
Other Financing Sources (Uses):			
Proceeds from note payable	-	500,000	(500,000)
Total Other Financing Sources (Uses)	-	500,000	(500,000)
Net change in fund balances	$ -	117,240	(882,760)
Fund balances at beginning of year		629,601	
Fund balances at end of year		746,841	

See accompanying notes to required supplementary information.

Notes to Required Supplementary Information
Year ended June 30, 2019

1) Budgetary Reporting

The JPA adopted an annual budget prepared on the modified accrual basis for the General Fund, which is consistent with generally accepted accounting principles (GAAP). The adopted budget can be amended by the JPA to change both appropriations and estimated revenues as unforeseen circumstances come to management's attention. Increases and decreases in revenue and appropriations and transfers between funds require the JPA's approval. However, the Executive Director may authorize changes within funds. Expenditures may not exceed total appropriations at the individual fund level. It is the practice of the management to review the budget with the Board on a quarterly basis and, if necessary, recommend changes.

For the year ended June 30, 2019, expenditures exceeded appropriations in the General Fund by $772,976 due to capital outlay to purchase property and several projects not budgeted for.