

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

**ANNUAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2007**



RODNEY A. DOLE
SONOMA COUNTY
AUDITOR-CONTROLLER
TREASURER-TAX COLLECTOR

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

**Annual Report
For the Fiscal Year Ended
June 30, 2007**

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Introduction

The Sonoma County Agricultural Preservation & Open Space District (“the District”) was created in 1990 by a vote of the Sonoma County electorate. The mission of the Sonoma County Agricultural Preservation and Open Space District (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. Since its inception, the District has protected over 72,000 acres or 100 square miles on 152 properties at a cost of \$247 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 a 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.

The 5-member Open Space Authority levies the sales tax and ensures that the District’s open space purchases are consistent with the voter-approved expenditure plan. The Authority currently contracts with the District to acquire open space (planning, appraisal, negotiation and stewardship) and pays directly into escrow for the acquisitions. The District partners with willing landowners, public agencies and non-profit organizations to protect land permanently from being developed, 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.”

Because of the separate powers and revenue sources of the District, 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,

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.

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

when District personnel perform services for the County, the County pays the Agency for those services. Payments are subject to fiscal oversight by the Sonoma County Open Space Authority, 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

⁵ For instance, see Public Resources Section 5540.

RODNEY A. DOLE
AUDITOR-CONTROLLER
TREASURER -TAX COLLECTOR



DONNA M. DUNK
ASSISTANT
AUDITOR-CONTROLLER

ROBERT BOITANO
ASSISTANT
TREASURER

PAM JOHNSTON
ASSISTANT
TAX COLLECTOR / AUDITOR

Board of Directors
Sonoma County Agriculture Preservation and Open Space District
Santa Rosa, CA

Auditor-Controller's Report

We have audited the accompanying basic financial statements of the Sonoma County Agricultural Preservation and Open Space District, (the District), as of and for the year ended June 30, 2007, which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in 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 of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note III.D of the Notes to the Basic Financial Statements, the Auditor-Controller is mandated by various statutes within the California Government Code to perform certain accounting, auditing, and financial reporting functions. These activities, in themselves, necessarily impair the auditor's independence. However, we believe adequate safeguards and divisions of responsibility exist.

In our opinion, except for the effects, if any, of the impairment to auditor independence, the basic financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2007, and the respective changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis (MD&A) on pages 1 through 6 and the budgetary comparison information on page 25 are not a required part of the basic financial statements but are supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management

regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Sonoma County Auditor - Controller

May 16, 2008

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, 2007. We encourage readers to consider the information presented here in conjunction with the District's financial statements (pages 7-12) and the accompanying notes to the basic financial statements (pages 13-25).

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$212,847,987 (net assets). The District reported negative unrestricted net assets of \$(4,020,496) as a result of a timing difference for principle payments due on the Line of Credit with the County of Sonoma's Pooled Investment Fund. A payment in the amount of \$5,010,704 was due June 30, 2007, the District paid off the entire Line of Credit including the payment of \$5,010,704 on November 11, 2007 using proceeds from the Measure F bond issuance.
- The District's total net assets increased by \$18,192,096. The majority of this increase, \$ 17,485,281, is due to contributions from the Open Space Authority for operations, debt service, land and easements.
- As of the close of the current fiscal year, the District's governmental fund reported a negative ending fund balance of \$(2,454,079), a decrease of \$4,930,161, in comparison with the prior year. The decrease in governmental fund balance is the result of the timing difference mentioned above, for principle payments due on the Line of Credit with the County of Sonoma.
- The District's total debt decreased \$3,850,743 or 11 percent during the current fiscal year due to debt service payments and the purchase of Saddle Mountain using the line of credit with County of Sonoma's Pooled Investment Fund.

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 basic 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.

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

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets 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 7 – 8 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 funds are governmental funds.

Governmental funds. 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 uses governmental funds to account 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 for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 9 – 12 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 13 – 25 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$212,847,987 at the close of the most recent fiscal year.

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

Net Assets			
	<u>2007</u>	<u>2006</u>	Increase (Decrease)
Current and other assets	\$ 2,613,169	\$ 2,593,961	\$ 19,208.00
Land and easements	247,149,758	227,542,576	19,607,182
Land and easements, pre-acquisition costs	<u>154,790</u>	<u>490,458</u>	<u>(335,668)</u>
Total assets	<u>249,917,717</u>	<u>230,626,995</u>	<u>19,290,722</u>
Long-term liabilities outstanding	21,964,407	27,195,816	(5,231,409)
Other liabilities	<u>15,105,323</u>	<u>8,775,288</u>	<u>6,330,035</u>
Total liabilities	<u>37,069,730</u>	<u>35,971,104</u>	<u>1,098,626</u>
Net assets:			
Invested in capital assets, net of related debt	215,497,160	192,417,238	23,079,922
Restricted	1,371,323	1,953,594	(582,271)
Unrestricted	<u>(4,020,496)</u>	<u>285,059</u>	<u>(4,305,555)</u>
Total net assets	<u>\$ 212,847,987</u>	<u>\$ 194,655,891</u>	<u>\$ 18,192,096</u>

The balance of the unrestricted net assets is \$(4,020,496) which is the result of a timing difference mentioned above, for principle payments due on the Line of Credit with the County of Sonoma's Pooled Investment Fund.

At the end of the current fiscal year, the District is able to report positive balances in two categories of net assets. In the prior fiscal year, the District reported positive balances in all three categories of net assets.

Governmental activities. Governmental activities increased the District's net assets by \$18,192,096. The majority of this increase, \$17,485,281, is due to contributions from the Open Space Authority for operations, debt service, land and easements.

Changes in Net Assets

	<u>2007</u>	<u>2006</u>	<u>Increase (Decrease)</u>
Revenues:			
Program Revenues:			
Open space preservation	\$ 23,893,689	\$ 29,762,029	\$ (5,868,340)
General Revenues:			
Investment income and other	126,352	77,710	48,642
Miscellaneous	<u>8,502</u>	<u> </u>	<u> </u>
Total revenues	<u>24,028,543</u>	<u>29,839,739</u>	<u>(5,811,196)</u>
 Expenses:			
Program Expenses:			
Open space preservation	<u>5,618,497</u>	<u>4,314,899</u>	<u>1,303,598</u>
 Change in net assets	<u>18,410,046</u>	<u>25,524,840</u>	<u>(7,114,794)</u>
 Net assets, beginning of year	194,655,891	168,994,116	25,661,775
Prior period adjustment	<u>(217,950)</u>	<u>136,935</u>	<u>(354,885)</u>
Net assets, beginning of year, as restated	<u>194,437,941</u>	<u>169,131,051</u>	<u>25,306,890</u>
Net assets, end of year	<u>\$ 212,847,987</u>	<u>\$ 194,655,891</u>	<u>\$ 18,192,096</u>

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental Funds. The focus of the District's governmental funds 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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the District. As of the end of the current fiscal year, the District's governmental funds reported negative ending fund balance of \$(2,454,079), a decrease of \$4,930,161 in comparison with the prior year. \$(4,121,897) is unreserved fund balance. The negative balance is the result of a timing difference for principle payments due on the Line of Credit with the County of Sonoma's Pooled Investment Fund as noted in the

Financial Highlights section above. The remainder of fund balance is reserved for future financing commitments.

General Fund Budgetary Highlights

Material differences between the original budget and the final amended budget can be briefly summarized as follows:

- \$800,000 increase in Contributions to Other Governments to reimburse the Sonoma County Water Agency for costs associated with the Santa Rosa Creek Greenway Three Bridges project.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets, as of June 30, 2007, amounts to \$247,304,548. This investment in capital assets includes land, easements and pre-acquisition costs. The total increase in the District's investment in capital assets for the current fiscal year was \$19,271,514.

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

- During the year, a total of 1,964 acres of land was protected in perpetuity through the acquisition of 5 fee/conservation easements. The acquisitions were financed with Intergovernmental Revenue received from the Sonoma County Open Space Authority and a line of credit with the Sonoma County Treasury.

Additional information on the District's capital assets can be found in Note II.B on page 19 of this report.

Debt administration. At the end of the current fiscal year, the District had total long-term obligations outstanding of \$32,002,482. During the current fiscal year, the District's total long-term obligations decreased by \$3,850,743.

Major debt administration events during the current fiscal year included the following:

- The District purchased land and easements using a \$6,213,000 line of credit with the County of Sonoma's Pooled Investment Fund.
- The District recognized debt service payments in the amount of \$10,021,408 to pay down the line of credit with the County of Sonoma's Pooled Investment Fund.

Additional information on the District's long term debt can be found in Note II.C on page 19 of this report.

Economic Factors and Next Year's Budgets and Rates

- Primary funding for the District comes from the voter approved one quarter percent sales tax imposed by the Open Space Authority. The tax was initially imposed for a period of 20 years ending the first quarter of 2011. In November 2006 the voters passed Measure F, the initiative which extends the tax for another 20 years ending the first quarter of 2031.
- Based on staffing and associated costs for administrative purposes, the budget request is adjusted annually.
- Possible decrease in sales tax revenues would affect funding available for acquisition of interests in land and intergovernmental revenue received from the Open Space Authority.
- As of November 7th 2007 the County issued Measure F Sales Tax Revenue bonds. The proceeds from these bonds have been and will be the primary source of funding until the proceeds have been completely spent. The proceeds are to be spent in advance of any use of sales tax revenues.

All of these factors were considered in preparing the District's budget for the fiscal year ending June, 30, 2008.

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.

**SONOMA COUNTY AGRICULTURAL PRESERVATION AND
OPEN SPACE DISTRICT
Statement of Net Assets
June 30, 2007**

Assets

Cash and investments	\$ 1,212,794
Deposit with others	26,700
Restricted cash	1,373,675
Capital assets	
Land and easements	247,149,758
Land and easements - pre-acquisition costs	<u>154,790</u>
Total assets	<u>249,917,717</u>

Liabilities

Accounts payable	56,544
Due to other governments	5,010,704
Capital lease payable - Due within one year	10,021,409
Notes payable - Due within one year	16,666
Non-current liabilities:	
Compensated absences	161,762
Capital lease payable - Due in more than one year	21,785,979
Notes payable - Due in more than one year	<u>16,666</u>
Total liabilities	<u>37,069,730</u>

Net Assets

Invested in capital assets, net of related debt	215,497,160
Restricted for:	
Capital improvement grants	1,051,034
Debt service	33,332
Cooper's Grove endowment	78,566
Lawson Property capital improvements	104,755
Saddle Mountain endowment	103,636
Unrestricted	<u>(4,020,496)</u>
Total net assets	<u>\$ 212,847,987</u>

The notes to the basic financial statements are an integral part of this statement.

**SONOMA COUNTY AGRICULTURAL PRESERVATION AND
OPEN SPACE DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2007**

Program Expenses

Open space preservation	
Salaries and employee benefits	\$ 1,855,494
Services and supplies	1,507,015
Contribution to other governments	677,561
Debt service - interest	1,570,088
Other financing uses	8,339
	<hr/>
Total program expenses	5,618,497
	<hr/>

Program Revenues

Operating Contributions	
Contributions from other governments - Operations	4,068,840
Contributions from other governments - Land and easements	6,837,639
Contributions from other governments - Debt service	6,578,802
Contributions from other governments - Other	1,584,411
Donations	4,800,000
Rental income	17,535
Other financing sources	6,462
	<hr/>
Total Operating Contributions	23,893,689
	<hr/>
Net program revenues (expenses)	18,275,192
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General Revenues

Investment earnings	126,352
Miscellaneous	8,502
	<hr/>
Total general revenues	134,854
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Change in net assets	<hr/>
	18,410,046
Net assets, beginning of year	194,655,891
Prior period adjustment	(217,950)
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Net assets, beginning of year, as restated	194,437,941
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Net assets, end of year	\$ 212,847,987
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The notes to the basic financial statements are an integral part of this statement.

**SONOMA COUNTY AGRICULTURAL PRESERVATION AND
OPEN SPACE DISTRICT
Balance Sheet
Governmental Fund
June 30, 2007**

Assets

Cash and investments	\$ 1,212,794
Restricted cash	1,373,675
Deposit with others	<u>26,700</u>
Total assets	<u><u>\$ 2,613,169</u></u>

Liabilities and Fund Balance

Liabilities:

Accounts payable	\$ 56,544
Due to other governments	<u>5,010,704</u>
Total liabilities	<u><u>5,067,248</u></u>

Fund balance:

Reserved:

Capital improvement grant	1,051,034
Debt service	33,332
Cooper's Grove endowment	78,566
Lawson Property capital improvements	104,755
Saddle Mountain endowment	103,636
Interest due Open Space Authority	2,352
Encumbrances	294,143
Unreserved	<u>(4,121,897)</u>

Total fund balance	<u><u>(2,454,079)</u></u>
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Total liabilities and fund balance	<u><u>\$ 2,613,169</u></u>
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The notes to the basic financial statements are an integral part of this statement.

**SONOMA COUNTY AGRICULTURAL PRESERVATION AND
OPEN SPACE DISTRICT
Reconciliation of Balance Sheet to Statement of Net Assets
June 30, 2007**

Fund balance - total government funds	\$ (2,454,079)
Amount reported for governmental activities in the statement of net assets is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	247,149,758
Capital asset pre-acquisition costs used in governmental activities are not financial resources and, therefore, are not recorded in the governmental funds.	154,790
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Compensated absences	(161,762)
Capital leases payable	(31,807,388)
Notes payable	<u>(33,332)</u>
Net assets of governmental activities	<u><u>\$ 212,847,987</u></u>

The notes to the basic financial statements are an integral part of this statement.

**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, 2007**

Revenues

Interest on pooled cash	\$ 126,352
Contributions from other governments - Operations	4,068,840
Contributions from other governments - Land and easements	6,837,639
Contributions from other governments - Debt service	6,578,802
Contributions from other governments - Other	1,584,411
Donations	4,800,000
Rental income	17,535
Miscellaneous	8,502
	<u>24,022,081</u>
Total revenues	<u>24,022,081</u>

Expenditures

Current:	
Salaries and employee benefits	1,881,162
Services and supplies	1,490,846
Contribution to other governments	677,561
Debt service:	
Principal	10,038,075
Interest	1,570,088
Capital outlay	19,505,633
	<u>35,163,365</u>
Total expenditures	<u>35,163,365</u>

Excess (deficiency) of revenues over (under) expenditures (11,141,284)

Other Financing Sources (Uses)

Transfers out	(8,339)
Transfers in	6,462
Proceeds from long term debt	6,213,000
Total other financing sources (uses)	<u>6,211,123</u>

Net change in fund balance (4,930,161)

Fund balance, beginning of year 2,476,082

Fund balance, end of year \$ (2,454,079)

The notes to the basic financial statements are an integral part of this statement.

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

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balance of the Governmental Fund to the
Statement of Activities**

For the Fiscal Year Ended June 30, 2007

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

Net change in fund balance - total governmental fund \$ (4,930,161)

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.

Expenditure for land and easements	19,398,152
Expenditure for land and easements pre-acquisition costs	107,481
Expenditure to recognize costs associated with trail feasibility previously recorded as pre-acquisition costs.	(16,169)

The net effect of various transactions involving capital leases and notes payable (i.e. principal payment, accrued interest) is to decrease net assets. 3,825,075

Change in compensated absences reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds. 25,668

Change in net assets of governmental activities \$ 18,410,046

The notes to the basic financial statements are an integral part of this statement.

**SONOMA COUNTY AGRICULTURAL PRESERVATION
AND OPEN SPACE DISTRICT
Notes to the Basic Financial Statements
June 30, 2007**

I. 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 District is governed by the Board of Supervisors of the County of Sonoma, who act ex-officio as the Board of Directors of the District. The District is reported as part of the primary government of the County of Sonoma.

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

Primary financing for the District is by contract with the Sonoma County Open Space Authority (the Authority). 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 Authority entered into a contract on February 4, 1991, which was amended on March 26, 1992. Among other things, the contract requires 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 provides for a three-party escrow with the seller submitting an executed easement agreement in exchange for an agreed upon price, the District taking title to the interest in land and the Authority submitting the purchase price and a proportionate share of the closing costs. Thus, the Authority finances the purchase price and the District takes title to the interest in land.

The District has adopted an acquisition plan and has a staff of eighteen permanent positions. As of June 30, 2007 the District has protected approximately 71,787 acres through conservation or open space easements.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the

**SONOMA COUNTY AGRICULTURAL PRESERVATION
AND OPEN SPACE DISTRICT
Notes to the Basic Financial Statements
June 30, 2007**

District. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a 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. Major individual governmental funds are reported as separate columns in the fund financial statements.

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 collected within 60 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.

Amounts recorded as program revenues include 1) operating grants and contributions and 2) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues.

**SONOMA COUNTY AGRICULTURAL PRESERVATION
AND OPEN SPACE DISTRICT
Notes to the Basic Financial Statements
June 30, 2007**

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

In accordance with GASB Statement No. 31, 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.

2. Capital Assets

Capital assets are recorded at historical costs. Capital assets include non-depreciable land and land easements acquired through purchase or matching grant agreements. The costs of the assets include not only the purchase price of the assets but also associated costs such as legal fees, appraisal fees, negotiation fees and other incidental expenses.

3. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is 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 and retirements.

4. Net Assets

Net assets are classified into three components-invested in capital assets, (net of related debt), restricted and unrestricted. These classifications are defined as follows:

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

**SONOMA COUNTY AGRICULTURAL PRESERVATION
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Notes to the Basic Financial Statements
June 30, 2007**

When both restricted and unrestricted net assets are available, restricted resources are used only after unrestricted resources are depleted.

5. Fund Balance

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. DETAILED NOTES

A. Deposits 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, 2007 is as follows:

Cash in County Treasury	\$ 1,212,644
Restricted cash	1,373,675
Petty cash	<u>150</u>
Total	<u>\$ 2,586,469</u>

Investment in the Sonoma County Treasurer's Investment Pool

The District's cash is pooled with the Sonoma County Treasurer, who acts as a 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). 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 County is allocated quarterly to the appropriate fund based on its respective average daily balance for that quarter. The Treasury Oversight Committee has regulatory oversight for all monies deposited into the Treasury Pool.

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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 capital, liquidity and maximum rate of return. 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 Treasury Pool investment policy is available upon request from the Sonoma County Treasurer at 585 Fiscal Drive, Room 100-F, 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 is 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, 2007, approximately 69 percent of the securities in the Treasury Pool had maturities of one year or less. Of the remainder, only 4 percent had 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.

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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. The California Government Code and the Treasury Pool's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits and securities lending transactions:

- The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by depository regulated under stated law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.
- The California Government Code limits the total of all securities lending transactions to 20% of the fair value of the investment portfolio.

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 2007 Sonoma County CAFR.

**SONOMA COUNTY AGRICULTURAL PRESERVATION
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June 30, 2007**

B. Capital Assets

Capital asset activity for the year ended June 30, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retire- ments</u>	<u>Transfers & Adjustments</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land and easements	\$ 227,542,576	\$ 19,403,530	\$	\$ 203,652	\$ 247,149,758
Land and easements- preacquisition costs	<u>490,458</u>	<u>107,481</u>	<u>(239,497)</u>	<u>(203,652)</u>	<u>154,790</u>
Total land and easements	<u>\$ 228,033,034</u>	<u>\$ 19,511,011</u>	<u>\$ (239,497)</u>	<u>\$ 0</u>	<u>\$ 247,304,548</u>

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 easements category. In the event a property is not acquired, the funds associated with that property will be reclassified to expense.

C. Long-term Debt

Changes in long-term debt

Long term liability activity for the year ended June 30, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Long-term liabilities:					
Notes payable	\$ 49,999	\$	\$ (16,667)	\$ 33,332	\$ 16,666
Capital leases payable	35,615,796	6,213,000	(10,021,408)	31,807,388	10,021,409
Compensated absences	<u>187,430</u>	<u></u>	<u>(25,668)</u>	<u>161,762</u>	<u>0</u>
Total long-term liabilities	<u>\$ 35,853,225</u>	<u>\$ 6,213,000</u>	<u>\$ (10,063,743)</u>	<u>\$ 32,002,482</u>	<u>\$ 10,038,075</u>

**SONOMA COUNTY AGRICULTURAL PRESERVATION
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D. Notes Payable

The District and the Authority have entered into an installment purchase contract for a conservation easement. The District was designated to administer this installment purchase contract. At the close of escrow, the funds for the debt service were transferred to the District.

The annual debt service requirement for Notes Payable is as follows:

Year Ending June 30	Principal	Interest
2008	\$ 16,666	\$ 1,517
2009	16,666	650
Total	\$ <u>33,332</u>	\$ <u>2,167</u>

E. Capital Lease Payable

The District has signed line of credit agreements with the County of Sonoma and the Treasurer-Tax Collector of the County of Sonoma in order to finance the following acquisitions.

Type of Indebtedness (Purpose)	Maturity	Interest Rate	Bi-Annual Principal Installments	Original Issue Amount	Outstanding as of June 30, 2007
Cooper's Grove	12/31/09	varies	506,771	\$ 4,865,000	\$ 2,533,854
Tolay Lake	6/30/10	varies	1,241,778	11,176,018	7,450,679
Lawson	6/30/10	varies	128,889	1,160,000	773,334
Montini	6/30/10	varies	883,334	7,950,000	5,300,000
Taylor Mountain	12/31/10	varies	1,559,598	15,595,982	10,917,188
Saddle Mountain	12/31/10	varies	690,333	6,213,000	4,832,333
Total					\$ <u>31,807,388</u>

**SONOMA COUNTY AGRICULTURAL PRESERVATION
AND OPEN SPACE DISTRICT
Notes to the Basic Financial Statements
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The annual debt service requirement on the outstanding loan is as follows:

Year Ending June 30	Principal	Interest
2008	\$ 10,021,409	\$ 1,482,845
2009	10,021,409	976,063
2010	9,514,638	469,280
2011	2,249,932	57,357
Total	<u>\$ 31,807,388</u>	<u>\$ 2,985,545</u>

F. Intergovernmental Revenue

For the fiscal year 2006/2007, the District received intergovernmental revenue from the Open Space Authority in the amount of \$17,485,281. This total is comprised of \$6,837,639 in financing towards the purchase of land and easements, \$4,068,840 for the administration of the acquisition program, and \$6,578,802 towards debt service payments.

The District also received \$1,584,411 from other governmental agencies towards the purchase and maintenance of land and easements.

G. Donation Revenue

For the fiscal year 2006/2007 the District received donation revenue as follows:

<u>Donor</u>	<u>Property</u>	<u>Value of Donation</u>
Property donations		
Saddle Mountain Ranch Estates Partnership	Saddle Mountain	\$ 4,700,000
Cash and services donation		
Saddle Mountain Ranch Estates Partnership	Saddle Mountain	<u>100,000</u>
	Total donation revenue	<u>\$ 4,800,000</u>

**SONOMA COUNTY AGRICULTURAL PRESERVATION
AND OPEN SPACE DISTRICT
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June 30, 2007**

H. Deficit Fund Balance

The District has reported a negative fund balance of \$2,454,079 at June 30, 2007. The negative fund balance is the result of a timing difference for principle payments due on the Line of Credit with the Sonoma County Treasury. A payment in the amount of \$5,010,704 was due June 30, 2007, the District paid off the entire Line of Credit including the payment of \$5,010,704 on November 11, 2007 using proceeds from the Measure F bond issuance.

III. OTHER INFORMATION

A. Risk Management

The District participates in the County of Sonoma self-insurance program as follows: \$300,000 per occurrence for workers' compensation claims, \$750,000 per occurrence for automobile and general liability claims, \$500,000 per occurrence and any amount in excess of \$10,000,000 per occurrence for hospital malpractice claims occurring prior to March 26, 1996, and \$225,000 per occurrence for health insurance claims with a stop loss coverage up to \$1,000,000 per claim. The County is entirely self-insured for unemployment claims and for long-term disability occurring prior to August 1, 1999.

The County participates in the CSAC Excess Insurance Authority excess liability insurance program. The County is covered under this program for \$750,000 to \$15,000,000 per occurrence for liability claims. Amounts in excess of \$300,000 per occurrence for worker's compensation claims within statutory limits are maintained through participation in the CSAC Excess Insurance Authority-Excess Workers' Compensation Program.

The County maintains "All Risk" coverage for physical loss and damage including flood and earthquake coverage through participation in the CSAC Excess Insurance Authority with the following limits and deductibles: \$400,000,000 limit per occurrence and \$50,000 deductible for "All Risk" and flood, earthquake deductible at \$500,000 per occurrence. Boiler and machinery coverage is included in the All-Risk coverage.

The County pays an annual basic premium for excess coverage and is assessed an annual risk premium based on an actuarial review that estimates each of the

**SONOMA COUNTY AGRICULTURAL PRESERVATION
AND OPEN SPACE DISTRICT
Notes to the Basic Financial Statements
June 30, 2007**

program's participant's ultimate liabilities. Settled claims have not exceeded the commercial coverage in any of the past three fiscal years.

B. Employee Retirement Plan

Plan Description

All full-time employees participate in a cost sharing multiple-employer Defined Benefit Pension Plan (DBPP) and a Post-employment Healthcare Plan (PHP) administered by the Sonoma County Employees' Retirement Association (SCERA). The County of Sonoma is the primary government (employer) for the multiple-employer plans. The SCERA was organized on January 1, 1946, under the provision of the 1937 County Employees Retirement Act, and is financially independent of the County of Sonoma.

DBPP members include all permanent full employees of a participating employer who have been appointed to a permanent position of at least half time. The plan provides benefits as defined by the law upon retirement, death, or disability of members.

In addition to the pension benefits described above, post-retirement health care benefits are provided to all active, covered employees who retire on or after attaining the age of 50 with at least 10 years of service. The employer pays approximately 85% of the health care insurance premium for retirees and their eligible dependents. The retiree can choose one of three health care providers. The employer reimburses a fixed amount per month for Medicare supplement for each retiree aged 65 and over covered under Medicare Parts A and B.

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

Contribution rates for the employers and their covered employees are adopted by the Board of Supervisors upon recommendation by the SCERA Board of Retirement. Pension plan members are required to contribute 5% to 12% of their annual covered salary, depending upon their age of entry into the system. The employer is required to contribute an amount necessary to finance the coverage of their employees through

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periodic contributions at actuarially determined rates. Contributions to the DBPP for the fiscal years ended June 30, 2007, 2006 and 2005 were \$289,923, \$277,945 and \$212,866 respectively.

Post employment healthcare benefits are funded by employer contributions made on a periodic basis. The rate is determined annually by SCERA and approved by the Board of Supervisors. The rate is determined by dividing the estimated annual premium cost by the annual covered payroll. The financial statements of the County of Sonoma (the primary government) contain the financial information for the post-employment benefits, which are not presented here because the District's portion cannot be separated from the whole.

C. Prior Period Adjustment

A prior period adjustment was made to beginning fund balance to adjust for costs associated with the current year acquisitions of land and easements which were expensed in previous years.

D. Auditor Independence

As required by various statutes within the California Government Code, County Auditor-Controllers are mandated to perform certain accounting, auditing and financial reporting functions. These activities, in themselves, necessarily impair the auditor's independence. Specifically, "Auditors should not audit their own work or provide non audit services in situations where the amounts or services involved are significant or material to the subject matter of the audit." Although the office of the Auditor-Controller is statutorily obligated to maintain accounts of departments, districts or funds that are contained within the County Treasury, we believe that adequate safeguards and divisions of responsibility exist. Therefore, we believe that subject to this qualification and disclosure, the reader can rely on the auditor's opinion contained in this report.

E. Subsequent Events

On November 11, 2007 the County of Sonoma issued bonds with a principle amount of \$96,885,000 on behalf of the District as authorized by Measure F. The majority of the proceeds will be applied to finance the acquisition of parkland and other real property interests for the agricultural land use and open space preservation purposes described in the 2006 Expenditure Plan, and to refinance the line of credit with the County of Sonoma.

**SONOMA COUNTY AGRICULTURAL PRESERVATION AND
OPEN SPACE DISTRICT
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budgets and Actual
General Fund
For the Fiscal Year Ended June 30, 2007**

Revenues	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Interest on pooled cash	\$ 52,750	\$ 52,750	\$ 126,352	\$ 73,602
Contrib. from other gov't - Operations	3,845,512	3,845,512	4,068,840	223,328
Contrib. from other gov't - Land	16,070,000	16,070,000	6,837,639	(9,232,361)
Contrib. from other gov't - Debt	12,321,690	12,321,690	6,578,802	(5,742,888)
Contrib. from other gov't - Other	1,000,000	1,000,000	1,584,411	584,411
Donations and miscellaneous	100,000	100,000	4,808,502	4,708,502
Rental income			17,535	17,535
Total revenues	<u>33,389,952</u>	<u>33,389,952</u>	<u>24,022,081</u>	<u>(9,367,871)</u>
Expenditures				
Current:				
Salaries and employee benefits	2,231,485	2,231,485	1,881,162	350,323
Services and supplies	2,481,571	2,481,571	1,784,989	696,582
Contrib. to other governments		800,000	677,561	122,439
Debt service:				
Principal	10,536,972	10,536,972	10,038,075	498,897
Interest	1,803,635	1,803,635	1,570,088	233,547
Capital outlay-Land and easements	27,251,595	27,251,595	19,505,633	7,745,962
Total expenditures	<u>44,305,258</u>	<u>45,105,258</u>	<u>35,457,508</u>	<u>9,647,750</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,915,306)</u>	<u>(11,715,306)</u>	<u>(11,435,427)</u>	<u>279,879</u>
Other financing sources (uses)				
Transfers out	(8,339)	(8,339)	(8,339)	0
Transfers in	13,750	13,750	6,462	(7,288)
Proceeds from long term debt	9,253,000	9,253,000	6,213,000	(3,040,000)
Total other financing sources (uses)	<u>9,258,411</u>	<u>9,258,411</u>	<u>6,211,123</u>	<u>(3,047,288)</u>
Net change in fund balance, budgetary basis	<u>\$ (1,656,895)</u>	<u>\$ (2,456,895)</u>	<u>(5,224,304)</u>	<u>\$ (2,767,409)</u>
Budget adjustments				
Encumbrances			294,143	
Net change in fund balance, GAAP basis			<u>\$ (4,930,161)</u>	

The notes to required supplementary information are an integral part of this schedule.

**SONOMA COUNTY AGRICULTURAL PRESERVATION
AND OPEN SPACE DISTRICT
Notes to Required Supplementary Information
June 30, 2007**

I. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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 budgetary information was amended during the year by resolution of the Board of Directors.

B. Encumbrances

The District has unexpended encumbrances of \$294,143 at June 30, 2007. These encumbrances represent commitments by the District for services related to the acquisition of land and easements and the stewardship of District owned properties.

**SONOMA COUNTY AGRICULTURAL PRESERVATION
AND OPEN SPACE DISTRICT
Schedule of Interests in Land
June 30, 2007**

<u>Date Acquired</u>	<u>Property Name</u>	<u>Property Address Or Location</u>	<u>Total Cost</u>
05/14/1992	Marty Conservation Easement	Meacham Hill, Penngrove Olsen Lane (-06) Orchard Lane (-08)	\$ <u>503,639.00</u>
TOTAL FY 91-92			\$ <u>503,639.00</u>
03/08/1993	Cloudy Bend Conservation Easement	5070 Lakeville Hwy., Petaluma Note: Coastal Conservancy granted \$350,000	\$ 102,607.50
05/25/1993	Sebastopol Conservation Easement	Portion of Railroad Right-of- Way, Sebastopol	<u>21,313.75</u>
TOTAL FY 92-93			\$ <u>123,921.25</u>
07/27/1993	Doerksen Conservation Easement	7125 St. Helena Road Santa Rosa, CA	\$ 109,936.25
08/31/1993	Alba Lane **	4260 Alba Lane Santa Rosa, CA	300,707.90
09/14/1993	White Conservation Easement	4205 Coffey Lane 188 E. Fulton Road Santa Rosa, CA	454,494.25
09/14/1993	St. Francis Conservation Easement	Hwy 12 at Adobe Canyon Road Kenwood, CA	886,327.11
09/14/1993	Vasila Conservation Easement	6018 Bloomfield Road Petaluma, CA	128,158.49
09/21/1993	Brown Conservation Easement	374 Horn Avenue Santa Rosa, CA	197,865.52
10/19/1993	Burns Conservation Easement	2505 & 2245 Spring Hill Road West Petaluma, CA	431,371.80

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Schedule of Interests in Land
June 30, 2007**

<u>Date Acquired</u>	<u>Property Name</u>	<u>Property Address Or Location</u>	<u>Total Cost</u>
04/12/1994	St. Luke's **	4111 Old Redwood Hwy. Santa Rosa, CA	342,602.58
06/14/1994	Cotati Highlands Conservation Easement	1300 W. Sierra Avenue 10 Summit Grade Road 8795 & 8800 Pine Lane 333 & 335 Pine Grove Road Stony Point Road, Cotati, CA	2,089,204.35
06/14/0994	Dougan Conservation Easement	5510 Bloomfield Road Petaluma, CA	<u>355,432.90</u>
TOTAL FY 93-94			\$ 5,296,101.15
08/22/1994	Lorenzini Property	22477 Koftinow Drive Timber Cove, CA	\$ 520,058.72
09/01/1994	De Loach Property	10540 Los Amigos Road Healdsburg, CA	540,448.31
09/01/1994	Ziedrich Property	10536 Los Amigos Road Healdsburg, CA	144,332.50
09/02/1994	San Francisco Archdiocese	4547 Whistler Avenue Santa Rosa, CA	150,883.48
09/15/1994	Ratchford Property	Fitch Mountain Healdsburg, CA	1,042,247.84
12/16/1994	Pieter Myers	19999 Coleman Valley Occidental, CA	108,273.75
12/30/1994	Maacama Valley Partners* National Audubon Society	Juncture of Alexander Valley & Knights Valley vicinity of Pine Flat Road	722,972.50

**SONOMA COUNTY AGRICULTURAL PRESERVATION
AND OPEN SPACE DISTRICT
Schedule of Interests in Land
June 30, 2007**

<u>Date Acquired</u>	<u>Property Name</u>	<u>Property Address Or Location</u>	<u>Total Cost</u>
02/02/1995	Fox Healdsburg Ridge	Poppy Hill & El Arroyo Healdsburg, CA	154,938.53
02/02/1995	Diggers Bend	Poppy Hill & El Arroyo Healdsburg, CA	305,304.99
04/28/1995	Stony Point Ranch	6700 Gravenstein Hwy Cotati, CA	485,867.56
05/23/1995	Haroutunian	200 Scenic Avenue Rohnert Park, CA	185,811.01
05/31/1995	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	174,356.00
06/15/1995	Carinalli	2900 Llano Road Santa Rosa, CA	768,149.66
06/30/1995	Lang Property	3115 Porter Creek Road Santa Rosa, CA	<u>1,259,634.28</u>
TOTAL FY 94-95			\$ <u>6,563,279.13</u>
09/07/1995	Silberstein Conservation Easement	5531 Kay Drive Santa Rosa, CA	\$ 204,853.49
09/15/1995	Dutton Conservation Easement	8610, 8611 Oak Grove Avenue Graton, CA	325,361.33
09/22/1995	Freiberg Conservation Easement	2400 Sobre Vista Road Sonoma, CA	959,704.37
09/22/1995	Henshaw Conservation Easement	2400 Sobre Vista Road Sonoma, CA	314,798.00

**SONOMA COUNTY AGRICULTURAL PRESERVATION
AND OPEN SPACE DISTRICT
Schedule of Interests in Land
June 30, 2007**

<u>Date Acquired</u>	<u>Property Name</u>	<u>Property Address Or Location</u>	<u>Total Cost</u>
11/15/1995	Silacci Conservation Easement	4170 Lakeville Hwy Petaluma, CA	503,777.62
12/12/1995	Nicholas Turkey Farms Conservation Easement	2676 Napa Road Sonoma, CA	1,412,600.78
01/03/1996	Santa Angelina Ranch/ McMicking Conservation	12629 Hwy 128 Knights Valley, CA	1,743,230.11
01/08/1996	McCormick Ranch Conservation Easement	Langtry Road St. Helena, CA	1,712,147.95
01/19/1996	Matteri Conservation Easement	3820 Petaluma Hill Road Santa Rosa, CA	401,535.50
03/29/1996	Moon Ranch – Pfendler Conservation Easement	3268 Old Adobe Road Petaluma, CA	1,439,122.93
04/03/1996	Unity Church Property	4351 Old Redwood Hwy. Santa Rosa, CA	422,523.92
04/10/1996	Andersen Conservation Easement	North Cloverdale on Russian River	228,004.76
05/03/1996 & 05/28/1996	Palm Terrace Conservation Easement	City limits of Sebastopol west edge of Laguna de Santa Rosa	913,432.35
05/24/1996	Mickelsen Conservation Easement	Mecham and Pepper Roads Northwest of Petaluma, CA	677,379.69
05/30/1996	Alman Marsh Conservation Easement	East of Hwy 101 between Marina and former city landfill	60,991.25
06/07/1996	Herzog (Sleepy Hollow) Conservation Easement	Mecham and Pepper Roads Northwest of Petaluma	<u>997,397.59</u>

**SONOMA COUNTY AGRICULTURAL PRESERVATION
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Schedule of Interests in Land
June 30, 2007**

<u>Date Acquired</u>	<u>Property Name</u>	<u>Property Address Or Location</u>	<u>Total Cost</u>
TOTAL FY 95-96			\$ 12,316,861.64
07/05/1996	Treadwell Conservation Easement	31820 McCray Road Cloverdale, CA	\$ 105,027.50
07/23/1996	Knudtsen Conservation Easement	3150 Robler Road Petaluma, CA	428,244.26
09/04/1996	Guttman (Lang) Conservation Easement	13000 Los Amigos Road Healdsburg, CA (NW of Porter Creek Road / Franz Valley Road)	406,196.85
09/26/1996	Callahan (Raja Dev.) Conservation Easement	North of Highland Circle / East of Poppy Hill Drive Healdsburg, CA	559,332.00
10/14/1996	McNear Peninsula (Lind)	100 East D Street Petaluma, CA	192,111.50
12/11/1996	Weston (Sotoyome Highlands) Conservation Easement	13000 Los Amigos Road Healdsburg, CA	1,667,916.25
04/25/1997	Yee Conservation Easement	4871 Redwood Hwy., South Petaluma, CA	803,641.36
05/19/1997	Young/Armos – Fee	4315 Snyder Lane 4314 Hunter Avenue Santa Rosa, CA	376,574.50
05/29/1997	McCormick Ranch	Los Alamos Road Santa Rosa, CA	<u>667,046.44</u>
TOTAL FY 96-97			\$ 5,206,090.66

**SONOMA COUNTY AGRICULTURAL PRESERVATION
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Schedule of Interests in Land
June 30, 2007**

<u>Date Acquired</u>	<u>Property Name</u>	<u>Property Address Or Location</u>	<u>Total Cost</u>
07/23/1997	McCrea	Vigilante Road Glen Ellen, CA	\$ 1,208,560.80
07/31/1997	Geary	5525 Bennett Valley Road Santa Rosa, CA	2,322,335.50
09/05/1997	Hepper	Estero Lane Bodega, CA	294,357.05
11/03/1997	Morrison Brothers	5151 Stony Point Road Santa Rosa, CA	388,443.93
12/11/1997	Keegan & Coppin	Bennett Valley Road (Vacant Lot) Santa Rosa, CA	558,401.40
01/15/1998	Magers (Gray Creek PTN)	Gray Creek Road / Off Mill Creek Road Healdsburg, CA	90,215.51
01/21/1998	Cramer	Hall / Occidental Roads Santa Rosa, CA	1,667,016.50
02/17/1998	Stein	10801, 10806, 10808, 10810, 10900 Hillview Rd / Arata Ln Windsor, CA	1,634,576.65
02/20/1998	Aggio	2888 Stony Point Road Santa Rosa, CA	494,323.02
02/27/1998	Haroutunian North	Airport Boulevard Santa Rosa, CA	408,311.65
03/11/1998	Gustafson (Gray Creek PTN)	Gray Creek Rd / Off Mill Creek Road Healdsburg, CA	143,730.13

**SONOMA COUNTY AGRICULTURAL PRESERVATION
AND OPEN SPACE DISTRICT
Schedule of Interests in Land
June 30, 2007**

<u>Date Acquired</u>	<u>Property Name</u>	<u>Property Address Or Location</u>	<u>Total Cost</u>
04/13/1998	Oken	5057 Petaluma Hill Road Rohnert Park, CA	<u>897,660.30</u>
TOTAL FY 97-98			\$ <u>10,107,932.44</u>
08/04/1998	Dashiell/Molle Conservation Easement	Between Santa Rosa and Rohnert Park East side of Petaluma Hill Road	\$ 336,322.00
08/14/1998	White II Conservation Easement	Coffey Lane, Santa Rosa	241,614.00
09/30/1998	Hafey Conservation Easement	Knights Valley along Hwy 128 South of Franz Valley Road	910,487.00
12/21/1998	Bath/Watt	Along prominent ridgeline SE of Santa Rosa, on Northern side of Taylor Mountain	824,241.00
01/06/1999	Sonoma Developmental Center Conservation Easement	Sonoma Valley, adjacent to Jack London Park	262,705.00
02/04/1999	Monte Rio School Conservation Easement	9725 Main Street, south of Monte Rio Community Center	197,684.00
04/16/1999	Bodega Bay Fire Protection District Conservation Easement	Highway One Scenic Corridor	53,785.00
04/23/1999	Mazzetta Conservation Easement	NW of Petaluma at junction of Pepper Road and Mecham Roads	1,000,839.00
04/23/1999	Mom's Beach (Notter Property)	Northwest of Forestville, River Road adjacent to Russian River	81,561.00

**SONOMA COUNTY AGRICULTURAL PRESERVATION
AND OPEN SPACE DISTRICT
Schedule of Interests in Land
June 30, 2007**

<u>Date Acquired</u>	<u>Property Name</u>	<u>Property Address Or Location</u>	<u>Total Cost</u>
05/18/1999	Skiles	North of Glen Ellen, adjacent to Jack London State Park	646,987.00
06/01/1999	Good (Nathanson Creek)	Park/Sonoma Valley High School	101,687.00
06/25/1999	Nahmens	East and West sides of Canfield Road south of Sebastopol	<u>1,166,429.00</u>
TOTAL FY 98-99			\$ <u>5,824,341.00</u>
12/23/1999	Nunes Fee	Panorama Drive Santa Rosa, CA	\$ 987,791.00
01/05/2000	Colliss Conservation Easement	Coleman Valley Road Occidental, CA	1,049,574.00
01/12/2000	Town of Windsor (Windsor Green) Conservation Easement	Bell Road Windsor, CA	776,816.00
01/19/2000	Matteri Fee	Petaluma Hill Road Santa Rosa, CA	473,128.00
01/21/2000	Mickelson/Cammozzi Conservation Easement	Pepper and Walker Roads Sonoma County, CA	<u>1,516,125.00</u>
TOTAL FY 99-00			\$ <u>4,803,434.00</u>
09/13/2000	Val Alstyne	Fitzpatrick Lane Occidental, CA	\$ 1,272,910.00
10/04/2000	Cook	Lichau Road Penngrove, CA	1,711,894.00
12/06/2000	Modini	Pine Flat Road Healdsburg, CA	1,060,730.00

**SONOMA COUNTY AGRICULTURAL PRESERVATION
AND OPEN SPACE DISTRICT
Schedule of Interests in Land
June 30, 2007**

<u>Date Acquired</u>	<u>Property Name</u>	<u>Property Address Or Location</u>	<u>Total Cost</u>
12/07/2000	Sequeira / Red Hill	Coast Hwy 1 Jenner, CA	1,428,759.00
12/29/2000	Solak	Railroad Avenue Forestville, CA	176,454.00
05/04/2001	Ho	Petaluma Hill Road Rohnert Park, CA	569,860.00
05/11/2001	Dewar	1660 Estero Lane Bodega Bay, CA	291,574.00
05/18/2001	Glen Oaks	Hwy 12 Glen Ellen, CA	<u>1,511,825.00</u>
TOTAL FY 00-01			\$ <u>8,024,006.00</u>
12/12/2001	Laguna de Santa Rosa (Donated)	Geysers Pipeline	\$ 41,785.00
12/17/2001	Cooley Ranch	Cooley Ranch Road Cloverdale, CA	5,887,575.00
01/10/2002	Ielmorini Property	13601 State Hwy 1 Valley Ford, CA	1,815,589.00
01/18/2002	Cloverdale River Park	31650 McCray Road Cloverdale, CA	65,765.00
01/29/2002	Azevedo Property	820 Fallon Road Santa Rosa, CA	1,762,344.00
03/20/2002	Morelli Property	500 Morelli Vista Road Santa Rosa, CA	2,187,178.00

**SONOMA COUNTY AGRICULTURAL PRESERVATION
AND OPEN SPACE DISTRICT
Schedule of Interests in Land
June 30, 2007**

<u>Date Acquired</u>	<u>Property Name</u>	<u>Property Address Or Location</u>	<u>Total Cost</u>
04/05/2002	Martin Property	Valley Ford Road Petaluma, CA	1,610,287.00
04/18/05	Balletto Ranch	5700 Occidental Road Santa Rosa, CA	2,632,820.00
05/03/2002	Bianchi Property	15000 Hwy 1 Valley Ford, CA	<u>1,527,517.00</u>
TOTAL FY 01-02			\$ <u>17,530,860.00</u>
07/31/2002	Paulin Creek Property Sass (Chanate Trail)	3100 Chanate Road Santa Rosa, CA	\$ 1,615,337.00
08/16/2002	Scott Property	700 Hardin Lane Petaluma, CA	3,373,245.00
08/16/2002	McCullough Property	Mark West Springs Road Santa Rosa, CA	2,923,109.00
08/30/2002	Town of Windsor Keiser Park	630 Windsor River Road Windsor, CA	1,149,765.00
09/17/2002	Rigler Property	Coleman Valley Road Bodega, CA	875,856.00
10/09/2002	Hanson Aggregates Parcel	7821 Eastside Road Healdsburg, CA	4,042,301.00
10/31/2002	Cloverdale River Park	31638 McCray Road Cloverdale, CA	22,024.00
12/24/2002	Keen Property	16331 Norrbom Road Sonoma, CA	360,566.00
12/27/2002	Prince Memorial Greenway ***	1000 Second Street Santa Rosa, CA	3,080,201.00

**SONOMA COUNTY AGRICULTURAL PRESERVATION
AND OPEN SPACE DISTRICT
Schedule of Interests in Land
June 30, 2007**

<u>Date Acquired</u>	<u>Property Name</u>	<u>Property Address Or Location</u>	<u>Total Cost</u>
12/31/2002	Grossi Property	6300 Petaluma Hill Road Petaluma, CA	330,879.00
01/31/2003	Sunset Beach Property	11057 Sunset Avenue Forestville, CA	636,915.00
03/11/2003	Asborno Property	16488, 16492 Healdsburg Ave Healdsburg, CA	4,285,288.00
03/25/2003	Johnson Property	7555 Sonoma Highway Santa Rosa, CA	3,077,498.00
03/25/2003	Johnson Access Property	7557 Sonoma Highway Santa Rosa, CA	1,028,487.00
05/16/2003	Carrington Property	3800, 4000, 4300 & 4500 Hwy One, Coleman Valley Rd Bodega Bay, CA	4,882,273.00
05/30/2003	Brayton Property	1797, 1799 Pepper Road Petaluma, CA	<u>1,316,268.00</u>
TOTAL FY 02-03			\$ <u>33,000,012.00</u>
07/16/2003	Indian Valley Property	5610 Maryannis Drive Santa Rosa, CA	\$ 478,043.00
07/31/2003	Connolly Property	27285 Dutcher Creek Road Cloverdale, CA	266,505.00
08/13/2003	Jacobs Ranch	5297 Sonoma Mountain Road Santa Rosa, CA	4,919,749.00
11/10/2003	Fox Pond Property	16496 Healdsburg Avenue Healdsburg, CA	2,905,833.00

**SONOMA COUNTY AGRICULTURAL PRESERVATION
AND OPEN SPACE DISTRICT
Schedule of Interests in Land
June 30, 2007**

<u>Date Acquired</u>	<u>Property Name</u>	<u>Property Address Or Location</u>	<u>Total Cost</u>
01/29/2004	Skiles Property	6560 Sonoma Mountain Road Santa Rosa, CA	224,894.00
02/26/2004	Flocchini Property	7078 Lakeville Highway Petaluma, CA	794,322.00
02/27/2004	Petaluma River Marsh Enhancement *****	Lakeville Highway Petaluma, CA	1,105,920.00
04/30/2004	Wilroth Property	Lichau Road Sonoma County, CA	2,255,695.00
05/21/2004	Roblar Ranch Property	7175 Roblar Road Petaluma, CA	2,292,062.00
05/28/2004	Eliot Property *****	5850 Grove Street Sonoma, CA	17,090.00
TOTAL FY 03-04			\$ 15,260,113.00
07/14/2004	Van Hoosear Wildlife Preserve	2290 Grove Street Sonoma, CA	\$ 5,402,122.00
10/13/2004	Maffia Property	12001 Valley Ford Road Petaluma, CA	1,168,446.00
10/21/2004	Sebastopol Skate Park and Community Garden	Laguna Park Way Petaluma, CA	132,176.00
10/22/2004	Beltane Ranch Property	11775 Sonoma Highway Glen Ellen, CA	9,182,041.00
11/02/2004	Dickson Property	7699 Reclamation Road Petaluma, CA	4,282,207.00

**SONOMA COUNTY AGRICULTURAL PRESERVATION
AND OPEN SPACE DISTRICT
Schedule of Interests in Land
June 30, 2007**

<u>Date Acquired</u>	<u>Property Name</u>	<u>Property Address Or Location</u>	<u>Total Cost</u>
12/01/2004	Wilroth Property	Lichau Road Sonoma County, CA	59,555.00
01/31/2005	Cooper's Grove	5761 Sonoma Mountain Road Santa Rosa CA	4,926,873.00
03/15/2005	Summer Home Park	11453 River Road Forestville, CA	399,098.00
05/06/2005	Willow Creek	19100 Willow Creek Road 24110 Freezeout Road 2330 Willow Creek Road Sonoma County, CA	<u>20,923,138.00</u>
TOTAL FY 04-05			\$ <u>46,475,656.00</u>
09/29/2005	Tolay Lake Ranch	5869 Lakeville Highway Petaluma, CA	\$ 21,794,852.00
10/07/2005	Lawson Property	6280 Melita Road Santa Rosa, CA	1,183,695.00
10/07/2005	Prince Gateway Park	Santa Rosa Creek Santa Rosa, CA	420,963.00
12/20/2005	Camp Gualala	27010 Skaggs Spring Road Annapolis, CA	894,878.00
12/15/2005	Montini Property	18950 Fifth Street West Sonoma, CA	14,037,523.00
01/13/2006	Taylor Mountain Property	2100 Kawana Terrace Road Santa Rosa, CA	<u>18,174,418.00</u>
TOTAL FY 05-06			\$ <u>56,506,329.00</u>

**SONOMA COUNTY AGRICULTURAL PRESERVATION
AND OPEN SPACE DISTRICT
Schedule of Interests in Land
June 30, 2007**

09/08/2006	Crane Property	5900 Petaluma Hill Road Santa Rosa, CA	1,112,379
08/24/2006	Saddle Mountain Property	Calistoga & Helena Roads Sonoma County, CA	14,714,525
07/03/2006	Santa Rosa Creek 3 Bridges	Santa Rosa, CA	7,950
06/22/2007	Sonoma Developmental Center Area 3	14400 Sonoma Highway Sonoma County, CA	586,881
04/18/2007	Tremari	5767 & 5775 Bloomfield Road Unincorporated Petaluma, CA	3,185,447

TOTAL FY 06-07 **\$ 19,607,182.00**

TOTAL INTERESTS IN LAND June 30, 2007 **\$ 247,149,758.27**

* New contract replacing McCord Conservation Easement.

** Cost of easement retained after the sale of property previously purchased in fee.

*** District committed a total of \$4,808,795 to this property. Currently \$1,728,595 remains in restricted cash. As these funds are expended, the total cost of the property will be adjusted accordingly.

**** The District has committed an additional \$ 914,000 to the project. Currently, these funds are being held by the Sonoma County Open Space Authority pending soil remediation and restoration and public outdoor improvements. As these funds are expended the total cost of the property will be adjusted accordingly.

***** Total cost of the property does not include the value of the conservation easement as the District did not obtain an appraisal.

**SONOMA COUNTY AGRICULTURAL PRESERVATION
AND OPEN SPACE DISTRICT
Roster of Board Members**

As of May 16, 2008, the District Board consisted of the following members:

<u>Directors</u>	<u>Office</u>	<u>Term Expires</u>
Paul Kelley	Chairman	January 2011
Valerie Brown	Vice Chairwoman.....	January 2009
Mike Kerns		January 2011
Mike Reilly		January 2009
Tim Smith		January 2009

**SONOMA COUNTY AGRICULTURAL PRESERVATION
AND OPEN SPACE DISTRICT
Citizen Advisory Committee**

At May 16, 2008, the Citizen Advisory Committee included the following:

Dennis Murphy	Fourth District Representative
Paul Brophy	Business Representative
Suzanne Doyle	Environmental Representative
Vacant	First District Representative
Cary Fargo	Real Estate Representative
Yancey Forest-Knowles	Third District Representative
Douglas Hanford	First District Representative
Vacant	Fifth District Representative
Janet Orchard	Mayors' and Council Members' Representative
Susan Kirks	Second District Representative
Tim Smith	Mayors' and Council Members' Representative
Vacant	Fourth District Representative
Vacant	Mayors' and Council Members' Representative
Andy Rodgers	Second District Representative
Vacant	Agricultural Representative
Kate Symonds	Third District Representative
Victoria Wickle	Fifth District Representative

**SONOMA COUNTY AGRICULTURAL PRESERVATION AND
OPEN SPACE DISTRICT
Citizen Advisory Committee**

The Citizen Advisory Committee consists of 17 members with 14 appointed by the Board of Supervisors as follows: two members for each of the five supervisory districts, one member representing agricultural interests, one from the environmental community, one member representing the real estate or real property appraisal industry and one member representing the business community. The remaining three members are appointed by the Association of City Mayors and Council Members.

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On November 11, 2008 the County of Sonoma issued bonds on behalf of the District as authorized by Measure F. The Series 2007(A) bond has a principle amount of \$93,845,000 at a net interest cost ranging from 4.00% to 5.00%, with a maturity date of September 1, 2030. The Series 2007(B) bond has a principle amount of \$3,040,000 at a net interest cost of 4.65%, with a maturity date of September 1, 2011. The majority of the proceeds of the Series 2007 A Bonds will be applied to finance the acquisition of parkland and other real property interests for the agricultural land use and open space preservation purposes described in the 2006 Expenditure Plan, and to refinance the line of credit with the County of Sonoma. The majority proceeds of the Series 2007 B Bonds will be applied to pay interest on the Series 2007 A Bonds accruing from November 8, 2010 through June 1, 2011, to pay interest on the Series 2007 B Bonds, and to purchase a reserve fund surety for the Series 2007 B Bonds.