

# SONOMA COUNTY OPEN SPACE FISCAL OVERSIGHT COMMISSION

## COMMISSIONERS

Mike Sangiacomo (Sonoma)  
Todd Mendoza (Petaluma)  
Dee Swanhuysen (Sebastopol)

Bob Anderson (Healdsburg)  
Eric Koenigshofer (Occidental)  
Jeff Owen (Alternate)

Regular Meeting  
747 Mendocino Avenue – Suite 100, Santa Rosa, CA 95401  
January 7, 2016 5:00 pm

## AGENDA

1. Call to Order.
2. Election of Officers. [Minute Order 14]  
Minute Order approving election of officers
3. Agenda Items to be Held or Taken Out of Order; Off-Agenda Items.
4. General Announcements Not Requiring Deliberation or Decision.
5. Public Comment.  
The Brown Act requires that time be set aside for public comment on items not agendized.
6. Correspondence/Communication.
7. Approval of Commission Minutes. [Attachment 1]
8. Financial Report. [Attachment 2]
9. Ad Hoc Committee Reports.
  - Annual Report/Audit Report Review (Anderson, Swanhuysen) – December 8, 2015
  - Investment (Swanhuysen, Owen) – no scheduled meetings
  - Review of County Services (Mendoza, Koenigshofer) – no scheduled meetings
  - Stewardship (Mendoza, Sangiacomo) – no scheduled meetings
  - Operation & Maintenance Transaction Review (Anderson, Koenigshofer) – no scheduled meetings
  - Matching Grant Program (Koenigshofer, Owen) – no scheduled meetings
  - Management Review Recommendations (Koenigshofer, Anderson) – no scheduled meetings
10. Creation of Ad Hoc Committees for 2016 and Assignment of Commissioners.
  - Annual Report/Audit Report Review
  - Investment
  - Review of County Services
  - Stewardship
  - Operation & Maintenance Transaction Review
  - Matching Grant Program
  - Management Review Recommendations
  - Other?

11. **Matching Grant Program Update.**
12. **Suggested Next Meeting.** February 5, 2016
13. **Adjournment.**

In compliance with Government Code §54954.2(a), the Sonoma County Open Space Fiscal Oversight Commission will, on request, make this agenda available in appropriate alternative formats to persons with a disability, as required by Section 202 of the ADA of 1990 (42 U.S.C. §12132), and the Federal rules and regulations adopted in implementation thereof. Individuals who need this agenda in another format or need a disability-related modification or accommodation should contact Sue Jackson at 707.565.7346 at least 72 hours prior to the meeting to ensure arrangements for accommodation. Pursuant to Government Code § 54957.5, a copy of all documents related to an item on this agenda submitted to the Fiscal Oversight Commission may be obtained from the Fiscal Oversight Commission office, 747 Mendocino Avenue, Santa Rosa, CA 95401.

**SONOMA COUNTY OPEN SPACE  
FISCAL OVERSIGHT COMMISSION**

**COMMISSIONERS**

**Mike Sangiacomo (Sonoma)  
Todd Mendoza (Petaluma)  
Dee Swanhuysen (Sebastopol)**

**Bob Anderson (Healdsburg)  
Eric Koenigshofer (Occidental)  
Jeff Owen (Alternate)**

**UNAPPROVED**

**Minutes for Meeting of December 3, 2015**

Commissioners Present: Eric Koenigshofer, Chair (arrived at 5:10 pm); Bob Anderson, Vice Chair; Todd Mendoza; Mike Sangiacomo; Dee Swanhuysen (left at 7:08 pm); Jeff Owen, Alternate.

Staff Present: Bill Keene, General Manager; Mary Dodge, Administrative & Fiscal Services Manager; Sheri Emerson, Program Manager – Stewardship; Sue Gallagher, Counsel; Christine Minkel, Administrative Aide to the Commission; Sue Jackson, Deputy Clerk/Recorder.

Also Present: Deborah L. Rogers, Ph.D., Director of Conservation Science and Stewardship and Michelle Labbé, Conservation Analyst, Center for Natural Lands Management (CNLM)

**1. Call to Order.**

Commissioner Anderson called the meeting to order at 5:02 pm. He welcomed Dr. Rogers and Ms. Labbé.

**2. Agenda Items to be Held or Taken Out of Order; Off Agenda Items.**

There were none.

*Note: Commissioner Koenigshofer chaired the meeting from this point forward.*

**3. General Announcements Not Requiring Deliberation or Decision.**

Mr. Keene made the following announcements:

- The District will take the Sebastopol Skategarden Expansion Matching Grant Program project to the Board of Directors on December 15, 2015. If approved, this action will grant funds to the City of Sebastopol to expand the Skategarden, accept a Recreation Covenant and accept the First Amended and Restated conservation Easement from the City of Sebastopol.
- The District will take the Dickson Ranch: Agreement Regarding Conservation Easement Procedures and Remedies to the Board of Directors on December 15, 2015. If approved, this action will transfer the Dickson Ranch to Federal ownership.
- The District will launch the 2016-2015 Matching Grant Program cycle in January 2016.

- The District will take the Initial Public Access, Operation and Maintenance Policy to the Board of Directors in February 2016.

4. **Public Comment.**

There was none.

5. **Correspondence/Communication.**

Ms. Dodge distributed a written response to the Commission's October 29, 2015 (Attachment 1 - Exhibits A and B)

6. **Approval of Commission Minutes.**

On a motion by Commissioner Anderson and second by Alternate Commissioner Owen, the minutes of November 12, 2015 were approved as submitted, with Commissioner Mendoza abstaining.

7. **Financial Report.**

Ms. Dodge provided a narrative summary and financial reports in the requested categories, downloaded from the County Enterprise Financial System. She noted that the Auditor's Office is researching line item 52160 - Special Departmental Expense. The report shows a negative beginning balance. The District expects to have an explanation from the Auditor's Office for this item in time to report out at the January FOC meeting.

Commissioner Anderson asked for further detail on account 11145 – OSSTA – Measure F fund. Commissioners Koenigshofer and Anderson requested that the monthly reports be in a more summarized format and that Balance Sheets showing fund balances are presented along with Income Statements showing the period's revenue and expense.

8. **Ad Hoc Committee Reports.**

- Annual Report/Audit Report Review (Anderson, Swanhuysen) – The subcommittee will meet on December 8, 2015 at 2:00 pm.
- Investment (Swanhuysen, Owen) – Nothing to report.
- Review of County Services (Mendoza, Koenigshofer) – Nothing to report.
- Stewardship (Mendoza, Sangiacomo) – Nothing to report.
- Operation and Maintenance Transaction Review (Anderson, Koenigshofer) – Nothing to report.
- Matching Grant Program (Koenigshofer, Owen) – Nothing to report.
- Management Review Recommendations (Koenigshofer, Anderson) – Nothing to report.

9. **Stewardship Reserve Calculation.**

Ms. Emerson gave an overview of the Stewardship Reserve Fund Amount Calculation, and introduced Dr. Rogers and Ms. Labbé. They presented CNLM's draft report, "Stewardship Reserve Requirement Review." The report provides "a detailed cost estimate for funds required for the projected District stewardship responsibilities in 2031" and includes a

model whereby the District can make adjustments for expected or actual inflationary effects if necessary. (The draft report is available on the District website and at the District office.)

Based on projections used in the report, a discussion followed on the options the District has on actions necessary to meet the future financial goals, including the following items:

- Alternate Commissioner Owen expressed his concern that the District will be unable to meet its investment goals if it follows the County's investment policy.
- Possible investment options available to special districts.
- The impact of the District's debt pay-down on the model presented.
- The impact of receiving the Land Trust Alliance certification on the District operations, practices and policies.
- Support for specific factors used, e.g., contingency percentage and administrative costs, other expense categories, etc., on which the model is based.
- Suggestions for changes in verbiage, e.g., "litigation expense" vs. "legal expense"

The Commission directed staff (1) to analyze how, using the existing model and current investment policy options, the District can meet its Stewardship responsibilities; (2) to research current legislative guidelines for investment options; (3) to design a "road-map" of what the District needs to do to achieve the financial requirements, based on the model; and (4) to bring its findings back to the Commission at a regular meeting.

Additionally, Commissioner Sangiacomo suggested that the Commission could consider hiring financial consultant to guide the Commission through the process.

10. **Suggested Next Meeting.** January 7, 2016

13. **Adjournment.**

On a motion by Alternate Commissioner Owen and second by Commissioner Sangiacomo, the meeting was adjourned at 7:30 pm, with all in favor.

Respectfully submitted,

Sue Jackson  
Deputy Clerk



**SONOMA COUNTY**  
AGRICULTURAL PRESERVATION  
AND OPEN SPACE DISTRICT

**MEMORANDUM**

**TO:** Fiscal Oversight Commission

**FROM:** Mary Dodge, Administration and Fiscal Services Manager

**DATE:** December 3, 2015

**SUBJECT:** Response to October 29, 2015 Memo Re: IPAOM Expenditure Review

At the October 29, 2015 Fiscal Oversight Commission meeting the Annual Report and Audit Review Subcommittee presented a memorandum regarding the Committee's Review of the Districts FY14/15 Expenditures Applied to the Operations and Maintenance Category. The memo discussed a report generated by the District's external auditors, Maze and Associates where they found the District to be in compliance with Measure F and the two board approved policies on the operations and maintenance category.

The memorandum also provided seven recommendations regarding cost coding of timecards and invoices. As requested, following are the Committee's recommendations and the District's written response to those recommendations:

1. At the next District staff meeting, management is to conduct training on coding of both time cards and invoices stressing the importance of using the two internal tools to scrutinize for cost application to the O&M category (code #71). The tools are known as the "Recreational Land Properties List" and the "Instruction for using the new 8 digit codes for cost accounting."

Response: The training was performed at the November 4, 2015 All Staff meeting and the materials referenced were provided to the FOC in an email dated November 8, 2015.

2. It appears that much effort to review this category falls onto the Stewardship Manager and the Accounting Technician. The committee recommends that their effort continue, but also expand the effort to all District staff with an emphasis on supervisory staff.

Response: During the training it was stressed that anyone approving timecards/invoices should review to the final two digits of our accounts codes so they can determine if they are coded to IPAOM and compare with the list. The new quarterly report will still provide timely information on incorrect approvals and repeat errors will be noticed.

3. For supervisory staff, the District Finance Manager or General Manager should send a semi-annual reminder e-mail regarding the importance of overall time card review with emphasis on the O&M category. Labor is the most expensive District cost and thus, a reminder for supervisory attention to time card review would preserve the integrity of the District's overall cost accounting.

Response: This reminder will happen quarterly as the report is distributed to the managers who will work with any miscoded items, the supervisory staff that did the approval and the staff that did the initial miscoding.

4. As part of orienting a new employee, cost accounting training should be done by the new employee's supervisor. This supervisory task should be added to a checklist related to on-boarding new staff.

Response: We are currently updating our on-boarding checklist and a discussion of the budget and account codes are included in the checklist.

5. When a new property is added to the Recreational Land Properties List, staff should be notified via e-mail and during a staff meeting to remind staff of the importance of accurately coding time cards and invoices.

Response: Currently whenever a new project number is established an email is sent to all staff notifying them of its creation. When a project is established that will be eligible for IPAOM funding a new list will be sent out with the email notification of the new project number.

6. Again, because labor is the most expensive District cost, supervisors should include an evaluation of an employee's understanding of the District's cost coding when conducting an employee's biannual performance evaluation.

Response: Failure to follow District procedures is always considered when employees are given performance evaluations.

7. Once the Board of Directors reviews and approves the comprehensive O&M policy that the District is in process of drafting, the committee recommends that District management prepare a companion reference tool for District staff to use when preparing their time cards and coding invoices.

Response: The District will include the new policy in all training and as a reference for future coding.

## Memo

To: Sonoma County Agricultural Preservation and Open Space District Management Staff

From: Sonoma County Open Space Fiscal Oversight Commission-Annual Report and Audit Review Committee

Regarding: Committee's Review of the District's FY 14/15 Expenditures Applied to the Operations and Maintenance Category

Date: October 29, 2015

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The committee has completed its review of the District's FY 14/15 expenditures that were applied to category "71", the District's internal cost accounting code for the expenses allowable to the Operations and Maintenance category. That review included an independent accountant's review of an expense sample recorded to that category, and a review of six executed agreements between the District and the park operation entities receiving the property (Transfer Agreements). Maze & Associates performed that review and their final report is attached. The review found the District to be in compliance with Measure F and with the two board-approved policies on the operations and maintenance category.

In addition to the Maze review, the Committee reviewed the District's protocols for cost coding of time cards and invoices. To follow are the Committee's recommendations:

1. At the next District staff meeting, management is to conduct a training on coding of both time cards and invoices stressing the importance of using the two internal tools to scrutinize for cost application to the O&M category (code #71). The tools are known as the "Recreational Land Properties List" and the "Instruction for using the new 8 digit codes for cost accounting."
2. It appears that much effort to review this category falls onto the Stewardship Manager and the Accounting Technician. The committee recommends that their effort continue, but also expand the effort to all District staff with an emphasis on supervisory staff.
3. For supervisory staff, the District Finance Manager or General Manager should send a semi-annual reminder e-mail regarding the importance of overall time card review with emphasis on the O&M category. Labor is the most expensive District cost and thus, a reminder for supervisory attention to time card review would preserve the integrity of the District's overall cost accounting.
4. As part of orienting a new employee, cost accounting training should be done by the new employee's supervisor. This supervisory task should be added to a checklist related to on-boarding new staff.
5. When a new property is added to the Recreational Land Properties List, staff should be notified via e-mail and during a staff meeting to remind staff of the importance of accurately coding time cards and invoices.
6. Again, because labor is the most expensive District cost, supervisors should include an evaluation of an employee's understanding of the District's cost coding when conducting an employee's biannual performance evaluation.
7. Once the Board of Directors reviews and approves the comprehensive O&M policy that the District is in process of drafting, the committee recommends that District management prepare a companion reference tool for District staff to use when preparing their time cards and coding invoices.

The committee understands that the District is in process of implementing a quarterly review process for the operations and maintenance expense category. The committee looks forward to hearing the outcome of that new



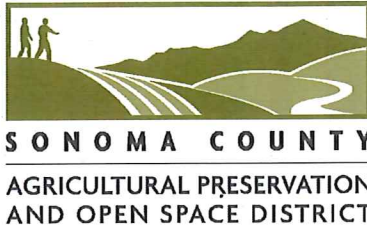
protocol. Additionally, District staff may have ideas of keeping this cost category topical for staff through other protocols or training and the committee request that the Commission is kept apprised of those additional actions.

Attachments:

1. Maze & Associates' Independent Accountant's Report on Applying Agreed Upon Procedures for Sonoma County Agricultural Preservation and Open Space District for the Year Ended June 30, 2015
2. District Board-approved policies; resolutions #07-0666 from August of 2007 and #13-0410 from October of 2013

Resources:

1. Board Resolution 10-0832 from December 7, 2010 – Fiscal Oversight Commission's founding charter.
2. FOC Agenda and Meeting Minutes: <http://www.sonomaopenspace.org/who-we-are/board-and-advisors/fiscal-oversight-commission/>
3. Measure F approved by 75.7% of the Sonoma County electorate on November 7, 2006
4. County of Sonoma's Auditor Controller's April 7, 2014 limited review of the District's reporting process for the period of July 1, 2007 thru June 30, 2013
5. District's Recreational Land Properties List for those properties eligible for expenses in the O&M category supplied by the District Finance Manager on 10/2/15
6. District's coding reference tool for cost accounting at the District - all costs; not just O&M (suffix #71 identifies a cost to the O&M category) supplied by the District Finance Manager on 10/2/15 and titled, "Instruction for using the new 8 digit codes for cost accounting"



## MEMORANDUM

**TO:** Fiscal Oversight Commission

**FROM:** Mary Dodge, Administration and Fiscal Services Manager

**DATE:** January 7, 2016

**SUBJECT:** November Financial Reports

Attached are the November 30, 2015 Consolidated Financial reports for both the District's six funds and the County Open Space Special Tax Account (OSSTA). These reports were extracted from the County Enterprise Financial System. Review of these monthly reports show the following items of potential interest:

### District Funds

- Unbudgeted miscellaneous revenue of \$62,219 consists of \$15,616 of a refund from prior year BOD OMB A-87 Charges, \$21,429 received from the Hillick agreement, a \$24,000 contribution from the Nature Conservancy related to carbon mapping and the remainder from a refund from Ricoh for copier payment overcharges.
- Salary savings continue due to vacancies in several programs. Recruitments are underway for two positions.
- The "roll-over" of an encumbrance was the reason for last month's negative balance in account 52162 – Special Department Expense.

### OSSTA Fund

- Sales tax received for the month was \$2,081,500 and year to date is \$5,960,776. Prior year for November was a monthly amount of \$1,957,200 and yearly of \$5,646,014. This is an over 5.5% increase in revenue as compared to this time last year.

ATTACHMENT 2

Sonoma County Agricultural Preservation and Open Space District  
 Consolidated Balance Sheet- District and OSSTA Funds  
 As of November 30, 2015

Account Description	Ending Balance Nov 30th
<b>Assets</b>	
Cash and Investments	\$61,662,812
Accounts Receivable	14,000
Other Current Assets	1,250
Intergovernmental Receivables	86,867
<b>Total Assets</b>	<b>\$61,764,928</b>
<b>Liabilities</b>	
Current Payables	\$46,524
Accrued Exp/Other Current Liab	2,375
Long-Term Liabilities	30,000
<b>Total Liability Accounts</b>	<b>78,899</b>
<b>Fund Balance</b>	
Beginning Fund Balance	
Nonspendable - Prepaid Expenditures	1,250
Restricted - District Activities	90,393,556
Restricted - Encumbrances	3,071,346
<b>Total Beginning Fund Balance</b>	<b>93,466,152</b>
Net YTD (Revenue) Expenditure	31,780,123
<b>Total Fund Balance</b>	<b>61,686,029</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$61,764,928</b>

Note: Does not include General Fixed Asset or General Long Term Debt Account Group balances.

Sonoma County Agricultural Preservation and Open Space District  
 Consolidated District and OSSTA Budget To Actual by Fund - November 30, 2015  
 November 30, 2015

Account Description	Budget	Actual	Encumbrances	Remaining	58% of year
	Final	Year to Date	Year to Date	Balance	Remaining
<b>Revenues</b>					
Tax Revenue	\$22,880,000	\$5,960,776	\$0	\$16,919,224	73.95%
Intergovernmental Revenues	33,019,884	302,563	0	32,717,321	99.08%
Use of Money & Prop	475,000	(123,794)	0	598,794	126.06%
Miscellaneous Revenues	0	62,219	0	(62,219)	0.00%
Other Financing Sources	11,993,342	0	0	11,993,342	100.00%
<b>All Revenues</b>	<b>68,368,226</b>	<b>6,201,764</b>	<b>0</b>	<b>62,166,461</b>	<b>90.93%</b>
<b>Expenditures</b>					
Salaries and Employee Benefits	4,106,741	1,187,710	0	2,919,031	71.08%
Services and Supplies	8,215,462	1,184,826	3,411,788	3,618,848	44.05%
Other Charges	39,886,692	303,368	34,945	39,548,379	99.15%
Capital Expenditures	23,205,182	654,364	493,781	22,057,037	95.05%
Other Financing Uses	49,513,935	34,651,619	0	14,862,316	30.02%
<b>Total Expenditures</b>	<b>124,928,012</b>	<b>37,981,887</b>	<b>3,940,513</b>	<b>83,005,611</b>	<b>66.44%</b>
<b>Net YTD Revenue (Expenditure)</b>	<b>(\$56,559,786)</b>	<b>(\$31,780,123)</b>	<b>(\$3,940,513)</b>	<b>(\$20,839,150)</b>	

Note: Sales tax received by November 2014 was \$5,646,014.

## Sonoma County Agricultural Preservation and Open Space District Cash Balance by Fund - November 30, 2015

Fund Description	Beginning Balance	Debits	Credits	Ending Balance
	Jul 1st 2015	Jul - Nov 2015	Jul - Nov 2015	Nov 30th 2015
OSSTA	\$71,595,724	\$10,278,242	(\$35,943,441)	<b>\$45,930,525</b>
District	5,734,596	678,452	(3,360,859)	<b>3,052,189</b>
Fiscal Oversight Commission	40,917	239	(3,538)	<b>37,619</b>
Stewardship Reserve	10,421,562	17,647	0	<b>10,439,209</b>
Cooley Reserve	160,925	273	0	<b>161,197</b>
Moore Grant	168,215	232	(60,330)	<b>108,116</b>
IPAOM	2,185,619	3,424	(255,087)	<b>1,933,956</b>
<b>Total Measure F Cash in Funds</b>	<b>\$90,307,557</b>	<b>\$10,978,509</b>	<b>(\$39,623,255)</b>	<b>\$61,662,812</b>

Note: Transfer from Stewardship Reserve to OSSTA will be recorded in December.