



AG + OPEN SPACE SONOMA COUNTY

SONOMA COUNTY OPEN SPACE FISCAL OVERSIGHT COMMISSION

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EIGHTH ANNUAL REPORT

December 10, 2020

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") Eighth Annual Report as required by Board of Supervisors' Resolution No. 10-0832 dated December 7, 2010. The report covers the period from April 1, 2019 to June 30, 2020. To date, no information has come to the attention of the Commission showing non-compliance with Measure F.

This report was approved by the Commission at its meeting held on December 10, 2020.

Respectfully submitted,

Bob Anderson (Dec 21, 2020 09:58 PST)

Bob Anderson

Sonoma County Open Space Fiscal Oversight Commission Chair

cc: **Ms. Caryl Hart** Sonoma County Agricultural Preservation and Open Space District Interim 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 the 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.

Our review of audit reports and agreements on the District's expenditures for operations and maintenance on recreational properties finds that 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, regarding its procurement, complies with Generally Accepted Accounting Principles (GAAP).

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

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, 2020 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 link at the end of this document.

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 2019-20 Maze & Associates, the District's independent auditing firm, conducted a transaction review, involving expenditures coded to the operations and maintenance fund, and 11 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 21, 2020. 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 2019-20, 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 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.

April 4, 2019:

- Annual Report/Audit Review subcommittee reviewed draft of 7th Annual Report to Board of Directors
- Review of the District's Stewardship Policy

May 2, 2019:

- Approval of the 7th Annual Report to Board of Directors
- Review of the Matching Grant Program Updates
- Review of Fire Recovery on District properties and easements

June 6, 2019:

- Drone presentation by Sonoma Water and discussion of how drone technology could be used by the District's Stewardship staff

August 8, 2019:

- Creation of Stewardship Reserve Subcommittee

October 3, 2019:

- Review of the Matching Grant Program Updates
- Presentation by Macias, Gini, & O'Connell; recommendation for District to pursue legislation for Stewardship Reserve planning efforts

November 21, 2019:

- Review of the Vital Lands Initiative budget

December 5, 2019:

- Review of the Annual Audit for Fiscal Year 2018-19
- Vital Lands Initiative Presentation & Discussion



December 11, 2019:

- Vital Lands Initiative Presentation & Discussion

January 9, 2020:

- Review of Rules of Governance
- Presentation and discussion of the Taylor Mountain Management Plan

February 6, 2020:

- Fire Recovery Review Subcommittee report
- Stewardship Update discussion

March 5, 2020:

- Fire Recovery Review Subcommittee report
- Stewardship Update discussion

May 21, 2020:

- Review of Torr Initial Public Access, Operation, & Maintenance
- Review of Carrington Coast Ranch Initial Public Access, Operation and Maintenance

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.

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 2019-20 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. Annual Report to the Board of Directors

This report reviews, endorses, and comments on of the following:

- The District's annual audit
 - The County Auditor's Annual Report on the Activities of the District (Government Code §50075.3)
 - Administration of the Stewardship Reserve Fund
 - 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 transactions. For the fiscal year ending June 30, 2020 there were no findings or recommendations from the audit firm Maze and 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, 2020. 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 5 and the monthly internal 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 refunded debt or earlier.
 4. To date, no information has come to the attention of the Commission showing non-compliance with Measure F.



F. 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:

- District offices at 747 Mendocino Blvd. (April 4, 2019; May 2, 2019; June 6, 2019; August 8, 2019)
- Jacobsen Ranches Conservation Easement (August 8, 2019)
- Gloeckner Ranch Conservation Easement (November 21, 2019)
- Taylor Mountain Cooper Creek Addition (November 21, 2019; December 5, 2019)
- Matteri Conservation Easement Amendment (January 9, 2020)
- Torr (April 20, 2020)
- Carrington Coast Ranch Transfer (May 21, 2020)



Links:

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>

RESOLUTIONS 10-0832, 10-0833, 10-0834

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

SONOMA COUNTY AGRICULTURAL PRESERVATION AND OPEN SPACE DISTRICT'S BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<https://www.sonomaopenspace.org/wp-content/uploads/SCAPOS-D-BFS-2020-ADA.pdf>

SONOMA COUNTY AGRICULTURAL PRESERVATION AND OPEN SPACE DISTRICT MEMORANDUM ON INTERNAL CONTROL AND REQUIRED COMMUNICATIONS FOR THE FISCAL YEAR ENDING JUNE 30, 2018

<https://www.sonomaopenspace.org/wp-content/uploads/SCAPOS-D-MOIC-2020-ADA.pdf>

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, 2018

https://www.sonomaopenspace.org/wp-content/uploads/SCAPOS-D-AUP-Report-FY20_ADA.pdf

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/>

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

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

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

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>

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>

