



AG + OPEN SPACE

SONOMA COUNTY

SONOMA COUNTY OPEN SPACE FISCAL OVERSIGHT COMMISSION

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Jeff Owen (Alternate)

TENTH ANNUAL REPORT

December 15, 2022

Board of Directors

Sonoma County Agricultural Preservation and Open Space District

575 Administration Drive

Santa Rosa, CA 95403

Dear Board Members,

This letter constitutes the Fiscal Oversight Commission's ("Commission") Tenth Annual Report as required by Board of Supervisors' Resolution No. 10-0832 dated December 7, 2010. The report covers the period from July 1, 2021 to June 30, 2022.

This report was approved by the Commission at its meeting held on December 15, 2022.

Respectfully submitted,

Ariel Kelley (Dec 30, 2022 23:04 PST)

Ariel Kelley

Sonoma County Open Space Fiscal Oversight Commission Chair

cc: **Ms. Misti Arias** Sonoma County Agricultural Preservation and Open Space District General Manager

Mr. Erick Roeser Sonoma County Auditor-Controller Treasurer-Tax Collector

Mr. Robert Pittman Sonoma County Counsel

Ms. Sheryl Bratton Sonoma County Administrator

Executive Summary

During this reporting period the Commission has received no information of any transfer of funds other than for the reasonable value of goods and services provided by the County to Sonoma County Agricultural Preservation and Open Space District ("District"), and no Measure F funds were directly or indirectly appropriated or transferred to the County's General Fund for other than reasonable value of goods and services.

After review of audit reports and agreements on the District's expenditures for operations and maintenance on recreational properties, it appears the District is in compliance with the expenditure plan and Resolution 16-0040. The Commission has also determined that the District is continuing to utilize the County's procurement practices, and is in compliance with Generally Accepted Accounting Principles (GAAP) regarding procurement.

Background

Following the voters' approval of Measure F in 2006, the Board of Supervisors reorganized the Sonoma County Open Space Authority into the current Commission effective April 1, 2011. As part of that reorganization, the Commission is required to perform certain fiscal oversight duties with respect to the use of funds held in the County's Open Space Special Tax Account, and to review and comment on the District's annual audit as set forth in Resolution No. 10-0832.

The Commission's Tenth Annual Report to the District's Board of Directors on the Commission's actions in performing its assigned tasks are as follows:

Commission's Tenth Annual Report

A. Role of Commission

In conjunction with the periodic audits of the District, the Commission shall serve as an audit committee in order to determine: (1) that no Measure F funds are directly or indirectly appropriated or transferred to the County's General Fund for other than reasonable value of goods and services, (2) that District's expenditures for operations and maintenance on recreational properties are in compliance with the expenditure plan and Resolution 16-0040, Initial Public Access Operations and Maintenance (IPAOM) Policy adopted February 2, 2016, and (3) determine whether or not the District's procurement practices assure that it is paying reasonable prices for appropriate goods and services and providing sufficient detail to provide an audit trail.

1. Transfer of funds and reasonable value of goods and services

During this reporting period, the Commission's Annual Report/Audit Review subcommittee met as needed to review the reports issued by the District's external audit firm, Maze and Associates, and the Sonoma County Auditor-Controller-Treasurer-Tax Collector's office.



The reports reviewed were for the fiscal year ending June 30, 2022 and included audited Basic Financial Statements, the Independent Accountant's Report on Applying Agreed upon Procedures for IPAOM related transactions, the Memorandum on Internal Control and Required Communications, and the Measure F Government Code Section 50075.3 Reporting. These reports are available on the District's website using the links at the end of this report (links 3,4,5).

To date, the Commission has received no information of any such transfer of funds other than for the reasonable value of goods and services provided by the County to the District.

2. Initial Public Access Operations and Maintenance Expenditures

The Commission is required to review District Initial Public Access- Operations and Maintenance expenditures for compliance with the 2006 Expenditure Plan and the District's implementing policies. Over the past several years, the process for recording and reviewing these expenditures has been enhanced. The Commission participated in the development of the District processes, as well as in the development of the policy adopted by the District's Board on February 2, 2016. For Fiscal Year 2021-22 Maze & Associates, the District's independent auditing firm, conducted a transaction review, involving expenditures coded to the operations and maintenance fund, and eighteen (18) transfer agreements between the District and the entity receiving the transferred property. The Initial Public Access Operation and Maintenance (IPAOM) review was completed on October 20, 2022. There were no findings nor any communications indicating that there were any concerns regarding the accuracy of the staff account coding for invoices or timecards. The District provides on-going account coding instruction to staff to ensure that these expenditures, and all others, are coded correctly.

3. Procurement Practices

The commission reviewed the Memorandum on Internal Control and Required Communications issued by Maze & Associates for the Fiscal Year 2021-22, which did not report any material weaknesses or deficiencies identified during the audit regarding procurement practices or other material processes. The District's practice is to follow the County's procurement practices. The Commission has determined that the District is continuing to utilize the County's procurement practices. The General Manager is satisfied that the practice meets the District's needs.



B. Respond to requests from the Board of Directors for Advice

During this report period, there were no requests for advice from the District Board. The Commission has received and dealt with the following matters as requested by the District's General Manager. Following is a summarization of the activities addressed by the Commission during this reporting period. Appraisal Reviews are shown in Task F below.

August 5, 2021:

- Creation of Acquisition Subcommittee
- Presentation of Vital Lands Network

October 19, 2021:

- Review and approval that the acceptance of the fee interest in the Paulin Meadow (Parcel J) property satisfies the fair market value standard

December 2, 2021:

- Review and approval of the Annual Audit for Fiscal Year 2021-22

February 3, 2022:

- Presentation of Organizational Priorities and Draft Evaluation Criteria
- Review of Rules of Governance

March 3, 2022:

- Review and approval that the acceptance of the acquisition price for the conservation easement and recreation covenant to be secured by the District as a condition of the Matching Grant to the City of Sebastopol for the Americorps Trail Project does not exceed fair market value

For more details of the Commission's effort on the above matters, please refer to the Commission's meeting agendas and minutes. A link is provided at the end of this report. (link 6)



C. Preview District Borrowing Transactions

For this reporting period, there were no borrowing transactions to preview.

D. District's Annual Audit

The Commission's Audit Report Review Committee examined the District's Fiscal Year 2021-22 Audit Report as prepared by Maze & Associates. As part the refunding of the Measure F Sales Tax Revenue Bonds in Fiscal Year 2015-16, the strategy proposed by the Commission to use the existing Stewardship Reserve Fund, and other funds to pay down bond principal, shorten the term, and fund the Stewardship Reserve fund at the end of the debt issue was implemented. During this reporting period the Commission discussed the need to continue to document the original intent of the change in term and principal amount for the purpose of funding the Stewardship Reserve fund at the end of the debt issue. The audited financial statements continue to discuss details of the strategy in NOTE 5 of the Annual Audited Financial Statements, as does the monthly internal financial statements.

E. Appraisal Review

During the term of this report the Commission reviewed the following real property appraisals for compliance with the District's Appraisal Guidelines and Standards and, when appropriate, reported its comments to the District's General Manager for consideration by the Board of Directors:

- El Recreo Conservation Easement (October 7, 2021)
- Pauling Meadow (Parcle J) Conservation Easement (October 7, 2021)
- Mark West Wikiup Conservation Easement and Recreation Covenant (March 3, 2022)

This report was approved by the Commission at its meeting held on December 15, 2022.



F. Annual Report to the Board of Directors

This report documents review, comments and endorsement of (1) the District's annual audit (2) the County Auditor's Annual Report on the Activities of the District (Government Code §50075.3), (3) administration of the Stewardship Reserve Fund and (4) comments on other matters regarding the District's compliance with Measure F.

1. As discussed throughout this report, the Commission did participate in the selection of the District's external auditor and has reviewed and commented on the District's Basic Financial Statements, Memorandum on Internal Control and Agreed Upon Procedures relating to Initial Public Access Operations and Maintenance (IPAOM) transactions. For the fiscal year ending June 30, 2022 there were no findings or recommendations from the audit firm Mazand Associates regarding District accounting, financial reporting, or internal control processes.
2. As of the date of this report, District staff in conjunction with the Sonoma County Auditor prepared the report for the period ending June 30, 2022. The Commission's Annual Report/Audit Report Review Committee reviewed the report and is satisfied that it summarizes the Measure F annual sales tax revenue and allowable expenditures, and pending project status.
3. Regarding the Stewardship Reserve Fund, as part of the Measure F Bond Refunding there are presently no funds in the Stewardship Reserve Fund: As discussed previously, and detailed in Note 10 of the District's annual financial reports, the Commission is currently reviewing the model for calculating the Stewardship Reserve Fund requirement, and has recommended replenishing the fund at the end of the funded debt or earlier.
4. To date, no information has come to the attention of the Commission showing non-compliance with Measure F.



Links:

1. BOARD OF SUPERVISORS' MEETING MINUTES FROM DECEMBER 7, 2010

<https://www.sonomaopenspace.org/wp-content/uploads/2015/05/Board-Reso-10-0832.FOC-Role-Responsibilities.pdf>

2. RESOLUTIONS 10-0832, 10-0833, 10-0834

<http://sonoma-county.granicus.com/MetaViewer.php?view%20id=2&clip%20id=130&meta%20id=41975>

3. SONOMA COUNTY AGRICULTURAL PRESERVATION AND OPEN SPACE DISTRICT'S BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

<https://www.sonomaopenspace.org/wp-content/uploads/SCAPOS-D-BFS-2022-Final-11.2.22.pdf>

4. SONOMA COUNTY AGRICULTURAL PRESERVATION AND OPEN SPACE DISTRICT MEMORANDUM ON INTERNAL CONTROL AND REQUIRED COMMUNICATIONS FOR THE FISCAL YEAR ENDING JUNE 30, 2022

<https://www.sonomaopenspace.org/wp-content/uploads/SCAPOS-D-MOIC-FY-22.pdf>

5. INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED UPON PROCEDURES FOR SONOMA COUNTY AGRICULTURAL PRESERVATION AND OPEN SPACE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2022

<https://www.sonomaopenspace.org/wp-content/uploads/SCAPOS-D-AUP-IPAOM-FY22.pdf>

6. SONOMA COUNTY OPEN SPACE DISTRICT FISCAL OVERSIGHT COMMISSION'S ROLE, RULES OF GOVERNANCE, MEETING AGENDAS & MINUTES

<http://www.sonomaopenspace.org/who-we-are/board-and-advisors/fiscal-oversight-commission/>

7. OFFICIAL STATEMENT COUNTY OF SONOMA MEASURE F SALES TAX REVENUE BONDS ISSUED NOVEMBER 2007

<http://emma.msrb.org/MS61446-MS262167-MD505658.pdf>

8. COUNTY OF SONOMA AGENDA ITEM SUMMARY REPORT ON THE 2007 MEASURE F SALES TAX REVENUE BONDS REFUNDING

http://sonoma-county.granicus.com/MetaViewer.php?view_id=2&clip_id=505&meta_id=162825

9. COUNTY OF SONOMA MEASURE F SALES TAX REVENUE REFUNDING BONDS SERIES 2015 A (LIMITED TAX BONDS -AGRICULTURAL PRESERVATION AND OPEN SPACE)

<http://emma.msrb.org/EA725772-EA569231-EA965212.pdf>

10. SONOMA COUNTY AGRICULTURAL PRESERVATION AND OPEN SPACE DISTRICT'S BOARD OF DIRECTORS' FEBRUARY 2, 2016 MEETING AGENDA ITEM #27 INITIAL PUBLIC ACCESS, OPERATIONS AND MAINTENANCE POLICY@ 1:17 MINUTE MARKER ON MEETING VIDEO

<http://sonoma-county.granicus.com/MediaPlayer.php?view%20id=2&clip%20id=581>

