

**Sonoma County Agricultural Preservation
and Open Space District**

**Basic Financial Statements
For the Fiscal Year Ended
June 30, 2018**

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**Sonoma County Agricultural Preservation
and Open Space District**

**Basic Financial Statements
For the Fiscal Year Ended
June 30, 2018**

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and Open Space District**

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Sonoma County Open Space
Roster of Advisory Committee Members

As of June 30, 2018, the District's Advisory Committee consisted of the following members:

Jan McFarland	First District Representative
Steve Barbose	First District Representative
Paul Martin	Second District Representative
Steve Rabinowitsh	Third District Representative
Bill Smith	Fourth District Representative
Doug Lipton	Fourth District Representative
Evan Wiig	Fifth District Representative
John Nagle	Fifth District Representative
Neysa Hinton	Mayors' and Councilmembers'
David Cook.....	Mayors' and Councilmembers'
John Dell'Osso (Chair)	Mayors' and Councilmembers'
Curt Nichols (Chair Pro Tem)	Business Representative
Don McEnhill (Vice Chair)	Environmental Representative
Cary Fargo	Real Estate Representative
Tawny Tesconi.....	Agriculture
Halei Trowbridge.....	Youth Representative
Taj Hittenberger.....	Youth Representative

Sonoma County Open Space
Roster of Fiscal Oversight Commission Members

As of June 30, 2018, the District’s Fiscal Oversight Commission consisted of the following members:

Michael J. Sangiacomo	District 1
Todd Mendoza (Chair)	District 2
Regina De La Cruz (Vice Chair).....	District 3
Bob Anderson	District 4
Eric Koenigshofer	District 5
Jeff Owen	Alternate

Sonoma County Agricultural Preservation
and Open Space District
Roster of Board Members

As of June 30, 2018, the District's Board of Directors consisted of the following members:

<u>Directors</u>	<u>District</u>	<u>Term Expires</u>
Susan Gorin	District 1	January 2021
David Rabbitt (Vice President)	District 2	January 2019
Shirlee Zane	District 3	January 2021
James Gore (President)	District 4	January 2019
Lynda Hopkins	District 5	January 2021

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Introduction

The Sonoma County Agricultural Preservation and Open Space District (the District) was created and funded with a quarter-cent sales tax in 1990 by a vote of the Sonoma County electorate for a period of twenty years. The mission of the District is to permanently preserve the diverse landscapes of Sonoma County for future generations, including working farms and ranches, greenbelts and community separators between and around urban areas, natural areas and wildlife habitat, and land for public access and passive recreation. In November 2006, voters overwhelmingly approved Measure F, which reauthorized the District and extended the quarter-cent sales tax through 2031. Measure F began on April 1, 2011. Since its inception, the District has protected over 113,200 acres with an acquisition cost of \$398.2 million; and today, ranks as one of the top open space and farmland conservation programs in the nation.

The District is a separate legal entity and has specific purposes and powers, which are set out in Public Resources Code Sections 5500 et seq.¹ Primary financing for the District comes from the voter-approved 0.25 percent sales tax. The District is thus different from Sonoma County departments, which are created by the Board of Supervisors for internal administrative convenience, but are not separate legal entities.

Through March 2011, the Open Space Authority (the Authority) levied the sales tax and ensured that the District's open space purchases were consistent with the voter-approved expenditure plan. The Authority contracted with the District to acquire open space (planning, appraisal, negotiation, and stewardship). On April 1, 2011, the Authority reorganized as the Sonoma County Open Space Fiscal Oversight Commission to provide fiscal oversight of the District's operations. Measure F authorized the County to levy sales tax that funds the District and also required the County to enter into a contract with the District. The contract dedicates the sales tax revenue to the implementation of the voter approved 2006 Expenditure Plan and gives the District authority for the budgeting and expenditure of the sales tax revenue in accordance with the Plan. The District partners with willing landowners, public agencies and non-profit organizations to protect the open space values of land in perpetuity, through agreements with landowners (conservation easements) and through outright purchase of land.

The District's status as a separate legal entity with specific powers affects the types of activities in which the District may engage. Unlike Sonoma County, which generally may spend its general fund revenues for activities the Board of Supervisors determines benefit the public good,² the District may only expend its sales tax revenue to further the purposes specified in the voter approved Expenditure Plan.³ Unlike the County, the District has no general land use authority, and does not exercise general regulatory "police powers."

¹ See Public Resources Code Sections 5506.5 and 5506.6 and Sonoma County Measure A, 1990 General Election ballot. Unless otherwise specified, all section references are to the Public Resources Code.

² See Government Code Section 26227.

³ See Revenue & Taxation Code Section 7285.5 and the contract between the District and the Sonoma County Open Space Authority. See also *Golden Bridge District v. Luehring* (1970) 4 Cal. App.3d 204.

Because the District is a separate entity, the District's revenues, expenses and assets are held and accounted for separately from Sonoma County's.⁴ When County officials perform services for the District, they are separately paid for those services by the District, pursuant to agreements between the District and the County. Similarly, when District personnel perform services for the County, the County pays the District for those services. Payments are subject to fiscal oversight by the Sonoma County Open Space Fiscal Oversight Commission to assure the public that they are consistent with the Expenditure Plan and that they are based on actual cost. The District holds separate title to its real property and assets, and the County may not use District property or funds for County purposes absent an appropriate agreement that is consistent with the voter approved Expenditure Plan. The District is also subject to different laws than the County regarding acquisition and disposition of property.⁵

⁴See Section 4 of Sonoma County Ordinance No. 5677R ("The Sonoma County Open Space, Clean Water and Farmland Protection Measure").

⁵ For instance, see Public Resources Section 5540.

Financial Section

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Sonoma County Agricultural Preservation and Open Space District
Santa Rosa, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and the General Fund of the Sonoma County Agricultural Preservation and Open Space District, (the District) a component unit the County of Sonoma, California as of and for the year ended June 30, 2018, 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 the 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 of America. 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 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 the General Fund of the District as of June 30, 2018, 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.

Emphasis of Matter

Management adopted the provisions of the following Governmental Accounting Standards Board Statement, which became effective during the year ended June 30, 2018 and required a prior period adjustment as discussed in Note 1L and 9 to the financial statements.

Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other than Pensions

The emphasis of this matters does not constitute a modification to our opinions.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and Other Required Supplementary Information as listed in the 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 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Introductory Section, Supplemental Information and Statistical Section listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory Section and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 22, 2018, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Pleasant Hill, California
October 22, 2018

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Management's Discussion and Analysis

As management of the Sonoma County Agriculture Preservation and Open Space District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the District's financial statements (pages 11-15) and the accompanying notes to the basic financial statements (pages 17-36).

Financial Highlights

The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$404,910,573 (net position), of which \$4,371,257 is reported as unrestricted net position.

The District's total net position increased by \$6,823,992. The \$6,823,992 increase was primarily the result of contributions for capital acquisitions from both the Open Space Special Tax Account (OSSTA) and private donations, offset by the prior period adjustment of \$2,193,322 in accordance with GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

The District recorded program revenue of \$17,548,332 comprised of contributions from the OSSTA, grants from other governmental and not for profit organizations, rental income, and donations of capital assets. The District reported \$8,832,819 in program expense including salaries and employee benefits, services and supplies and contributions to other governments. Program expenses included \$1,004,530 for initial public access, operations and maintenance. The District reported resulting net program revenues of \$8,715,513.

As of the close of the current fiscal year, the District's governmental fund reported an ending fund balance of \$7,972,952, an increase of \$1,115,802 from the prior year, with a fund balance commitment of \$6,490,012 for initial public access, operation and maintenance.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business, and are composed of the *statement of net position* and the *statement of activities*.

The *statement of net position* presents information about the financial position of the District, reflecting all of the District's (a) assets and deferred outflows of resources, and (b) liabilities and deferred inflows of resources on a full accrual basis, 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 District is improving or deteriorating.

The *statement of activities* presents information about the District's revenues and expenses, also on a full accrual basis, with the emphasis on measuring net revenues and expenses of the District. The *statement of activities* reflects how the government'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 (e.g., unused vacation leave).

The government-wide financial statements can be found on pages 11-12 of this report.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's fund is a governmental fund.

Governmental funds are used to account for essentially the same functions reported as governmental *activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District's governmental fund accounts for its activities, which include preservation of open space in the District's boundaries. The District adopts an annual appropriated budget for its funds. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 13 – 15 of this report.

Notes to the basic financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 17– 36 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$404,910,573 at the close of the most recent fiscal year.

By far the largest portion of the District's net position, \$400,539,316, reflects its investment in capital assets (e.g., land and easements).

	Net Position		
	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>
Current and other assets	\$ 9,994,290	\$ 7,668,981	\$ 2,325,309
Capital assets	<u>400,539,316</u>	<u>392,820,036</u>	<u>7,719,280</u>
Total assets	<u>410,533,606</u>	<u>400,489,017</u>	<u>10,044,589</u>
Deferred outflows of resources	<u>497,522</u>	<u>873,330</u>	<u>(375,808)</u>
Current liabilities outstanding	2,203,388	995,076	1,208,312
Long-term liabilities outstanding	<u>3,041,822</u>	<u>2,080,910</u>	<u>960,912</u>
Total liabilities	<u>5,245,210</u>	<u>3,075,986</u>	<u>2,169,224</u>
Deferred inflows of resources	<u>875,345</u>	<u>199,780</u>	<u>675,565</u>
Net position:			
Net investment in capital assets	400,539,316	392,820,036	7,719,280
Unrestricted	<u>4,371,257</u>	<u>5,266,545</u>	<u>(895,288)</u>
Total net position	\$ <u><u>404,910,573</u></u>	\$ <u><u>398,086,581</u></u>	\$ <u><u>6,823,992</u></u>

At the end of the current fiscal year, the District is able to report positive balances in all categories of net position. The District's total net position increased by \$6,823,992. This increase was primarily the result of contributions for capital acquisitions from both the Open Space Special Tax Account (OSSTA) and private donations.

	Changes in Net Position		
	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>
Revenues:			
Program Revenues:			
Open space preservation	\$ 17,548,332	\$ 21,893,775	\$ (4,345,443)
General Revenues:			
Investment income and other	<u>298,664</u>	<u>53,234</u>	<u>245,428</u>
Total revenues	<u>17,846,996</u>	<u>21,947,009</u>	<u>(4,100,013)</u>
Expenses:			
Program Expenses:			
Open space preservation	<u>8,832,819</u>	<u>9,962,807</u>	<u>(1,129,988)</u>
Total expenses	<u>8,832,819</u>	<u>9,962,807</u>	<u>(1,129,988)</u>
Change in net position before transfers	9,014,177	11,984,202	(2,970,025)
Transfers	<u>3,137</u>	<u>(12,372)</u>	<u>15,509</u>
Change in net position	<u>9,017,314</u>	<u>11,971,830</u>	<u>(2,954,516)</u>
Net position - beginning of the year	398,086,581	386,114,751	11,971,830
Prior period adjustment (Note 1.L.)	<u>(2,193,322)</u>	<u>-</u>	<u>(2,193,322)</u>
Net position - beginning of the year, as restated	<u>395,893,259</u>	<u>386,114,751</u>	<u>9,778,508</u>
Net position - end of the year	\$ <u><u>404,910,573</u></u>	\$ <u><u>398,086,581</u></u>	\$ <u><u>6,823,992</u></u>

Financial Analysis of the Government's Fund

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with legal and governmental accounting requirements.

Governmental Funds

The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements.

In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental fund reported an ending fund balance of \$7,972,952, an increase of \$1,115,802 from the prior year. Of this amount, \$52,860 represents non-spendable fund balance associated with prepaid expenses and deposits with others, \$6,490,012 represents fund balance committed to initial public access, operations and maintenance, and \$1,430,080 represents fund balance assigned to contract encumbrances. As of June 30, 2018, the District did not report any unassigned fund balance. The lack of unassigned fund balance as of June 30, 2018 is the result of timing of contributions from OSSTA and does not negatively affect the District's ongoing ability to meet obligations to citizens and creditors.

General Fund Budgetary Highlights

The material difference between the original budget and the final amended budget can be briefly summarized as follows:

- During the fiscal year ended June 30, 2018 expenditure appropriations were increased for rollover of prior year encumbrances net of prior year encumbrances released. Increases due to these encumbrances amounted to \$2,222,330, \$814,505 and \$193,951 respectively for Services and Supplies, Contributions to Other Governments and Building and Improvements.

Capital Assets

The District's net investment in capital assets, as of June 30, 2018, amounts to \$400,539,316. This investment in capital assets includes land, easements and other intangible assets, construction in progress, land improvements, machinery and equipment, and pre-acquisition costs. The total increase in the District's investment in capital assets for the current fiscal year was \$7,719,280.

Major capital asset events during the current fiscal year included the following:

- During the year, over 606 acres of land were protected in perpetuity through the acquisition of 1 conservation easement and 1 fee title property.
- The District acquired a new vehicle during FY17-18 for \$28,172.

Additional information on the District's capital assets can be found in the notes to the basic financial statements.

Debt Administration

Debt service on the 2007 Series A and B (refunded by issuance of Series 2015 A) Measure F sales tax revenue bond issuance began in fiscal year 2011-2012. As required by Measure F, the County of Sonoma issued this debt and administers the debt service using Measure F sales tax proceeds. This activity is accounted for in the Open Space Special Tax Account (OSSTA), which is administered by the County Auditor-Controller-Treasurer-Tax Collector Department. The District had no outstanding debt as of June 30, 2018.

Economic Factors and Next Year's Budgets and Rates

The primary funding for the District comes from a voter approved one quarter percent sales tax that was initially imposed for a period of 20 years ending the first quarter of 2011. In November 2006 the voters passed Measure F, an initiative which extends the tax for another 20 years ending the first quarter of 2031. The sales tax revenue is accounted for in the Open Space Special Tax Account which is administered by the County Auditor-Controller-Treasurer-Tax Collector. Sales tax revenue has continued to increase as the economy has improved and is anticipated to grow slightly in FY 18-19.

The budget for FY 18-19 shows minor changes in staffing and amounts budgeted for services and supplies. The budget for land and easement acquisition is developed each year considering the acquisitions that are intended to be completed. Since projects may take multiple years to complete some projects are budgeted more than one year.

All of these factors were considered in preparing the District's budget for the fiscal year ending June 30, 2019.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Sonoma County Agricultural Preservation and Open Space District, 747 Mendocino Avenue, Suite 100, Santa Rosa, CA 95401-4850. The District can also be reached by telephone at (707) 565-7360, via email at openspace@sonoma-county.org or visit the website at <http://www.sonomaopenspace.org/>

**Sonoma County Agricultural Preservation and
Open Space District
Statement of Net Position
June 30, 2018**

Assets

Current assets:

Cash and investments (Note 2)	\$ 9,594,915
Deposits with others	50,000
Accounts receivable	108,525
Due from other governments	237,990
Prepaid expenses	2,860

Non-current assets:

Capital assets (Note 3):

Non-depreciable	399,322,649
Depreciable, net	1,216,667

Total assets	<u>410,533,606</u>
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Deferred outflows of resources

Deferred pensions	314,612
Deferred other post employment benefits	182,910
Total deferred outflows of resources	<u>497,522</u>

Liabilities

Accounts payable and other current liabilities	1,991,338
Compensated absences	212,050
Non-current liabilities:	
Net pension liability	896,768
Net other post employment benefits liability	2,115,054
Pollution remediation	30,000
Total liabilities	<u>5,245,210</u>

Deferred inflows of resources

Deferred pensions	714,698
Deferred other post employment benefits	160,647
Total deferred inflows of resources	<u>875,345</u>

Net Position (Note 1.G.)

Net investment in capital assets	400,539,316
Unrestricted	4,371,257
Total net position	<u>\$ 404,910,573</u>

The accompanying notes are an integral part of these financial statements.

**Sonoma County Agricultural Preservation and
Open Space District
Statement of Activities
For the fiscal year ended June 30, 2018**

Program Expenses

Open Space Preservation:	
Salaries and employee benefits (Note 6)	\$ 3,553,639
Services and supplies	3,838,637
Depreciation	75,702
Loss on disposal of capital assets (Note 3)	87,140
Contribution to other governments	1,277,701
	<hr/>
Total program expenses	8,832,819

Program Revenues

Intergovernmental:	
Contributions from Open Space Special Tax Account for:	
Operations (Note 5)	7,475,000
Capital acquisitions (Note 5)	7,231,000
Initial public access, operations and maintenance (Note 5)	2,454,360
Grants and contributions:	
State of California	8,741
Federal	238,008
Donations	129,525
Rental income	11,698
	<hr/>
Total program revenues	17,548,332
	<hr/>
Net program revenues	8,715,513

General Revenues

Investment earnings	80,492
Gain on sale of fixed asset	5,405
Miscellaneous	212,767

Transfers

Transfers in	20,727
Transfers out	(17,590)
	<hr/>

Total general revenues and transfers	301,801
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Change in net position	<hr/> 9,017,314
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Net position - beginning of year	398,086,581
Prior period adjustment (Note 1L)	(2,193,322)
Net position - beginning of year, as restated	<hr/> 395,893,259
Net position - end of year	<hr/> <hr/> \$ 404,910,573

The accompanying notes are an integral part of these financial statements.

**Sonoma County Agricultural Preservation and
Open Space District
Balance Sheet
Governmental Fund
June 30, 2018**

Assets

Cash and investments (Note 2)	\$ 9,594,915
Deposits with others	50,000
Accounts receivable	108,525
Due from other governments	237,990
Prepaid expenses	2,860
	<hr/>
Total assets	\$ 9,994,290
	<hr/>

Liabilities and Fund Balance

Liabilities:

Accounts payable and other current liabilities	\$ 1,944,963
Due to other governments	46,375
Pollution Remediation	30,000
	<hr/>
Total liabilities	2,021,338
	<hr/>

Fund balance (Note 1.H.):

Nonspendable	52,860
Committed (Note 11)	6,490,012
Assigned	1,430,080
	<hr/>
Total fund balance	7,972,952
	<hr/>
Total liabilities and fund balance	\$ 9,994,290
	<hr/>

**Sonoma County Agricultural Preservation and
Open Space District
Reconciliation of Balance Sheet to the Statement of Net Position
June 30, 2018**

Fund balances - total governmental funds	\$ 7,972,952
Amount reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds	400,539,316
Deferred outflows of resources reported in the statement of net position	497,522
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:	
Compensated absences	(212,050)
Pension liability	(896,768)
Other post employment benefits liability	(2,115,054)
Deferred inflows of resources reported in the statement of net position	(875,345)
	<hr/>
Net position of governmental activities	\$ 404,910,573
	<hr/>

The accompanying notes are an integral part of these financial statements.

**Sonoma County Agricultural Preservation and
Open Space District
Statement of Revenues, Expenditures and
Changes in Fund Balance
Governmental Fund
For the fiscal year ended June 30, 2018**

Revenues

Intergovernmental revenue:

Contributions from the Open Space Special Tax Account for:

Operations (Note 5)	\$ 7,475,000
Capital acquisition (Note 5)	7,231,000
Initial public access (Note 5)	2,454,360

Grants and contributions:

State of California	8,741
Federal	238,008
Donations	30,525
Interest on pooled cash	80,492
Miscellaneous	224,465

Total revenues	17,742,591
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Expenditures

Salaries and employee benefits	3,735,872
Services and supplies	3,838,637
Contribution to other government	1,277,701
Capital outlay	7,783,121

Total expenditures	16,635,331
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Excess of revenue over expenditures	1,107,260
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Other financing sources (uses)

Sale of capital asset	5,405
Transfers in	20,727
Transfers out	(17,590)
Total other financing sources (uses)	8,542

Net change in fund balance	1,115,802
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Fund balance - beginning of year	6,857,150
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Fund balance - end of year	\$ 7,972,952
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The accompanying notes are an integral part of these financial statements.

**Sonoma County Agricultural Preservation and
Open Space District
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balance of Governmental Fund
to the Statement of Activities
For the fiscal year ended June 30, 2018**

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

Net change in fund balances - total governmental fund	\$ 1,115,802
Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay.	7,783,121
Depreciation	(75,702)
The statement of activities reports gains and losses arising from the sale or disposal of capital assets as the difference between the proceeds from sale of capital assets and the book value of the sold capital assets, while governmental funds report the proceeds from sale of capital assets. The difference is the book value of capital assets retired.	(87,140)
Donations of capital assets increase net position in the statement of activities but do not appear in the governmental funds because they are not financial resources.	99,000
Some expenses reported in the statement of activities do not require the use of current resources and therefore are not reported as expenditures in governmental funds:	
Change in net pension liability	80,506
Change in net other post employment benefit liability	100,531
Change in compensated absences	1,196
Change in net position of governmental activities	\$ <u><u>9,017,314</u></u>

The accompanying notes are an integral part of these financial statements.

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**Sonoma County Agricultural Preservation
and Open Space District
Notes to Basic Financial Statements
For the fiscal year ended June 30, 2018**

NOTE 1 – Summary of Significant Accounting Policies
--

A. Reporting Entity

The Sonoma County Agricultural Preservation and Open Space District (the District) is a dependent Special District formed under Government Code Section 65562 and 5500 et seq. of the Public Resources Code to further State policy on the preservation of open space. The boundaries of the District are coterminous with the boundaries of the County of Sonoma. The Board of Directors of the District is composed of the members of the County Board of Supervisors who serve *ex officio* as District Directors. As such their duties and loyalties as District Directors are separate and distinct from their duties and loyalties as County Supervisors. Financial activity of the District is recorded in the County of Sonoma's Comprehensive Annual Financial Report as a Non-Major Special Revenue Fund. The Open Space Special Tax Account (OSSTA), which records the sales tax received and funds the acquisitions and operations of the District, is recorded as a Major Special Revenue Fund in the County's financial statements. The Net Position of both funds are shown as restricted for Agricultural Preservation and Open Space on the County's Government-wide Statement of Net Position.

The District was formed by a 70.6% positive vote of the County Electorate during the November 1990 elections.

Primary financing for the District was through a contract with the Sonoma County Open Space Authority (Authority). Effective April 1, 2011, as required by Measure F, the quarter cent sales tax is being levied by the County of Sonoma. The sales tax revenue is accounted for in the Open Space Special Tax Account which is administered by the County Auditor as outlined in a contract between the County of Sonoma and the District. The Open Space Fiscal Oversight Commission provides fiscal oversight of the operations of the District. The District may be financed by gifts, grants, special taxes, general obligation bonds, and other sources of revenue authorized by law or any combination thereof.

The District and the Open Space Authority entered into a contract on February 4, 1991, which was amended on March 26, 1992. Among other things, the contract required the Authority to finance the purchase of interests in land by the District in exchange for the District's agreement to administer an acquisition program and to hold and maintain interests in land. With respect to individual purchases of interest in land, the contract further provided for a three-party escrow with the seller submitting an executed easement agreement in exchange for an agreed upon price, the District then recorded title to the interest in land and the Authority submitted the purchase price and a proportionate share of the closing costs. Thus the Authority financed the purchase price and the District recorded title to the interest in the land. That agreement terminated March 31, 2011. Beginning April, 2011, the OSSTA funds the acquisitions and the District continues to retain title.

The District has adopted an acquisition plan and has a staff of 27.5 permanent positions. As of June 30, 2018 the District has protected approximately 113,200 acres through conservation or open space easements and property held in fee.

**Sonoma County Agricultural Preservation
and Open Space District
Notes to Basic Financial Statements
For the fiscal year ended June 30, 2018**

NOTE 1 – Summary of Significant Accounting Policies (Continued)
--

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the District.

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 grants and contributions that are restricted to meeting operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of the related cash flows. 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 this method, revenues are recognized when measurable and available. 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 collectible within 365 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 and claims judgments are recorded only when payment is due.

D. Deposits and Investments

In accordance with GASB Statement No. 31 and No. 72, the District reports cash and investments at fair value in the balance sheet and recognizes the corresponding change in the fair value of investments in the year in which the change occurred.

E. Capital Assets

Capital asset balances at year end are reported in the government-wide financial statements in the Statement of Net Position. Capital and intangible assets are recorded at historical cost and include machinery and equipment, non-depreciable land and easements. The historical cost of the assets include the District's cost for the assets as well as donations applied to the purchase and associated costs such as direct labor, legal fees, appraisal fees, negotiation fees and other incidental expenses.

**Sonoma County Agricultural Preservation
and Open Space District
Notes to Basic Financial Statements
For the fiscal year ended June 30, 2018**

NOTE 1 – Summary of Significant Accounting Policies (Continued)
--

F. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The District accrues the liability for vacation benefits only, in accordance with GASB Statement No. 16. Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignation or retirement.

G. Net Position

Net position is classified into three components; 1) net investment in capital assets, 2) restricted, and 3) unrestricted. These classifications are defined as follows:

- Net investment in capital assets – This component of net position consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of associated notes payable.
- Restricted net position – This component of net position consists of net position with limits on their use that are imposed by outside parties.
- Unrestricted net position – This component of net position consists of net position that do not meet the definition of "restricted" or "net investment in capital assets".

H. Fund Balance

The District's fund financial statements report governmental fund balances using the following classifications as stated in the provisions of GASB Statement No. 54:

- Nonspendable – amounts that are not in a spendable form or are to be maintained intact.
- Restricted – amounts that can be spent only for the specific purposed stipulated by external resource providers or through enabling legislation.
- Committed – amounts that can be used only for the specific purposed determined by a formal action of the government's highest level of decision making authority.
- Assigned – amounts intended to be used by the government for specific purposed determined either by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned – the residual classification for the general fund and includes all amounts not contained in the other classifications. This amount is technically available for any purpose.

In general, when both restricted and unrestricted resources are available, restricted resources are used first. When expenditures are made of unrestricted resources, the District first applies committed, then assigned and then unassigned resources.

**Sonoma County Agricultural Preservation
and Open Space District
Notes to Basic Financial Statements
For the fiscal year ended June 30, 2018**

NOTE 1 – Summary of Significant Accounting Policies (Continued)
--

I. Use of Estimates

The preparation of 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 revenues and expenditures during the reporting period. Actual results could differ from those estimates.

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position or balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position or balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

K. Fair Value Measurements

Fair value is defined as 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. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest level input that is significant to the entire measurement.

**Sonoma County Agricultural Preservation
and Open Space District
Notes to Basic Financial Statements
For the fiscal year ended June 30, 2018**

NOTE 1 – Summary of Significant Accounting Policies (Continued)
--

L. Governmental Accounting Standards Board (GASB) Statement No. 75 Restatement

For the fiscal year ended June 30, 2018, the District implemented the provisions of GASB No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. The Governmental activities net position was reduced by \$2,193,322. These reductions reflect the recording of net other postemployment benefits liabilities, deferred inflows of resources and deferred outflows of resources as required under the new GASB.

M. Net Pension Liability

For purpose of measuring the net pension liability, deferred outflows of resources, related to pensions, pension expense, information about the fiduciary net position of the County’s Pension Plan (CPP) and additions to/deductions from CPP’s fiduciary net position have been determined on the same basis as they are reported by CPP. 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.

N. OPEB

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

NOTE 2 – Cash and Investments

The District follows the County’s practice of pooling cash and investments with the County Treasurer, except for the cash on hand used as a petty cash fund.

The amount of cash at June 30, 2018 is as follows:

Pooled investment in County Treasury	\$	9,594,765
Petty cash		150
Total	\$	<u>9,594,915</u>

The District’s cash and investments presented above include an unrealized loss adjustment to fair value of \$41,975.

**Sonoma County Agricultural Preservation
and Open Space District
Notes to Basic Financial Statements
For the fiscal year ended June 30, 2018**

NOTE 2 – Cash and Investments (Continued)
--

Investment in the Sonoma County Treasurer's Investment Pool

The District's cash is pooled with the Sonoma County Treasurer, who acts as disbursing agent for the District. 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 the Treasury Pool for the entire Treasury Pool portfolio (in relation to the amortized cost of that portfolio). These investments are stated at a Level 2 fair value as required by generally accepted accounting principles. The balance available for withdrawal is based on accounting records maintained by the Treasury Pool, which are recorded on an amortized cost basis. Interest earned on investments pooled with the Treasurer is allocated quarterly to the appropriate fund based on its respective average daily balance for that quarter. The Investment Oversight Committee has oversight for all monies deposited into the Treasury Pool.

Investment Guidelines

The District's pooled cash and investments are invested pursuant to investment policy guidelines established by the County Treasurer and approved by the Board of Supervisors. The objectives of the policy are, in order of priority: safety of principal, liquidity and yield.

The policy addresses the soundness of financial institutions in which the County will deposit funds, types of investment instruments as permitted by the California Government Code 53601, and the percentage of the portfolio that may be invested in certain instruments with longer terms to maturity.

A copy of the County investment policy is available upon request from the Sonoma County Auditor-Controller-Treasurer-Tax Collector's Office at 585 Fiscal Drive, Room 100, Santa Rosa, California, 95403-2871.

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. As a means of limiting its exposure to fair value losses arising from rising interest rates, one of the ways that the Treasury Pool 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 maturing evenly over time as necessary to provide the cash flow and liquidity needed for operations.

As of June 30, 2018, approximately 50.3 percent of the securities in the Treasury Pool had maturities of one year or less as reported by the Sonoma County Treasurer. Of the remainder, there were no securities with a maturity of more than five years.

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. The Treasury Pool does not have a rating provided by a nationally recognized statistical rating organization.

**Sonoma County Agricultural Preservation
and Open Space District
Notes to Basic Financial Statements
For the fiscal year ended June 30, 2018**

NOTE 2 – Cash and Investments (Continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government 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 the Treasury Pool).

Concentration of Credit Risk

The investment policy of the County contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. For a listing of investments in any one issuer (other than U.S. Treasury securities, mutual funds, or external investment pools) that represent 5% or more of total County investments, refer to the 2018 Sonoma County Comprehensive Annual Financial Report.

NOTE 3 – Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Additions	Retirements	Transfers and Adjustments	Ending Balance
Capital assets not being depreciated:					
Land	\$ 59,059,673	\$ 5,515,937	\$ -	\$ -	\$ 64,575,610
Intangible assets - easements	331,643,803	1,832,730	-	185,925	333,662,458
Land and easements- preacquisition costs	821,805	394,681	(87,140)	(185,925)	943,421
Construction in progress	30,558	110,602	-	-	141,160
Total capital assets not being depreciated	391,555,839	7,853,950	(87,140)	-	399,322,649
Capital assets being depreciated:					
Land improvements	735,372	-	-	-	735,372
Intangible assets	212,962	-	-	-	212,962
Infrastructure	411,326	-	-	-	411,326
Machinery and equipment	83,878	28,172	(9,093)	-	102,957
Total capital assets being depreciated:	1,443,538	28,172	(9,093)	-	1,462,617
Less accumulated depreciation for:					
Land improvements	(80,472)	(31,569)	-	-	(112,041)
Intangible assets	-	(14,197)	-	-	(14,197)
Infrastructure	(75,364)	(16,453)	-	-	(91,817)
Machinery and equipment	(23,505)	(13,483)	9,093	-	(27,895)
Total accumulated depreciation	(179,341)	(75,702)	9,093	-	(245,950)
Total capital assets being depreciated, net	1,264,197	(47,530)	-	-	1,216,667
Total capital assets	\$ 392,820,036	\$ 7,806,420	\$ (87,140)	\$ -	\$ 400,539,316

**Sonoma County Agricultural Preservation
and Open Space District
Notes to Basic Financial Statements
For the fiscal year ended June 30, 2018**

NOTE 3 – Capital Assets (Continued)

Land and easements - pre-acquisition costs represent funds expended towards the acquisition of land and easements that have not closed escrow. Upon the close of escrow these funds will be moved into the land and easement categories. In the event a property is not acquired, the funds associated with that property will be written off.

During the fiscal year ended June 30, 2018, the District recorded a loss on disposal of \$87,140 for pre-acquisition costs associated with properties that are no longer being targeted for acquisition.

NOTE 4 – Long Term Liabilities

Long term liability activity for the fiscal year ended June 30, 2018 was as follows:

Long-Term Liabilities	Beginning Balance	Additions	Retirements	Ending Balance
Compensated Absences	\$ 213,245	\$ 240,616	\$ (241,811)	\$ 212,050
Net Pension Liability	2,050,910	(796,479)	(357,663)	896,768
Net Other Post Employment Benefits Liability	2,375,725	(92,225)	(168,446)	2,115,054
Total Long-Term Liabilities	<u>\$ 4,639,880</u>	<u>\$ (648,088)</u>	<u>\$ (767,920)</u>	<u>\$ 3,223,872</u>

NOTE 5 – Intergovernmental Revenue and Open Space Special Tax Account (OSSTA)

As defined by Measure F, proceeds from the quarter cent sales tax are deposited into the Open Space Special Tax Account (OSSTA). The County Auditor-Controller-Treasurer-Tax Collector administers that account, thus it is not included within this report. For the fiscal year 2017-2018 the County recorded \$24,543,602 in sales tax revenue in OSSTA, including receivables of \$3,765,000. OSSTA revenue withheld for scheduled debt payments totaled \$7,595,500. For the fiscal year 2017-18, the District recorded intergovernmental revenue of \$17,160,360 from OSSTA with \$7,231,000 going towards the purchase of Agricultural Preservation and Open Space assets, \$7,475,000 for District operations and \$2,454,360 to the O&M Fund. As of June 30, 2018 the cumulative calculation of funds available for expenditure on initial public access, operations and maintenance within the 10 percent cap was \$6,490,012.

**Sonoma County Agricultural Preservation
and Open Space District
Notes to Basic Financial Statements
For the fiscal year ended June 30, 2018**

NOTE 6 – Capitalized Labor

During the fiscal year ended June 30, 2018 the District reclassified labor costs directly associated with specific land and easement acquisitions as capital outlay. The following schedule presents salaries and benefits paid to or on behalf of District employees and the net effect of labor capitalized to acquisition projects:

	Statement of Activities	Statement of Revenues, Expenditures and Changes in Fund Balance
Gross salaries and benefits	\$ 3,768,410	\$ 3,950,643
Less: Capitalized salaries and benefits	(214,771)	(214,771)
Salaries and employee benefits	<u>\$ 3,553,639</u>	<u>\$ 3,735,872</u>

NOTE 7 – Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District is covered by the County's self-insurance program, which is accounted for in the County's Risk Management Internal Service Fund. The District is covered under this program for general liability, auto liability, public employees' performance/dishonesty and property insurance.

The County maintains self-insurance retention of \$1,000,000 per occurrence for general and automobile liability. Excess liability is maintained through participation in the California State Association of Counties, Excess Insurance Authority (CSAC-EIA). Limits of this coverage are \$25,000,000.

The County maintains "All Risk" property insurance including flood and earthquake coverage through participation in the CSAC-EIA Property Insurance Program. Limits of coverage are \$800,000,000 per occurrence for All Risk, \$600,000,000 for flood (limits vary in FEMA flood zones) and earthquake coverage with shared limits of \$740,000,000. Deductibles for these perils are \$50,000 to \$100,000 per occurrence.

The County of Sonoma is permissibly self-insured for workers' compensation for its employees and volunteers. Excess workers' compensation coverage is obtained through participation in the CSAC-EIA.

During the fiscal year ended June 30, 2018, the District paid annual premiums to the County for this insurance coverage in the amount of \$24,811. Settlements have not exceeded coverage for each of the past three fiscal years.

**Sonoma County Agricultural Preservation
and Open Space District
Notes to Basic Financial Statements
For the fiscal year ended June 30, 2018**

NOTE 8 – Employee Retirement Plan
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Plan Description

The Sonoma County Employees' Retirement Association (SCERA) was organized on January 1, 1946, under the provisions of the 1937 County Employees Retirement Act. SCERA, a cost-sharing, multiple-employer Defined Benefit Pension Plan (Plan), serves as a distribution agent for County Postemployment Healthcare Plan (PH Plan), and is legally separate of the County.

The California Public Employees' Pension Reform Act of 2013 (PEPRA) was signed into law by Governor Jerry Brown on September 12, 2012, with an effective date of January 1, 2013. All General and Safety employees hired on or after January 1, 2013, with the exception of employees who are eligible for reciprocity with another qualified California retirement system, are part of a new tier called Plan B.

Plan members include all permanent employees appointed to a permanent position of at least half time for employees of the County of Sonoma, Valley of the Moon Fire District (District), and Superior Courts of California. Plan members are classified as either General or Safety (Safety e.g., eligible Sheriff, Fire, and Probation Department employees). Membership becomes effective on the first day of service. The Plan provides benefits as defined by the law upon retirement, death, or disability of members and may be amended by the Board of Supervisors and then shall be implemented by the Board of Retirement.

The financial statements for the County (the primary government) contain additional financial information for the defined pension benefits, which may not be presented here.

SCERA issues a publicly available financial report that includes financial statements and required supplementary information for the pension plan. That report may be obtained by writing to Sonoma County Employee's Retirement Association, 433 Aviation Blvd., Suite 100, Santa Rosa, CA 95403-1069 or by calling 707-565-8100.

Funding Policy

The contribution requirements of Plan members and the County are determined by an independent actuary, approved by the SCERA Board of Retirement, and adopted by the Board of Supervisors. The contribution rates for the fiscal year ended June 30, 2018 were based on the Plan's valuation dated December 31, 2015. The contribution rates determined in each actuarial valuation take effect at the beginning of the fiscal year starting at least twelve months after the beginning of the valuation year, except when significant benefit or actuarial assumption changes occur. Plan A General members are required to contribute 10.35% -13.52% of their annual covered salary based upon the member's age at the date of entry into the system and Plan B General members are required to contribute 10.37% of their annual covered salary. The County is required to contribute the remaining amounts necessary to finance the coverage of their employees through periodic contributions at actuarially determined rates. Employer and member contributions are funded and recognized through the County and District payroll systems via employer benefit payments and employee deductions. For the fiscal year ended June 30, 2018, the District contributed \$375,755 or approximately 17.13% of covered payroll.

**Sonoma County Agricultural Preservation
and Open Space District
Notes to Basic Financial Statements
For the fiscal year ended June 30, 2018**

NOTE 8 – Employee Retirement Plan (Continued)

Pension Liability, Pension Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to Pension

At June 30, 2018, the District reported a liability of \$896,768 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, actuarially determined. At December 31, 2017, the District's proportion was 0.53%, which was an increase of 0.01% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the District recognized a pension expense of \$295,249. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or methods, and plan benefits. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,513	\$ 23,800
Changes in assumptions	92,376	-
Net difference between projected and actual earning on retirement plan investments	-	632,971
Changes in proportion and differences between District contributions and proportionate share of contributions	38,804	57,927
District contributions subsequent to the measurement date	178,919	-
Total	<u>\$ 314,612</u>	<u>\$ 714,698</u>

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

The \$178,919 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

**Sonoma County Agricultural Preservation
and Open Space District
Notes to Basic Financial Statements
For the fiscal year ended June 30, 2018**

NOTE 8 – Employee Retirement Plan (Continued)
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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	Amount
2019	\$ 15,556
2020	(127,484)
2021	(243,067)
2022	(224,010)
Total	<u>\$ (579,005)</u>

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

The discount rate used to measure the Total Pension Liability was 7.25% as of December 31, 2017, the measurement date. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates.

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.25% 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 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate.

	1% Decrease 6.25%	Discount Rate 7.25%	1% Increase 8.25%
District's proportionate share of the net pension plan liability	\$ 2,656,495	\$ 896,768	\$ (573,834)

**Sonoma County Agricultural Preservation
and Open Space District
Notes to Basic Financial Statements
For the fiscal year ended June 30, 2018**

NOTE 8 – Employee Retirement Plan (Continued)

Long-Term Expected Rate of Return by Asset Class

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 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 expense, used in the derivation of the long-term expected investment rate of return assumptions are summarized in the following table.

Asset Class	Policy Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	29.54%	5.72%
Small Cap U.S. Equity	7.20%	6.44%
Developed International Equity	18.90%	6.69%
Emerging Market Equity	5.36%	8.67%
U.S. Core Fixed Income	13.50%	0.83%
Developed International Fixed Income	0.45%	0.31%
High Yield Fixed Income	0.60%	3.00%
Emerging Market Fixed Income	0.45%	3.92%
Real Estate	10.00%	4.61%
Farmland	5.00%	5.81%
Bank Loans	3.00%	2.18%
Unconstrained Bonds	3.00%	2.71%
Infrastructure	3.00%	6.25%
Total	<u>100%</u>	

Deferred Compensation Plans

The Deferred Compensation Benefit Plans are administered through a third-party administrator. Since the District does not perform the investing function and has no fiduciary accountability for these plans, plan assets and any related liability to plan participants are excluded from the District's financial statements.

The Deferred Compensation Benefit Plan is an employer discretionary, defined contribution plan established and governed under Internal Revenue Code Sections 401(a) and 457(b). The plan is available to employee groups based on bargaining unit and job class.

Employer-only annual contributions are calculated based upon a percentage of employee compensation. For the fiscal year ended June 30, 2018 the District's contribution was \$28,068.

**Sonoma County Agricultural Preservation
and Open Space District
Notes to Basic Financial Statements
For the fiscal year ended June 30, 2018**

NOTE 8 – Employee Retirement Plan (Continued)
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The District offers employees an optional deferred compensation plan created in accordance with Section 457 of the Internal Revenue Code. This plan is available to substantially all employees and allows participants to defer a portion of their current income until future years, up to a maximum of \$18,500 per calendar year.

NOTE 9 – Other Postemployment Health Benefits (OPEB)

Plan Description

The County of Sonoma (County) maintains an Other Postemployment Healthcare Plan (OPEB or Plan). The Plan is a single employer defined benefit plan which is administered by the County. The authority to establish and amend benefit provisions of the Plan resides with the County Board of Supervisors. The District participates in the OPEB Plan.

The County established an OPEB trust with the Public Agency Retirement Services (PARS) in 2008 to accumulate resources to fund future benefit payments of the Plan. The OPEB trust is reported in the County of Sonoma's Comprehensive Annual Financial Report (CAFR) and can be found www.sonoma-county.org.

In accordance with a County Board of Supervisors approved salary resolution and applicable memorandum of understanding, the Plan includes unrepresented and represented employees hired prior to January 1, 2009, with at least 10 consecutive years of regular full-time paid employment. The Plan was closed to new participants on January 31, 2008.

Benefits Provided

Retirees and the County share in the cost of monthly premiums for medical coverage. The County contribution toward plan member premiums is a \$500 per month maximum contribution, an amount which is equal to the County's current contribution toward the cost of active, unrepresented Administrative Management employees' medical plans. Retirees may enroll eligible dependents in the County medical plan elected by the retiree, but the retiree is responsible for all premium costs in excess of the County's contribution. In the case of a Safety employee's line-of-duty death pursuant to the California labor code, dependents of the deceased employee are eligible to receive County-subsidized medical coverage. In addition to the monthly contribution, the County reimburses retirees hired prior to January 1, 2009, a fixed amount of \$96.40 per month for Medicare Part B premiums.

Contributions

The OPEB Plan funding policy provides for periodic contributions by the County. The contribution rate as a percentage of covered payroll is 8.8% and is authorized annually by the County Board of Supervisors to finance the costs of benefits for plan members, with an additional amount to finance the unfunded accrued liability. Contributions to the OPEB Plan from the District were \$168,446 for the year ended June 30, 2018. Employees are not required to contribute to the OPEB Plan.

**Sonoma County Agricultural Preservation
and Open Space District
Notes to Basic Financial Statements
For the fiscal year ended June 30, 2018**

NOTE 9 – Other Postemployment Health Benefits (OPEB) (Continued)

Proportionate Share

The net OPEB liability and asset information is reported within certain defined timeframes as listed below:

Reporting Date	June 30, 2018
Valuation Date	June 30, 2017
Measurement Date	June 30, 2017

At June 30, 2018, the District reported a liability of \$2,115,054 for its proportionate share of the net OPEB liability. The District's covered payroll is used as the basis for determining its proportion of the OPEB amounts. At June 30, 2017, the District's proportion was 0.65%. At June 30, 2018 the District's proportion was 0.63%, a decrease of 0.02%.

Actuarial Methods and Assumptions

The Net OPEB Liability (NOL) was measured as of June 30, 2017 and 2016 and determined based on the total OPEB liability from actuarial valuations as of June 30, 2017 and 2016, respectively.

The total OPEB liability was determined by an actuarial valuation as of June 30, 2017 and June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement, except the Excise Tax imposed by the Affordable Care Act and related statutes was reflected in the actuarial valuation as of June 30, 2017 and the investment rate of return varied between the years as noted:

Actuarial cost method	Entry Age Normal Cost Method
Inflation	3.00%
Investment rate of return	June 30, 2017: 6.50%, net of OPEB plan investment expense, including inflation June 30, 2016: 7.25%, net of OPEB plan investment expense, including inflation
Salary increases	3.50%
Other assumptions	Analysis of actuarial experience per the January 1, 2012 through December 31, 2014 Actuarial Experience Study dated October 2, 2015 and the Economic Actuarial Assumption Study for December 31, 2015 Actuarial Valuation dated September 30, 2015 for the Sonoma County Employees' Retirement Association (SCERA). Mortality rates were based on the Headcount-Weighted RP-2014 Healthy Annuitant Table

The County Health Plan medical trends grade from 7.0% in 2017/2018 down to 5.0% over 4 years. County Health Plan drug trends grade from 8.0% in 2017/2018 down to 5.0% over 6 years. HMO Medical/Drug trends grade from 6.75% in 2017/2018 down to 5.0% over 7 years. ASO fees assumed trend was 0% in 2017/2018, then 5.0% thereafter.

**Sonoma County Agricultural Preservation
and Open Space District
Notes to Basic Financial Statements
For the fiscal year ended June 30, 2018**

NOTE 9 – Other Postemployment Health Benefits (OPEB) (Continued)

Investments

The long-term expected rate of return on OPEB Plan investments was determined using a building-block method in which the 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 weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rate 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 assumption are summarized in the table below.

The County's Investment Guidelines for OPEB are detailed in the "Investment Guidelines Document – County of Sonoma Post-Employment Health Care Plan Investment Policy Document – June 2017". The following is the Board's adopted asset allocation policy for OPEB as of June 2017:

Asset Class	Policy Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	30%	8.7%
Mid Cap U.S. Equity	4%	8.7%
Small Cap U.S. Equity	8%	8.7%
International Equity	8%	9.7%
Global Equity	6%	9.7%
U.S. Core Fixed Income	31%	4.1%
Alternatives	8%	5.9%
Cash	1%	3.1%
Real Estate	4%	7.2%
Total	<u>100%</u>	

Discount Rate

The discount rates used to measure the Total OPEB Liability (TOL) were 3.78% and 3.05% as of June 30, 2017 and June 30, 2016, respectively. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuarially determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of 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 are not included. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2023.

Subsequent to this date, the municipal bond rate of 3.58%, as of June 30, 2017 from the Bond Buyer index, was used as the investment return assumption for employer assets.

**Sonoma County Agricultural Preservation
and Open Space District
Notes to Basic Financial Statements
For the fiscal year ended June 30, 2018**

NOTE 9 – Other Postemployment Health Benefits (OPEB) (Continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in Discount Rate

The following presents the District's proportionate share of the Net OPEB liability if it were calculated using the discount rate of 3.78%, as well as what the District's proportionate share of the Net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.78%) or 1-percentage-point higher (4.78%) than the current rate, for measurement period ended June 30, 2017:

1% Decrease 2.78	Discount Rate 3.78	1% Increase 4.78%
\$ 2,367,681	\$ 2,115,054	\$ 1,900,068

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following present the District's proportionate share of the Net OPEB liability if it were calculated using the trend rate that is 1%, higher as well as using trend rate 1% lower than the current trend rates, for measurement period ended June 30, 2017:

1% Decrease	Trend Rate	1% Increase
\$ 2,052,867	\$ 2,115,054	\$ 2,196,710

Amortization of Deferred Outflows and Deferred Inflows of Resources

The net difference between projected and actual earnings on OPEB Plan investments is amortized over a 5-year period on a straight-line basis. One-fifth was recognized in OPEB expense during the measurement period, and the remaining net difference between projected and actual investment earnings on OPEB Plan investments at June 30, 2017, is to be amortized over the remaining 4-year period.

The changes in assumptions and differences between expected and actual experience are recognized over the average of the expected remaining service lives of all employees that are provided OPEB through the Plan (active and inactive) determined as of the beginning of the measurement period. For the measurement date ending June 30, 2017, the average is 2.95 years.

For the year ended June 30, 2018 the District's recognized OPEB expense of \$68,422. At June 30, 2018, the District's reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**Sonoma County Agricultural Preservation
and Open Space District
Notes to Basic Financial Statements
For the fiscal year ended June 30, 2018**

NOTE 9 – Other Postemployment Health Benefits (OPEB) (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 6,438
Changes in assumptions	-	108,664
Net difference between projected and actual earning on retirement plan investments	-	8,379
Changes in proportion and differences between District contributions and proportionate share of contributions	-	37,166
District contributions subsequent to the measurement date	182,910	-
Total	<u>\$ 182,910</u>	<u>\$ 160,647</u>

The \$182,910 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2017 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as OPEB expense as follows:

Year ending June 30,	Amount
2019	\$ (80,181)
2020	(76,277)
2021	(2,095)
2022	(2,094)
Total	<u>\$ (160,647)</u>

Defined Contribution Plan Description

For employees hired on or after January 1, 2009, the County provides a defined contribution into a Retiree Health Reimbursement Arrangement (HRA) account. Eligibility for this benefit is based upon completion of two full years of consecutive County regular service and have been a contributing member of the Sonoma County Employees Retirement Association. Upon completion of the initial eligibility requirements, the County provides (a) an initial contribution of \$2,400 to an HRA account established in the employee's name; this initial contribution of \$2,400 is based on full-time status and is prorated based on the employee's allocated position, and (b) thereafter contributes \$.58 per pay status hour, not including overtime, into the HRA account for each eligible employee. Once an employee has worked the two full years of service and the initial contribution into their HRA account is made, there are no further service requirements. All contributions into the Retiree HRA are made only while an employee is in active pay status, and upon separation of employment, there are no further post-employment contributions. Participants may access their HRA account at age 50 or upon retirement from the County, whichever is earlier, and may defer this date. There is no requirement to be enrolled in a County offered medical plan to receive this benefit. Retirees and dependents that elect coverage under a County-sponsored plan are responsible for all costs.

**Sonoma County Agricultural Preservation
and Open Space District
Notes to Basic Financial Statements
For the fiscal year ended June 30, 2018**

NOTE 10 – Environmental Remediation

The District has performed an analysis of the buildings on the McCullough Ranch property and a conservation easement acquired in fiscal year 2009 and found asbestos and lead and a small amount of oil contaminated soil. The District has estimated cost of \$30,000 for the asbestos, lead and soil clean-up and has recorded a liability. The District has included a total of \$30,000 in estimated polluted remediation costs as part of its accounts payable balance at June 30, 2018. The District has taken it upon itself to perform the clean-up as there is no regulatory body involved.

NOTE 11 – Commitments and Contingencies

Matching Grants Accepted into the Program – Awaiting Contract Approval

The list below represents projects that have been accepted in to the Matching Grant Program by the District's Board and funding is contingent upon the successful negotiation of grant related documents such as a Matching Grant Agreement and Conservation Easement.

Project	Amount	Date Board Accepted	Expiration Date
Crane Creek Regional Trail	\$ 771,270	7/11/2001	12/6/2018
Denman Reach	50,000	10/14/2014	10/14/2017
Graton Community Park	103,124	10/25/2016	10/25/2019
Guerneville River Park Phase 2	368,000	9/18/2012	9/18/2019
Maxwell Farms	250,000	10/25/2016	10/25/2021
River Lane	35,000	10/25/2016	10/25/2019
Riverfront Regional Park Recreation Improvement	252,000	9/9/2008	12/6/2018
Roseland Creek Community Park - Phase 1c	920,000	10/25/2016	10/25/2019
Roseland Village Public Space	500,000	10/14/2014	10/14/2019
Southeast Santa Rosa Greenway	1,000,000	10/25/2016	10/25/2019
SMART Pathway – Hearn to Bellevue	282,760	9/18/2012	9/18/2019
SMART Pathway - Payran to S. Point	400,000	10/14/2014	10/14/2019
Steamer Landing Park Development (McNear Peninsula)	100,000	10/25/2016	10/25/2021
	<u>\$ 5,032,154</u>		

**Sonoma County Agricultural Preservation
and Open Space District
Notes to Basic Financial Statements
For the fiscal year ended June 30, 2018**

NOTE 11 – Commitments and Contingencies (Continued)

In 2011, the Matching Grant Program Guidelines set forth new time requirements for project implementation, intended to ensure the timeliness of project completion. Specifically, the District has established time limitations for expending the District's grant, expending the matching contribution, and implementing the project. Under the new guidelines, grant funds must be expended within three years for real property acquisitions, and within five years for restoration and park development projects. All matches must be met and all projects completed within five years. The timelines start on the date the Board accepts the project into the Program. The new time requirements for expending the District grant funding also applied to projects accepted in the 2008 Program cycle and before, with the timelines starting on the date the revised guidelines are adopted (December 6, 2011).

The District may consider one request for extension of the time requirements up to two years, only upon the applicant's demonstration of reasonable progress on the project and proof that the extension will result in successful completion of the project.

Initial Public Access Operations and Maintenance (IPAOM) Unencumbered Contracts

Ten percent of the sales tax received from Measure F is obligated for Initial Public Access Operations and Maintenance (IPAOM) on public recreational property. The \$6,490,012 shown as Committed on the Government Fund Balance Sheet is for IPAOM and includes encumbered contracts of \$290,416 for estimated expenditures through FY17-18. An additional \$1,185,743 of the committed fund balance will be encumbered in future years under existing multi-year contracts related to transfer of properties to other governmental agencies. These future contract encumbrances are anticipated as follows:

Receiving Agency	Property Name	Unencumbered Contracts
Sonoma County Regional Parks	Hood Mountain Regional Park and Open Space Preserve-Lawson	\$323,600
Sonoma County Regional Parks	Stewards Point Ranch (California Coastal Trail Stewards Point and Kashia Coastal Reserve Segments)	862,143
Total unencumbered contracts		<u>\$1,185,743</u>

Required Supplementary Information

**Sonoma County Agricultural Preservation
and Open Space District
Cost-Sharing Multiple-Employer Defined Pension Plan
Last 10 Years*
Schedule of the District's Proportionate Share of the
Net Pension Liability and Related Ratios as of
The Measurement Date**

	General Plan				
	12/31/2017	12/31/2016	12/31/2015	12/31/2014	12/31/2013
Proportion of the Net Pension Liability	0.531%	0.522%	0.570%	0.566%	0.521%
Proportionate share of the Net Pension Liability	\$ 896,768	\$ 2,050,910	\$ 2,352,712	\$ 1,227,521	\$ 1,269,050
Covered Employee Payroll	2,164,436	1,929,815	1,976,192	1,840,756	1,678,706
Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	41.43%	106.27%	119.05%	66.69%	75.60%
District's Proportionate Share of the Fiduciary Net Position as a Percentage of the District's Total Pension Liability	94.03%	85.92%	84.63%	90.88%	89.76%
District's Proportionate Share of Aggregate Employer Contributions	0.59%	0.52%	0.57%	0.55%	0.55%

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

**Sonoma County Agricultural Preservation
and Open Space District
Cost-Sharing Multiple Employer Defined Pension Plan
Last 10 Years*
Schedule of Contributions**

	General Plan			
	Fiscal Year 2017-2018	Fiscal Year 2016 - 2017	Fiscal Year 2015 - 2016	Fiscal Year 2014 - 2015
Actuarially determined contribution	\$ 375,755	\$ 291,501	\$ 427,676	\$ 373,185
Contributions in relation to the actuarially determined contributions	(375,755)	(291,501)	(427,676)	(338,060)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ 35,125
Covered-employee payroll	\$ 2,193,110	\$ 2,024,119	\$ 1,963,405	\$ 1,811,776
Contributions as a percentage of covered-employee payroll	17.13%	14.40%	21.78%	20.60%

Notes to Schedule

Valuation date: 12/31/2015

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age Actuarial Cost Method
Amortization method	Level percentage of payroll, closed
Remaining amortization period	12 years
Asset valuation method	5-year smoothed market
Inflation	3.00%
Salary increases	(1)
Investment rate of return	7.25% (2)
Mortality	RP-2014 Healthy Annuitant Table projected 20 year with the two-dimensional scale MP20142D

- (1) Depending on age, service and type of employment
(2) Net of pension plan investment expenses, including inflation

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

**Sonoma County Agricultural Preservation
and Open Space District
Other Post-Employment Health Benefits (OPEB)
Last 10 Years*
Schedule of the District's Proportionate Share of the
Net Other Post-Employment Benefits Liability and
Related Ratios as of The Measurement Date**

	General Plan	
	6/30/2018	6/30/2017
Proportion of the Net Other Post Employment Liability	0.630%	0.645%
Proportion share of the Net Other Post Employment Liability	\$ 2,115,054	\$ 2,375,725
Covered Employee Payroll	2,024,119	1,963,405
Proportionate Share of the Net Other Post Employment Liability as a Percentage of its Covered-Employee Payroll	104.49%	121.00%
Plan's Fiduciary Net Position as a percentage of the Total OPEB Liability	12.90%	10.25%

*- Fiscal year 2018 was the 1st year of implementation, therefore
only two years are shown.

**Sonoma County Agricultural Preservation
and Open Space District
Other Post-Employment Health Benefits (OPEB)
Last 10 Years*
Schedule of Contributions**

	General Plan	
	Fiscal Year 2017 - 2018	Fiscal Year 2016 - 2017
Actuarially determined contribution	\$ 168,446	\$ 187,465
Contributions in relation to the actuarially determined contributions	(168,446)	(187,465)
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll	\$ 2,024,119	\$ 1,963,405
Contributions as a percentage of covered-employee payroll	8.32%	9.55%

Notes to Schedule

Valuation date: 6/30/2016

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Level percentage of payroll for total unfunded actuarial accrued liability
Remaining amortization period	30 years (rolling)
Asset valuation method	Market Value of Assets
Actuarial Assumptions:	
<i>Investment rate of return</i>	7.25%, net of OPEB plan investment expense, including inflation
<i>Payroll growth</i>	3.50%
<i>Other assumptions</i>	Same as those used in the June 30, 2016 GASB 43 actuarial valuation dated February 9 2016.

* Fiscal year 2018 was the 1st year of implementation, therefore only two years are shown.

**Sonoma County Agricultural Preservation and
Open Space District
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Governmental Fund
For the Fiscal Year Ended
June 30, 2018**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
Revenues				
Contributions from Open Space Special Tax Account	\$ 33,361,586	\$ 33,361,586	\$ 17,160,360	\$ (16,201,226)
Grants and contributions:				
State of California	2,000,000	2,000,000	8,741	(1,991,259)
Federal	2,000,000	2,000,000	238,008	(1,761,992)
Donations	750,000	750,000	30,525	(719,475)
Interest on pooled cash	50,000	50,000	80,492	30,492
Miscellaneous	10,000	10,000	224,465	214,465
Total revenues	<u>38,171,586</u>	<u>38,171,586</u>	<u>17,742,591</u>	<u>(20,428,995)</u>
Expenditures				
Current:				
Salaries and employee benefits	4,298,999	4,298,999	3,735,872	563,127
Services and supplies	5,178,980	7,401,310	6,414,633	986,677
Contribution to other governments	3,531,270	4,345,775	2,620,325	1,725,450
Capital Outlay:				
Land and easements	24,288,124	24,288,124	7,252,166	17,035,958
Buildings and improvements	832,500	1,026,451	372,771	653,680
Machinery and equipment	45,000	45,000	28,172	16,828
Preacquisition costs	-	-	392,181	(392,181)
Encumbrances	-	(3,509,503)	(4,180,789)	671,286
Total expenditures	<u>38,174,873</u>	<u>37,896,156</u>	<u>16,635,331</u>	<u>21,260,825</u>
Excess of revenues over expenditures	<u>(3,287)</u>	<u>275,430</u>	<u>1,107,260</u>	<u>831,830</u>
Other financing sources (uses)				
Sale of capital asset	-	-	5,405	(5,405)
Transfers In	20,880	20,880	20,727	(153)
Transfers out	(17,590)	(17,590)	(17,590)	-
Total other financing sources (uses)	<u>3,290</u>	<u>3,290</u>	<u>8,542</u>	<u>(5,558)</u>
Net change in fund balances	3	278,720	1,115,802	837,388
Fund balance - beginning of year	6,857,150	6,857,150	6,857,150	-
Fund balance - end of year	<u>\$ 6,857,153</u>	<u>\$ 7,135,870</u>	<u>\$ 7,972,952</u>	<u>\$ 837,388</u>

The accompanying notes are an integral part of these financial statements.

**Sonoma County Agricultural Preservation
and Open Space District
Notes to Required Supplementary Information
For the fiscal year ended June 30, 2018**

NOTE 1 – Supplementary Notes

A. Budgetary Information

Budgetary revenue estimates represent original estimates modified for any authorized adjustment which was contingent upon new or additional revenue sources. Budgetary expenditure amounts represent original appropriations adjusted by budget transfers and authorized appropriation adjustments made during the year. All budgets are adopted on a non-GAAP basis. The District's final budgetary information was amended during the year by resolution of the Board of Directors.

B. Encumbrances

The District has unexpended encumbrances of \$4,180,789 at June 30, 2018. These encumbrances represent commitments by the District for services related to the acquisition of land and easements and the stewardship of District owned properties.

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Other Supplementary Information

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Sonoma County Ag Preservation and Open Space District
Schedule of Interests in Land
June 30, 2018

<u>Date of Original Acquisition</u>	<u>Property Name</u>	<u>Property Address or Location</u>	<u>Current Interest</u>	<u>Asset Value (1)</u>
5/14/1992	Marty	Meacham Hill Penngrove, CA Olsen Lane (-06), Orchard Lane (-08)	Conservation Easement	\$503,639.00
Total Fiscal Year 1991-92				503,639.00
3/8/1993	Cloudy Bend	5070 Lakeville Hwy. Petaluma, CA Note: Coastal Conservancy granted \$350,000	Conservation Easement	102,607.50
5/25/1993	Sebastopol Railroad Forest	Portion of Railroad Right-of-Way Sebastopol, CA	Conservation Easement	21,313.75
Total Fiscal Year 1992-93				123,921.25
7/27/1993	Doerksen	7125 St. Helena Road Santa Rosa, CA	Conservation Easement	109,936.25
8/31/1993	Alba Lane	4260 Alba Lane Santa Rosa, CA	Conservation Easement	300,707.90
9/14/1993	White	4205 Coffey Lane & 188 E. Fulton Road Santa Rosa CA	Conservation Easement	454,494.25
9/14/1993	St. Francis Vineyards	Hwy 12 at Adobe Canyon Road Kenwood, CA	Conservation Easement	886,327.11
9/14/1993	Vasila	6018 Bloomfield Road Petaluma, CA	Conservation Easement	128,158.49
9/21/1993	Brown	374 Horn Avenue Santa Rosa, CA	Conservation Easement	197,865.52
10/19/1993	Burns	2505 & 2245 Spring Hill Road West Petaluma, CA	Conservation Easement	431,371.80
4/12/1994	St. Luke's	4111 Old Redwood Hwy. Santa Rosa, CA	Conservation Easement	342,602.58
6/14/1994	Cotati Highlands	1300 W. Sierra Avenue 10 Summit Grade Road 333 & 335 Pine Grove Road Stony Point Road Cotati, CA	Conservation Easement	2,089,204.35
6/14/1994	Dougan	5510 Bloomfield Road Petaluma, CA	Conservation Easement	355,432.90
Total Fiscal Year 1993-94				5,296,101.15
8/22/1994	Lorenzini Property	22477 Koftinow Drive Timber Cove, CA	Conservation Easement	520,058.72
9/1/1994	De Loach Property	10540 Los Amigos Road Healdsburg, CA	Conservation Easement	540,448.31
9/1/1994	Ziedrich Property	10536 Los Amigos Road Healdsburg, CA	Conservation Easement	144,332.50
9/2/1994	San Francisco Archdiocese	4547 Whistler Avenue Santa Rosa, CA	Fee Title	150,883.48
9/15/1994	Ratchford Property	Fitch Mountain Healdsburg, CA	Conservation Easement	1,042,247.84
12/16/1994	Pieter Myers	19999 Coleman Valley Occidental, CA	Conservation Easement	108,273.75
12/30/1994	Mayacama Valley Partners National Audobon Society	Juncture of Alexander Valley & Knights Valley vicinity of Pine Flat Road	Conservation Easement	722,972.50
2/2/1995	Fox Healdsburg Ridge	Poppy Hill & El Arroyo Healdsburg, CA	Conservation Easement	154,938.53
2/2/1995	Diggers Bend	Poppy Hill & El Arroyo Healdsburg, CA	Conservation Easement	305,304.99
4/28/1995	Stony Point Ranch	6700 Gravenstein Hwy Cotati, CA	Conservation Easement	485,867.56

<u>Date of Original Acquisition</u>	<u>Property Name</u>	<u>Property Address or Location</u>	<u>Current Interest</u>	<u>Asset Value (1)</u>
5/23/1995	Haroutunian South	200 Scenic Avenue Rohnert Park, CA	Fee Title	185,811.01
5/31/1995	Graton Right of Way	Occidental Road to Grey Street near Graton, from Graton Road to Green Valley Road, and from point south of Ross Station to Key Lane	Conservation Easement	174,356.00
6/15/1995	Carinalli	2900 Llano Road Santa Rosa, CA	Conservation Easement	768,149.66
6/30/1995	Lang Property	3115 Porter Creek Road Santa Rosa, CA	Conservation Easement	1,259,634.28
Total Fiscal Year 1994-95				6,563,279.13
9/7/1995	Silberstein	5531 Kay Drive Santa Rosa, CA	Conservation Easement	204,853.49
9/15/1995	Dutton	8610, 8611 Oak Grove Avenue Graton, CA	Conservation Easement	325,361.33
9/22/1995	Freiberg	2400 Sobre Vista Road Sonoma, CA	Conservation Easement	959,704.37
9/22/1995	Henshaw	2400 Sobre Vista Road Sonoma, CA	Conservation Easement	314,798.00
11/15/1995	Silacci Dairy	4170 Lakeville Hwy Petaluma, CA	Conservation Easement	503,777.62
12/12/1995	Nicholas Turkey Farms	2676 Napa Road Sonoma, CA	Conservation Easement	1,412,600.78
1/3/1996	Santa Angelina Ranch/ Mcmicking	12629 Hwy 128 Knights Valley, CA	Conservation Easement	1,743,230.11
1/8/1996	McCormick Ranch	Langtry Road St. Helena, CA	Conservation Easement	1,712,147.95
1/19/1996	Matteri	3820 Petaluma Hill Road Santa Rosa, CA	Conservation Easement	401,535.50
3/29/1996	Moon Ranch - Pfendler	3268 Old Adobe Road Petaluma, CA	Conservation Easement	1,439,122.93
4/3/1996	Unity Church Property	4351 Old Redwood Hwy. Santa Rosa, CA	Conservation Easement	422,523.92
4/10/1996	Anderson	North Cloverdale on Russian River	Conservation Easement	228,004.76
5/3/1996	Palm Terrace	City limits of Sebastopol west edge of Laguna de Santa Rosa	Conservation Easement	913,432.35
5/24/1996	Mickelsen	Mecham and Pepper Roads Northwest of Petaluma, CA	Conservation Easement	677,379.69
5/30/1996	Alman Marsh	East of Hwy 101 between Marina and former city landfill	Conservation Easement	60,991.25
6/7/1996	Herzog (Sleepy Hollow)	Mecham and Pepper Roads Northwest of Petaluma, CA	Conservation Easement	997,397.59
Total Fiscal Year 1995-96				12,316,861.64
7/5/1996	Treadwell	31820 McCray Road Cloverdale, CA	Conservation Easement	105,027.50
7/23/1996	Knudtsen	3150 Robler Road Petaluma, CA	Conservation Easement	428,244.26
9/4/1996	Guttman (Lang)	13000 Los Amigos Road Healdsburg, CA (NW of Poerter Creek Road / Franz Valley Road)	Conservation Easement	406,196.85
9/26/1996	Callahan (Raja Dev.)	North of Highland Circle / East of Poppy Hill Drive Healdsburg, CA	Conservation Easement	559,332.00
10/14/1996	McNear Peninsula (Lind)	100 East D Street Petaluma, CA	Conservation Easement	192,111.50
12/11/1996	Weston (Sotoyome Highlands)	13000 Los Amigos Road Healdsburg, CA	Conservation Easement	1,667,916.25
4/25/1997	Yee	4871 Redwood Hwy. South Petaluma, CA	Conservation Easement	803,641.36

<u>Date of Original Acquisition</u>	<u>Property Name</u>	<u>Property Address or Location</u>	<u>Current Interest</u>	<u>Asset Value (1)</u>
5/19/1997	Young / Armos	4315 Snyder Lane 4314 Hunter Avenue Santa Rosa, CA	Fee Title	376,574.50
5/29/1997	McCormick Ranch	Los Alamos Road Santa Rosa, CA	Conservation Easement	667,046.44
Total Fiscal Year 1996-97				5,206,090.66
7/23/1997	McCrea	Vigilante Road Glen Ellen, CA	Conservation Easement	1,208,560.80
7/31/1997	Geary	5525 Bennett Valley Road Santa Rosa, CA	Conservation Easement	2,322,335.50
9/5/1997	Hepper	Estero Lane Bodega, CA	Conservation Easement	294,357.05
11/3/1997	Morrison Brothers	5151 Stony Point Road Santa Rosa, CA	Conservation Easement	388,443.93
12/11/1997	Keegan & Coppin	Bennett Valley Road (Vacant Lot) Santa Rosa, CA	Fee Title	558,401.40
1/15/1998	Magers (Gray Creek Portion)	Gray Creek Road / Off Mill Creek Road Healdsburg, CA	Conservation Easement	90,215.51
1/21/1998	Cramer	Hall / Occidental Roads Santa Rosa, CA	Conservation Easement	1,667,016.50
2/17/1998	Stein (Windsor Oaks)	10801, 10806, 10808, 10810, 10900 Hillview Rd / Arata Ln Windsor, CA	Conservation Easement	1,634,576.65
2/20/1998	Aggio	2888 Stony Point Road Santa Rosa, CA	Conservation Easement	494,323.02
2/27/1998	Haroutunian North	Airport Boulevard Santa Rosa, CA	Fee Title	408,311.65
3/11/1998	Gustafsson (Gray Creek Portion)	Gray Creek Road / Off Mill Creek Road Healdsburg, CA	Conservation Easement	143,730.13
4/13/1998	Oken	5057 Petaluma Hill Road Rohnert Park, CA	Fee Title	897,660.30
Total Fiscal Year 1997-98				10,107,932.44
8/4/1998	Dashiell / Molle	Between Santa Rosa and Rohnert Park East side of Petaluma Hill Road	Conservation Easement	336,322.00
8/14/1998	White II	Coffey Lane Santa Rosa, CA	Conservation Easement	241,614.00
9/30/1998	Hafey	Knights Valley along Hwy 128 South of Franz Valley Road	Conservation Easement	910,487.00
12/21/1998	Bath / Watt	Along prominent ridgeline SE of Santa Rosa, on Northern side of Taylor Mountain	Conservation Easement	824,241.00
1/6/1999	Sonoma Developmental Center - Area 1	Sonoma Valley, adjacent to Jack London Park	Conservation Easement	262,705.00
2/4/1999	Monte Rio School	9725 Main Street, south of Monte Rio Community Center	Conservation Easement	197,684.00
4/16/1999	Bodega Bay Firehouse Fire Protection District	Highway One Scenic Corridor	Conservation Easement	53,785.00
4/23/1999	Mazzetta	NW of Petaluma at junction of Pepper Road and Mecham Roads	Conservation Easement	1,000,839.00
4/23/1999	Mom's Beach (Notter Property)	Northwest of Forestville, River Road adjacent to Russian River	Conservation Easement	81,561.00
5/18/1999	Skiles	North of Glen Ellen, adjacent to Jack London State Park	Conservation Easement	646,987.00
6/1/1999	Good (Nathanson Creek)	Park/Sonoma Valley High School	Conservation Easement	101,687.00
6/25/1999	Nahmens	East and West sides of Canfield Road south of Sebastopol, CA	Conservation Easement	1,166,429.00
Total Fiscal Year 1998-99				5,824,341.00
12/23/1999	Nunes	Panorama Drive Santa Rosa, CA	Conservation Easement	987,791.00

<u>Date of Original Acquisition</u>	<u>Property Name</u>	<u>Property Address or Location</u>	<u>Current Interest</u>	<u>Asset Value (1)</u>
1/5/2000	Colliss	Coleman Valley Road Occidental, CA	Conservation Easement	1,049,574.00
1/12/2000	Town of Windsor (Windsor Town Green)	Bell Road Windsor, CA	Conservation Easement	776,816.00
1/19/2000	Matteri	Petaluma Hill Road Santa Rosa, CA	Fee Title	473,128.00
1/21/2000	Mickelsen / Camozzi	Pepper and Walker Roads Sonoma County, CA	Conservation Easement	1,516,125.00
Total Fiscal Year 1999-00				4,803,434.00
9/13/2000	Van Alstyne	Fitzpatrick Lane Occidental, CA	Conservation Easement	1,272,910.00
10/4/2000	Cook	Lichau Road Penngrove, CA	Conservation Easement	1,711,894.00
12/6/2000	Modini	Pine Flat Road Healdsburg, CA	Conservation Easement	1,060,730.00
12/7/2000	Sequeira / Red Hill	Coast Hwy 1 Jenner, CA	Conservation Easement	1,428,759.00
12/29/2000	Solak	Railroad Avenue Forestville, CA	Conservation Easement	176,454.00
5/4/2001	Ho	Petaluma Hill Road Rohnert Park, CA	Fee Title	569,860.00
5/11/2001	Dewar	1660 Estero Lane Bodega Bay, CA	Conservation Easement	291,574.00
5/18/2001	Glen Oaks	Hwy 12 Glen Ellen, CA	Conservation Easement	1,511,825.00
Total Fiscal Year 2000-01				8,024,006.00
12/12/2001	City Farms Laguna De Santa Rosa (Donated)	Geysers Pipeline	Conservation Easement	41,785.00
12/17/2001	Cooley Ranch	Cooley Ranch Road Cloverdale, CA	Conservation Easement	5,887,575.00
1/10/2002	Ielmorini Property	13601 State Hwy 1 Valley Ford, CA	Conservation Easement	1,815,589.00
1/18/2002	Richardson (Cloverdale River Park)	31650 McCray Road Cloverdale, CA	Conservation Easement	65,765.00
1/29/2002	Azevedo Dairy	820 Fallon Road Santa Rosa, CA	Conservation Easement	1,762,344.00
3/20/2002	Morelli Property	500 Morelli Vista Road Santa Rosa, CA	Conservation Easement	2,187,178.00
4/5/2002	Martin Property	Valley Ford Road Petaluma, CA	Conservation Easement	1,610,287.00
4/18/2005	Balletto Ranch	5700 Occidental Road Santa Rosa, CA	Conservation Easement	2,632,820.00
5/3/2002	Bianchi Property	15000 Hwy 1 Valley Ford, CA	Conservation Easement	1,527,517.00
Total Fiscal Year 2001-02				17,530,860.00
7/31/2002	Paulin Creek Property Sass (Chanate Trail)	3100 Chanate Road Santa Rosa, CA	Fee Title	1,615,337.00
8/16/2002	Scott Property	700 Hardin Lane Petaluma, CA	Conservation Easement	3,373,245.00
8/16/2002	Mccullough Property	Mark West Springs Road Santa Rosa, CA	Conservation Easement	2,923,109.00
8/30/2002	Town Of Windsor Keiser Park	630 Windsor River Road Windsor, CA	Conservation Easement	1,149,765.00
9/17/2002	Rigler Property	Coleman Valley Road Bodega, CA	Conservation Easement	875,856.00
10/9/2002	Hanson Aggregates Parcel	7821 Eastside Road Healdsburg, CA	Conservation Easement	4,042,301.00
10/31/2002	Girouard (Cloverdale River Park)	31638 McCray Road Cloverdale, CA	Conservation Easement	22,024.00
12/24/2002	Keen Property	16331 Norrbom Road Sonoma, CA	Conservation Easement	360,566.00

<u>Date of Original Acquisition</u>	<u>Property Name</u>	<u>Property Address or Location</u>	<u>Current Interest</u>	<u>Asset Value (1)</u>
12/27/2002	Prince Memorial Greenway	1000 Second Street Santa Rosa, CA	Conservation Easement	3,080,201.00
12/31/2002	Grossi Property	6300 Petaluma Hill Road Petaluma, CA	Conservation Easement	330,879.00
1/31/2003	Sunset Beach Property	11057 Sunset Avenue Forestville, CA	Conservation Easement	636,915.00
3/11/2003	Asborno Property	16488, 16492 Healdsburg Ave Healdsburg, CA	Fee Title	4,285,288.00
3/25/2003	Johnson Property	7555 Sonoma Highway Santa Rosa, CA	Conservation Easement	3,077,498.00
3/25/2003	Johnson Access Property	7557 Sonoma Highway Santa Rosa, CA	Conservation Easement	1,028,487.00
5/16/2003	Carrington Property	3800, 4000, 4300 & 4500 Hwy One, Coleman Valley Road Bodega Bay, CA	Fee Title	4,882,273.00
5/30/2003	Brayton Property	1797, 1799 Pepper Road Petaluma, CA	Conservation Easement	1,316,268.00
Total Fiscal Year 2002-03				33,000,012.00
7/16/2003	Indian Valley Property	5610 Maryannis Drive Santa Rosa, CA	Conservation Easement	478,043.00
7/31/2003	Connolly Property	27285 Dutcher Creek Road Cloverdale, CA	Conservation Easement	266,505.00
8/13/2003	Jacobs Ranch	5297 Sonoma Mountain Road Santa Rosa, CA	Conservation Easement	4,919,749.00
11/10/2003	Fox Pond Property	16496 Healdsburg Avenue Healdsburg, CA	Fee Title	2,905,833.00
1/29/2004	Skiles Property	6560 Sonoma Mountain Road Santa Rosa, CA	Conservation Easement	224,894.00
2/26/2004	Flocchini Property	7078 Lakeville Highway Petaluma, CA	Conservation Easement	794,322.00
2/27/2004	Petaluma River Marsh Enhancement	Lakeville Highway Petaluma, CA	Conservation Easement	1,105,920.00
4/30/2004	Wilroth Property	Lichau Road Sonoma County, CA	Conservation Easement	2,255,695.00
5/21/2004	Roblar Ranch Property	7175 Roblar Road Petaluma, CA	Conservation Easement	2,292,062.00
5/28/2004	Eliot Property	5850 Grove Street Sonoma, CA	Conservation Easement	17,090.00
Total Fiscal Year 2003-04				15,260,113.00
7/14/2004	Van Hoosear Wildflower Preserve	2290 Grove Street Sonoma, CA	Conservation Easement	5,402,122.00
10/13/2004	Maffia Property	12001 Valley Ford Road Petaluma, CA	Conservation Easement	1,168,446.00
10/21/2004	Sebastopol Skate Park and Community Garden	Laguna Park Way Sebastopol, CA	Conservation Easement	132,176.00
10/22/2004	Beltane Ranch Property	11775 Sonoma Highway Glen Ellen, CA	Fee Title	9,182,041.00
11/2/2004	Dickson Property	7699 Reclamation Road Petaluma, CA	Conservation Easement	4,282,207.00
12/1/2004	Wilroth Property	Lichau Road Sonoma County, CA	Conservation Easement	59,555.00
1/31/2005	Cooper's Grove	5761 Sonoma Mountain Road Santa Rosa, CA	Conservation Easement	4,926,873.00
3/15/2005	Summer Home Park	11453 River Road Forestville, CA	Conservation Easement	399,098.00
5/6/2005	Willow Creek	19100 & 2330 Willow Creek Road 24110 Freezeout Road Sonoma County, CA	Conservation Easement	20,923,138.00
Total Fiscal Year 2004-05				46,475,656.00
9/29/2005	Tolay Lake Ranch	5869 Lakeville Highway Petaluma, CA	Conservation Easement	21,794,852.00

<u>Date of Original Acquisition</u>	<u>Property Name</u>	<u>Property Address or Location</u>	<u>Current Interest</u>	<u>Asset Value (1)</u>
10/7/2005	Lawson Property	6280 Melita Road Santa Rosa, CA	Conservation Easement	1,183,695.00
10/7/2005	Prince Gateway Park (Boyett)	Santa Rosa Creek Santa Rosa, CA	Conservation Easement	420,963.00
12/20/2005	Camp Gualala	27010 Skaggs Spring Road Annapolis, CA	Conservation Easement	894,878.00
12/15/2005	Montini Property	18950 Fifth Street West Sonoma, CA	Conservation Easement	12,687,523.00
12/15/2005	Montini Property	18951 Fifth Street West Sonoma, CA	Conservation Easement	1,350,000.00
1/13/2006	Taylor Mountain Ranch (Russell)	2100 Kawana Terrace Road Santa Rosa, CA	Conservation Easement	18,174,418.00
Total Fiscal Year 2005-06				56,506,329.00
9/8/2006	Crane Property	5900 Petaluma Hill Road Santa Rosa, CA	Conservation Easement	1,112,378.48
8/24/2006	Saddle Mountain Property	Calistoga & Helena Roads Sonoma County, CA	Fee Title	14,714,525.00
7/3/2006	Santa Rosa Creek (3 Bridges)	Santa Rosa, CA	Conservation Easement	7,950.00
6/22/2007	Sonoma Developmental Center - Area 3	14400 Sonoma Highway Sonoma County, CA	Conservation Easement	586,881.00
4/18/2007	Tremari	5767 & 5775 Bloomfield Road Unincorporated Petaluma, CA	Conservation Easement	3,185,447.13
Total Fiscal Year 2006-07				19,607,181.61
6/5/2008	Quailbrook Ranch	6450 Quailbrook Lane Penngrove, CA	Conservation Easement	1,647,162.93
12/31/2007	Hayfork Ranch	5240 St. Helena Road Santa Rosa, CA	Conservation Easement	668,197.58
11/15/2007	Cresta Property	3035 Porter Creek Road Santa Rosa, CA	Fee Title	3,142,034.65
9/28/2007	Poff Property	8000 State Highway 1 Bodega Bay, CA	Fee Title	5,650,183.47
9/28/2007	Clover Springs Property	Skyview Drive Cloverdale, CA	Conservation Easement	7,840,666.65
9/28/2007	Pitkin Marsh Property	4869 North Gravenstein Highway Sebastopol, CA	Conservation Easement	404,855.50
12/21/2007	Roche Property	West Line of Highway 121 Sonoma County, CA	Conservation Easement	2,013,611.24
Total Fiscal Year 2007-08				21,366,712.02
10/14/2008	Greenway	Santa Rosa, CA	Conservation Easement	879,216.91
10/16/2008	Laguna de Santa Rosa Acquisition & Enhancement	Sebastopol, CA	Conservation Easement	688,047.45
10/16/2008	Falletti Ranch	Cotati, CA	Conservation Easement	3,161,087.85
11/14/2008	Occidental Road	Sonoma County, CA	Fee Title	106,442.44
12/30/2008	Sonoma Mountain Ranch (Walsh)	Petaluma, CA	Conservation Easement	10,033,549.19
1/15/2009	Russian Riverkeeper Stewardship Park	Guerneville, CA	Conservation Easement	50,000.00
3/24/2009	North Slope Mtn Trail	Healdsburg, CA	Conservation Easement	2,890.00
4/17/2009	Pacheco Dairy	Petaluma, CA	Conservation Easement	1,530,844.32
5/28/2009	Cooke Ranch	Sonoma, CA	Conservation Easement	1,056,593.87
6/30/2009	Gilardi Ranch	Bodega, CA	Conservation Easement	1,654,816.16

<u>Date of Original Acquisition</u>	<u>Property Name</u>	<u>Property Address or Location</u>	<u>Current Interest</u>	<u>Asset Value (1)</u>
6/30/2009	Petaluma Marsh Improvements	Petaluma, CA	Conservation Easement	816,554.00
Total Fiscal Year 2008-09				19,980,042.19
9/14/2009	McCullough Phase I	Santa Rosa, CA	Fee Title	8,555,047.60
9/16/2009	Patterson Point	Villa Grande, CA	Conservation Easement	122,381.00
9/24/2009	Quinlan / Noonan	Bodega Bay, CA	Conservation Easement	1,893,040.86
9/24/2009	Sittenauer	Sebastopol, CA	Conservation Easement	446,235.89
12/6/2009	Jenner	Jenner, CA	Conservation Easement	39,470,789.00
12/7/2009	Riddel	Healdsburg, CA	Conservation Easement	819,917.00
12/18/2009	Smith Family Ranch	Petaluma, CA	Conservation Easement	2,357,377.00
2/26/2010	Burbank Ave Property	Santa Rosa, CA	Conservation Easement	2,441,637.00
3/30/2010	Danielli Ranch	Santa Rosa, CA	Conservation Easement	1,689,615.61
5/7/2010	Taylor Mountain: Farmers Lane Extension - Sale to City of Santa Rosa	Santa Rosa, CA	Conservation Easement	(211,000.00)
6/29/2010	Crane Home Ranch	Rohnert Park, CA	Conservation Easement	416,630.94
6/30/2010	Bayer Property	Santa Rosa, CA	Conservation Easement	1,336,940.34
6/30/2010	Giorgi Park Rehabilitation	Healdsburg, CA	Conservation Easement	522,062.00
Total Fiscal Year 2009-10				59,860,674.24
7/1/2010	Giorgi Park - Phase 2	Healdsburg, CA	Conservation Easement	728,745.30
3/1/2011	Burbank Ave Educational / Recreation	Santa Rosa, CA	Conservation Easement	3,507,321.39
9/23/2010	Uncle Henry's Ranch	Petaluma, CA	Conservation Easement	1,036,453.24
6/7/2011	Van Steyn	Santa Rosa, CA	Conservation Easement	116,408.22
6/30/2011	Smith Family Ranch	Petaluma, CA	Conservation Easement	300.00
Total Fiscal Year 2010-11				5,389,228.15
7/26/2011	Klesko	Cloverdale, CA	Conservation Easement	1,858,614.96
10/14/2011	Meadowlark Field	Sebastopol, CA	Conservation Easement	4,859.48
11/18/2011	Sonoma Garden Park	Sonoma, CA	Conservation Easement	112,105.93
12/21/2011	Pryor Ranch	Santa Rosa, CA	Conservation Easement	2,718,776.37
5/14/2012	Paula Lane	Petaluma, CA	Conservation Easement	1,081,807.19
5/25/2012	Bordessa Ranch	Valley Ford, CA	Conservation Easement	1,861,639.92
Total Fiscal Year 2011-12				7,637,803.85
5/29/2013	Buckeye Forest	Annapolis, CA	Conservation Easement	5,548,997.72
Total Fiscal Year 2012-13				5,548,997.72
10/28/2013	Forever Forestville	Forestville, CA	Conservation Easement	486,165.17
2/20/2014	Yee	South Petaluma, CA	Conservation Easement	(6,333.99)

<u>Date of Original Acquisition</u>	<u>Property Name</u>	<u>Property Address or Location</u>	<u>Current Interest</u>	<u>Asset Value (1)</u>
4/16/2014	Cresta II	Santa Rosa, CA	Fee Title	434,964.13
5/13/2014	Eliot Trail	Sonoma, CA	Easement	91,816.17
6/26/2014	Pole Mountain	Jenner, CA	Conservation Easement	1,537,299.42
Total Fiscal Year 2013-14				2,543,910.90
7/2/2014	Noth Slope Rem ROW Esmt	Sonoma, CA	Easement	9,000.00
8/12/2014	Haroutunian North	Airport Boulevard Santa Rosa, CA	Fee Title	(34,926.00)
10/21/2014	Curreri	Jenner, CA	Conservation Easement	590,319.31
11/12/2014	Fitch Mountain II	Healdsburg, CA	Conservation Easement	1,851,895.27
Total Fiscal Year 2014-15				2,416,288.58
8/31/2015	Jones Dairy	Penngrove, CA	Conservation Easement	660,767.93
11/18/2015	Kashia Coastal Reserve	Sonoma Coast, CA	Conservation Easement	2,847,896.49
12/24/2015	Estero Ranch	Bodega Bay, CA	Conservation Easement	1,993,008.14
4/8/2015	Colgan Creek	Santa Rosa, CA	Conservation Easement	467,940.00
4/15/2016	Rancho Mark West	Santa Rosa, CA	Conservation Easement	301,465.43
5/9/2016	Sebastopol Skategarden Extension	Sebastopol, CA	Conservation Easement	19,678.17
Total Fiscal Year 2015-16				6,290,756.16
4/8/2015	Colgan Creek CE Adjustment	Santa Rosa, CA	Conservation Easement	46,086.28
11/8/2016	Petaluma Community Fields	Petaluma, CA	Conservation Easement	21,248.28
1/13/2017	Stewart's Point	Sonoma, CA	Conservation Easement	6,181,221.38
4/14/2017	Howlett Forest	Annapolis, CA	Conservation Easement	6,237,505.21
Total Fiscal Year 2016-17				12,486,061.15
12/15/2017	Hansen Ranch CE		Conservation Easement	2,018,655.21
6/28/2018	McCullough Fee Phase 2		Fee Title	5,515,936.49
Total Fiscal Year 2017-18				7,534,591.70

Donated Open Space Easements in Prior Fiscal Years (2) 33,242.88

Total Interests in Land and Easements as of June 30, 2018 \$ **398,238,067.42**

- (1) Asset value will not always equal the District's contribution. Refer to Note 1-E. to the Basic Financial Statements for detail on asset valuation.
- (2) Open Space Easements are properties where the District holds title obtained by donation through the development process. The interests are included in summary as they were determined to not relate to the District's Acquisition Plan implemented in 2006. Individual interests are valued based on the District internal costs of placing the asset in service.

STATISTICAL SECTION

This part of the District's Basic Financial Statements presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District and County's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

Financial Trends

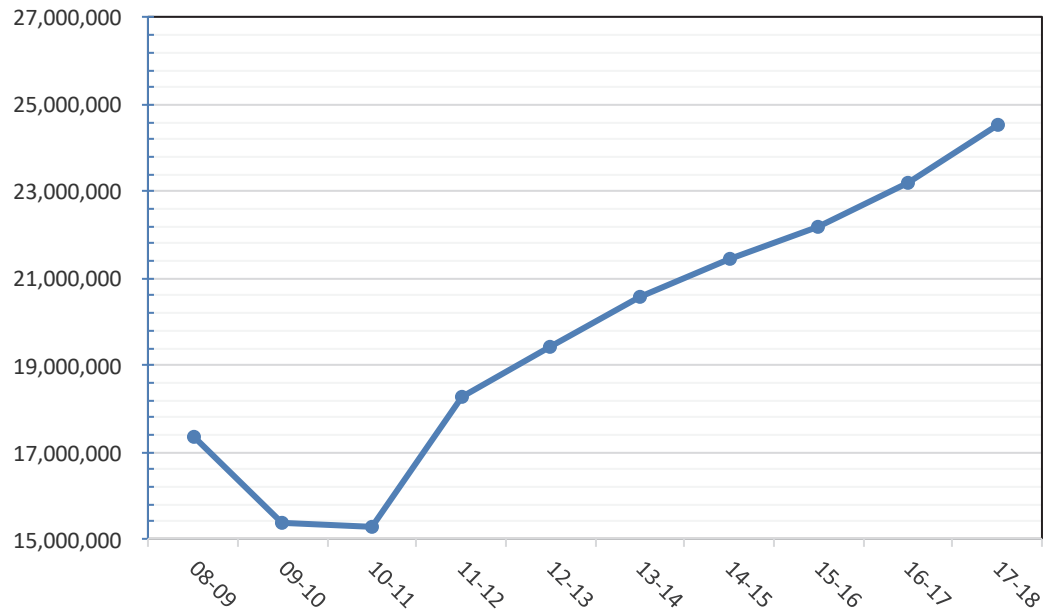
These schedules contain trend information to help the reader understand how the District and County's financial performance and wellbeing have changed over time:

1. Sales Tax Collected in Sonoma County, 1990 Measure C and 2006 Measure F
2. Debt Service Required from the Open Space Special Tax Account, Measure F Bonds
3. Cash Balance in Open Space Special Tax Account

Sonoma County Agricultural Preservation and Open Space District Fiscal Year Ended June 30, 2018

Sales Tax Revenue in Sonoma County 1990 Measure C and 2006 Measure F

Sales Tax Revenue



Fiscal Year	Sales Tax Revenue
2009	\$ 17,359,171
2010	15,348,517
2011	15,278,741
2012	18,260,198
2013	19,443,954
2014	20,557,321
2015	21,452,209
2016	22,203,169
2017	23,189,660
2018	24,543,602

Sonoma County Agricultural Preservation and Open Space District

Fiscal Year Ended June 30, 2018

Debt Service Required for the Open Space Special Tax Account Measure F Bonds

Fiscal Year	Total Debt Service
2019	\$ 7,505,500
2020	7,506,125
2021	7,501,750
2022	7,501,625
2023	7,504,750
2024	6,549,750

Cash Balance in Open Space Special Tax Account Last Five Years

Fiscal Year	OSSTA Cash Balance
2014	\$ 69,027,266
2015	71,595,724
2016	52,958,777
2017	53,265,994
2018	53,918,368

Cash Balance in IPAO&M Fund Last Five Years

Fiscal Year	IPAO&M Cash Balance
2014	\$ 434,348
2015	2,790,200
2016	3,781,199
2017	5,201,322
2018	6,689,898

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**INDEPENDENT AUDITOR'S 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***

To the Board of Directors
Sonoma County Agricultural Preservation and Open Space District
Santa Rosa, 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 basic financial statements of the Sonoma County Agricultural Preservation and Open Space District, as of and for the year ended June 30, 2018 and the related notes to the financial statements, and have issued our report thereon dated October 22, 2018.

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*.

We have also issued a separate Memorandum on Internal Control dated October 22, 2018 which is an integral part of our audit and should be read in conjunction with this report.

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.



Pleasant Hill, California
October 22, 2018