

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2020



Sonoma County California

Cover Photo

Montini Open Space Preserve
Sonoma County, California

The Montini Open Space Preserve is covered with oak woodland, large rock outcroppings (including an historical rock quarry), and open grassland. The trails offer beautiful views of Sonoma Valley, San Francisco and San Pablo Bays. Protecting the Montini property has helped to maintain the historic character of this ranch that has existed since the time of General Vallejo.

Photo Courtesy of Sonoma County Open Space District

COUNTY OF SONOMA
STATE OF CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

*For The Fiscal Year Ended
June 30, 2020*



*Prepared by the Office of the
Auditor-Controller-Treasurer-Tax Collector*

Erick Roeser
Auditor-Controller-Treasurer-Tax Collector



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INTRODUCTORY SECTION



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TREASURER-TAX COLLECTOR

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BROOKE KOOP, CPA
ASSISTANT AUDITOR-CONTROLLER
TREASURER-TAX COLLECTOR

December 16, 2020

To the Board of Supervisors and Citizens of Sonoma County:

The Comprehensive Annual Financial Report (CAFR) of the County of Sonoma (County) for the fiscal year ended June 30, 2020, is hereby submitted in compliance with Sections 25250 and 25253 of the Government Code of the State of California.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive internal control framework established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The Independent Auditor's Report is located at the front of the financial section of this report. Eide Bailly LLP, a firm of licensed certified public accountants, has issued an unmodified ("clean") opinion on the County's financial statements for the fiscal year ended June 30, 2020.

The Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditor's Report and provides a narrative introduction, overview, and analysis of the financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

Incorporated in 1850, the County of Sonoma is located in northwest California, about fifty miles north of San Francisco. The County occupies over 1,768 square miles of land and water serving a population of 492,980. Open space and agricultural land account for the majority of this acreage. Nine incorporated cities are within the County: Santa Rosa, Petaluma, Rohnert Park, Town of Windsor, Healdsburg, Sonoma, Cloverdale, Sebastopol, and Cotati. The largest employment categories include government, healthcare and social services, education, hospitality and food services. The region's world-renowned wineries, geographically diverse open spaces, and mild climate, make the County a popular tourism and recreation destination.

The County government functions as a local government body to serve the needs of its residents. As geographical and political subdivisions of the state, counties serve a dual role; providing municipal services in the unincorporated areas and acting as administrative agents for state and federal government programs and services. As a general-law county, Sonoma County is bound by state law as to the number and duties of County elected officials. The County has five districts that are approximately equal in population with boundaries adjusted every ten years following the federal census. Policymaking and legislative authority are vested in the County Board of Supervisors (the Board). Board members are elected to four-year staggered terms, and each member represents one of the County's five districts. The County has four elected department heads: Auditor-Controller-Treasurer-Tax Collector, Clerk-Recorder-Assessor, District Attorney, and Sheriff-Coroner. Other department heads are appointed by the Board or the County Administrator.

The County employed 3,872 full-time equivalent employees (including extra-help) in fiscal year 2019-20 in order to provide a full range of services to its residents. The County's principal functions include seven major areas: general government, public protection, public ways and facilities, health and sanitation, public assistance, education, and recreation and cultural services. The State and Federal governments mandate certain minimum levels of services in the public protection, public assistance and health areas. The majority of services performed by the County are provided for all residents, regardless of whether those residents live in cities or unincorporated areas of the County, and every County resident directly or indirectly benefits from these services.

Included in operations are various component units, which provide specific services County-wide or to distinct geographic areas within the County. The governmental reporting entity consists of the County and its component units. Component units are legally separate organizations for which the Board is financially accountable, or other organizations whose nature and significant relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either the County's ability to impose its will on the organization or the potential for the organization to provide a financial benefit to or impose a financial burden on the County. The following four component units, although legally separate entities, are considered to be part of the primary government for financial reporting purposes: Sonoma County Fair and Exposition, Inc., the Sonoma County Securitization Corporation, Sonoma County Agricultural Preservation and Open Space District, and the Sonoma County Public Financing Authority. Seven discrete component units are presented in the financial statements, separate from the primary government: Sonoma County Community Development Commission (CDC), Sonoma County Water Agency (identified herein as Sonoma Water), four sanitation districts (Sonoma Valley County Sanitation District, Russian River County Sanitation District, South Park County Sanitation District, and Occidental County Sanitation District) and the Sonoma County Water and Wastewater Financing Authority.

The County is required by State law to adopt a final budget each year. This annual budget serves as the foundation for the County's financial planning and control. Budgets are adopted for governmental and proprietary funds. The County maintains budgetary controls to assure compliance with legal provisions embodied in the annual appropriated budget approved by the Board. The County also maintains an encumbrance accounting system to assist departments in accomplishing budgetary control. Unencumbered annual appropriations lapse at year-end. The legal level of control for appropriations is exercised at the division level within fund level. Appropriations at this level may be adjusted with Board approval or delegated Board approval. Management may adjust below this level. Such adjustments by the Board and management are reflected in the revised budgetary data presented in the required supplementary section of the CAFR.

REQUESTS FOR INFORMATION

Requests for additional financial information should be addressed to the Sonoma County Auditor-Controller-Treasurer-Tax Collector, 585 Fiscal Drive, Suite 100, Santa Rosa, California 95403.

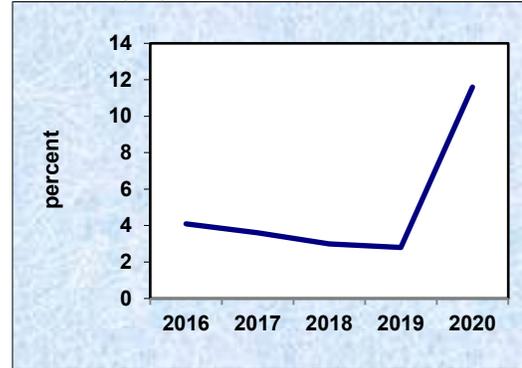
FACTORS AFFECTING ECONOMIC CONDITION

During Fiscal Year 2019-20, due to the effects of the Coronavirus disease (COVID-19) pandemic the County experienced a significant increase in unemployment and a large decrease in transient occupancy tax (TOT) in the first two quarters of 2020. Per capita personal income and retail sales are measured at the end of 2019, calendar year and do not reflect the impact of the COVID-19 pandemic.

Economy

- During Fiscal Year 2019-20 Sonoma County experienced negative signs of economic conditions including significant increases in the unemployment rate and decreased transient occupancy tax.
- As of June 2020, median home prices increased. Sonoma County remains one of the more affordable Bay Area counties.

Unemployment Rate as of June 30



Unemployment

- As of June 2020, the County's unemployment rate increased to 11.6% from 2.8% in June 2019. This is lower than California's unemployment rate of 15.1% and higher than the national unemployment rate of 11.1% as of June 2020.
- As of September 2020, the County unemployment rate was 7.2% compared to 2.2% in September 2019, and the County's September 2020 rate is lower than both the California and national unemployment rates of 10.8% and 7.9%, respectively.

Annual Per Capita Income-Calendar Year



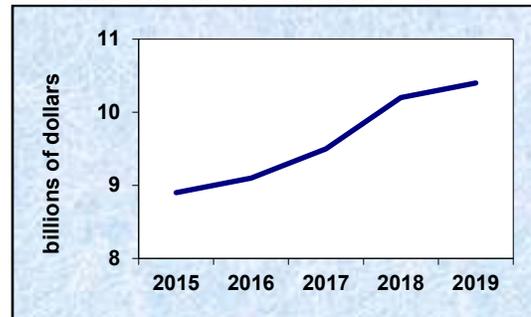
Income

- County per capita personal income increased to \$66,884 for the 2019 calendar year, from \$60,286 for the 2018 calendar year.

Retail Sales

- Retail sales county-wide increased 2.2% to \$10.4 billion for the 2019 calendar year, from \$10.2 billion for the 2018 calendar year.
- County unincorporated area retail sales increased 6.4% to \$2.1 billion in 2019 calendar year, from \$2.0 billion in the 2018 calendar year.

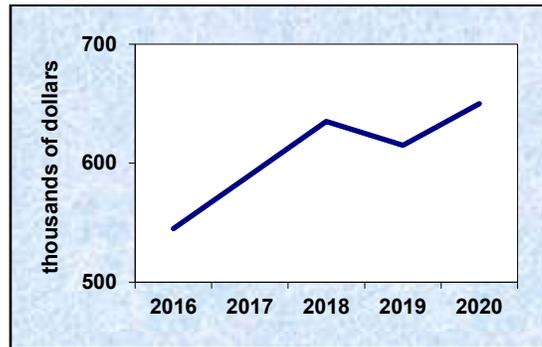
Annual Retail Sales-Calendar Year



Real Estate

- As of June 2020, the median home price increased 5.7% to \$650,000 from \$615,000 in June 2019.
- Certified valuation of secured and unsecured property, including residential and non-residential, increased 6.3% to \$95.8 billion for fiscal year 2019-20 from \$90.2 billion for fiscal year 2018-19.
- Certified valuation of residential property increased 6.2% to \$65.9 billion for fiscal year 2019-20 from \$62.1 billion for fiscal year 2018-19.
- Certified valuation of non-residential property increased 6.4% to \$29.9 billion for fiscal year 2019-20 from \$28.1 billion for fiscal year 2018-19.

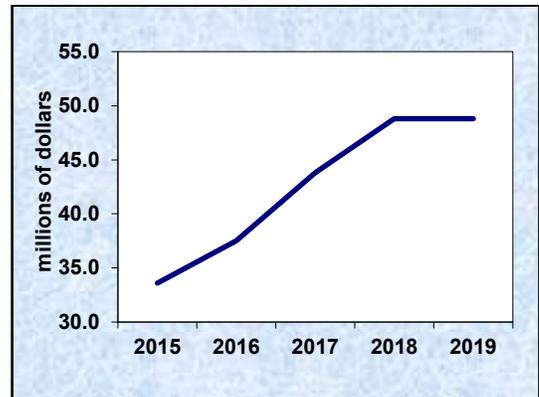
Median Home Price as of June 30



Tourism

- Sonoma County’s lodging industry annual average occupancy decreased to 71.0% in 2019 from 78.3% in 2018.
- County-wide transient occupancy tax (TOT) collections remained unchanged at \$48.8 million in 2019 and 2018. TOT decreased 47.1% to \$11.9 million for the first two quarters of 2020, compared to \$22.5 million for the first two quarters of 2019.

**Annual Transient Occupancy Tax-
Calendar Year**



FINANCIAL INDICATORS

Tax revenues increased in fiscal year 2019-20 for the County and other governmental agencies. Transient occupancy tax decreased 27.7%, local sales tax decreased by 3.4%, and the County’s largest revenue source, secured property taxes, increased by 5.7%. The County General Fund’s share of secured property tax revenue increased by 6.4%.

California’s 2020 Budget Act notes a \$202.1 billion spending plan that strengthens emergency response, protects public health and safety, and promotes economic recovery while closing a \$54.3 billion budget shortfall caused by the COVID-19 recession. The state Budget makes critical investments to save lives and promote economic recovery by continuing critical purchases of personal protective equipment and other safeguards necessary to safely reopen the economy during the COVID-19 pandemic. It protects public education and supports Californians facing the greatest hardships – since the pandemic is having a disproportionate impact on low-wage workers, communities of color, and is further exacerbating income inequality. Finally, the Budget supports job creation, economic recovery and opportunity by recognizing and supporting the critical role small businesses play in job creation in the state.

INITIATIVES

The County of Sonoma is in the process of developing a Five-Year Strategic Plan. The Strategic Plan will provide the context to inform policies and projects that are funded for the next five years and align short and long-term objectives so actions reflect a clear sense of purpose as the County moves into the future with sustainable progress.

Since late 2019, County leaders and Board members have been engaged in developing the base framework for the Strategic Plan. The Board discussed the framework during its Strategic Planning Retreat in early 2020 where five Strategic Pillars were identified and discussed. As of this writing, County leadership is actively soliciting input from employees and community members. The feedback received will be used to help refine and finalize the Plan, which is expected to be adopted by the Board in late February 2021. The preliminary pillars and goals currently under review are listed below. See <https://sonomacounty.ca.gov/Board-of-Supervisors/Strategic-Plan/>

Pillar I - Healthy and Safe Communities

Provide quality and equitable housing, health, and human services for all.

- Goal 1: Expand integrated system of care to address gaps in services to the County's most vulnerable
- Goal 2: Establish equitable and data-driven distribution of services
- Goal 3: Increase housing development near transportation and services
- Goal 4: Reduce homelessness by enhancing services based on coordination and collaboration
- Goal 5: Continue to invest in public safety so that residents and visitors feel safe in our community

Pillar II - Racial Equity and Social Justice

Achieve racial equity in County service provision and ensure a workforce reflective of the community we serve.

- Goal 1: Foster a County organizational culture that supports the commitment to achieving racial equity
- Goal 2: Implement strategies to make the County workforce reflect County demographic across all levels
- Goal 3: Assure racial equity throughout all County policy decisions and service delivery
- Goal 4: Engage key community and internal stakeholders to develop priorities and to advance racial equity

Pillar III - Organizational Excellence

Be an innovative, effective, engaged, and transparent organization focused on quality programs and services.

- Goal 1: Strengthen operational effectiveness, fiscal reliability, and accountability
- Goal 2: Increase information sharing and transparency and improve County and community engagement
- Goal 3: Become an employer of choice with a diverse workforce that reflects our community, and an employer with a positive work culture that results in engaged and developed employees
- Goal 4: Seek out grant funding to enhance programs and improve infrastructure

Pillar IV - Climate Action and Resiliency

Make Sonoma County carbon neutral by 2030.

- Goal 1: Make all County facilities carbon free and zero waste
- Goal 2: Maximize sustainability and emissions reductions in all County Fleet vehicles
- Goal 3: Maximize Carbon Sequestration through land conservation work and land use policies
- Goal 4: Invest in the community to become carbon neutral by 2030

Pillar V - Resilient Infrastructure

Enhance services to the community by investing in County facilities and infrastructure; including roads, buildings, communications, and flood protection.

- Goal 1: Invest in County buildings and technology solutions to enhance service delivery and improve employee mobility
- Goal 2: Invest in capital improvements to ensure resiliency of services and improve disaster preparedness
- Goal 3: Continue to invest in critical roads infrastructure
- Goal 4: Implement countywide technological solutions to promote resiliency and expand community access
- Goal 5: Support, fund, and expand flood protection

LONG-TERM FISCAL OUTLOOK

While the County expects the largest financial impact of the COVID-19 pandemic to be felt in fiscal year 2020-21, recovery of key revenue streams to previous levels of growth is expected to be gradual over the next several years. Local and statewide shelter in place orders and restrictions on business operations have impacted County revenue sources, including sales tax, TOT, Proposition (Prop) 172 public safety funding, tribal mitigation funding, state Realignment funding, and charges for services.

The County is not anticipating decreases in property tax collections for the fiscal year 2020-21 budget and beyond, but only limited growth is projected through fiscal year 2024-25. For other revenue sources, including state and federal funding, fines, and franchise fees, the impacts are unknown, and therefore not possible for the County to estimate. As a result of projected flat revenue growth in fiscal year 2020-21, the Adopted budget made targeted reductions to services and staffing, and further adjustments may be necessary if revenue projections do not improve in future years.

In conjunction with the uncertainty arising from the pandemic, the demand for local government public services in Sonoma County continues to increase. Along with COVID-19 response, disaster mitigation and prevention, homeless programs, social and law enforcement equity, mental health, and other safety net services will require significant public resources.

The County is committed to fiscal sustainability, working within its means while engaging the community in opportunities to ensure funding for community priorities.

RELEVANT FINANCIAL POLICIES

Balanced Budget

The budget must balance expenditure appropriations with resources. The County must live within its own means and avoid disturbing other local jurisdictions' revenue sources to resolve its deficiencies. Furthermore, any deviation from a balanced budget is not permitted by the California State Government Code, which states: "In the recommended, adopted, and final budgets the funding sources shall equal the financing uses." (Government Code §29009).

Expenditure Management & Control

Federal and State program reductions will not be backfilled with County discretionary revenues except by the Board of Supervisors direction. The Board typically does not backfill these programs due to their sheer size and magnitude on the County's financial position.

Debt Management

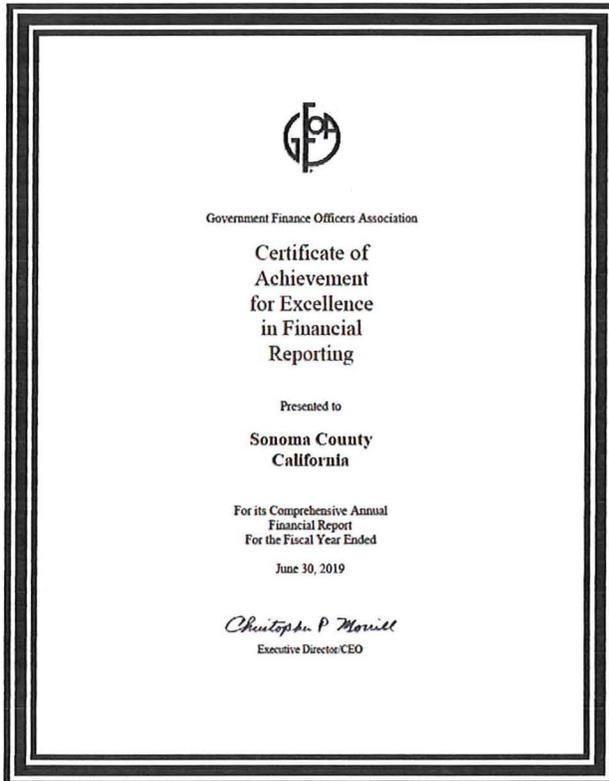
The County has a Debt Advisory Committee (DAC) to provide guidance and support related to all County debt issuance and management. The DAC provides the County Administrator and the Board of Supervisors a review process to ensure that all potential debt obligations are evaluated for cost effectiveness, optimal structure and the ability to maintain post issuance compliance requirements.

Fund Balance Reserve

Sonoma County will create and maintain a prudent level of financial resources to protect against the need to reduce service levels or raise fees due to temporary revenue shortfalls or unpredicted one-time expenditures. Consistent with best practice recommendations from the GFOA, the County will strive to maintain a total unassigned General Fund Reserve balance equal to 1/6, or 2 months, of annual General Fund operating revenues.

AWARDS AND ACKNOWLEDGMENTS

Financial Reporting Certificate of Achievement: The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the County's CAFR for the fiscal year ended June 30, 2019. This was the twenty-eighth consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The current CAFR is expected to meet the Certificate of Achievement Program's requirements and will be submitted to the GFOA to determine its eligibility for another certificate.



Budget Presentation Award: The County received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2019. This was the twenty-fifth consecutive year that the County has achieved this prestigious award, which requires a governmental unit publish a budget document that meets program criteria as a policy document, operations guide, financial plan, and as a communications device.

Popular Financial Reporting Award: The County received the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting for its Popular Annual Financial Report for the fiscal year ended June 30, 2019. The County has received this prestigious award twenty-two times. This award is a national award that recognizes conformance with the highest standards for preparation of state and local government popular reports. In order to receive this award, a government must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

Acknowledgments: The preparation of the Comprehensive Annual Financial Report was achieved through the combined efforts of numerous individuals. We are especially grateful to the Auditor-Controller-Treasurer-Tax Collector's Office staff for their special efforts and our auditors, Eide Bailly LLP, for their outstanding efforts and many hours, which helped us achieve our objectives of timely and accurate financial reporting. We would also like to thank all the County departments who participated in its preparation and the Board for its leadership, responsibility, and action that ensure the general fiscal health and integrity of the County.

Respectfully Submitted,



Sheryl Bratton
County Administrator



Erick Roeser
Auditor-Controller-Treasurer-Tax Collector



DIRECTORY OF APPOINTED AND ELECTED OFFICIALS

APPOINTED OFFICERS & DEPARTMENT HEADS

Agricultural Commissioner-Sealer of Weights & Measures..... Andrew Smith
Agricultural Preservation & Open Space District General Manager..... Bill Keene
Child Support Services Director Jennifer Traumann
Community Development Commission Executive Director (Interim) Barbie Robinson
County Administrator Sheryl Bratton
County Counsel Robert Pittman
Economic Development Director..... Sheba Person-Whitley
Emergency Management Manager Christopher Godley
Fair Manager Rebecca Bartling
General Services Director Caroline Judy
Health Services Director.....Barbie Robinson
Human Resources Director Christina Cramer
Human Services Director Angela Struckmann
Office of Equity.....Alegria De La Cruz
Information Systems Director..... John Hartwig
Permit Sonoma Director Tennis Wick
Chief Probation Officer David Koch
Public Defender..... Kathleen Pozzi
Regional Parks Director..... Bert Whitaker
Transportation & Public Works Director..... Johannes Hovertsz
U.C. Cooperative Extension Director Stephanie Larson
Sonoma Water General Manager Grant Davis

DIRECTORY OF APPOINTED AND ELECTED OFFICIALS

ELECTED OFFICIALS

Board of Supervisors:

District One.....	Susan Gorin
District Two.....	David Rabbitt
District Three	Shirlee Zane
District Four	James Gore
District Five.....	Lynda Hopkins
Auditor-Controller-Treasurer-Tax Collector.....	Erick Roeser
County Clerk\Recorder\Assessor	Deva Proto
District Attorney.....	Jill Ravitch
Sheriff-Coroner	Mark Essick

COUNTY ORGANIZATIONAL CHART



FINANCIAL SECTION





Independent Auditor’s Report

Board of Supervisors
 County of Sonoma, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Sonoma, California (County), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Sonoma County Agricultural Preservation and Open Space District (nonmajor governmental fund), Refuse Fund (major enterprise fund), Airport Fund (major enterprise fund), Energy Independence Program Fund (major enterprise fund), Transit Fund (major enterprise fund), Community Development Commission (discretely presented component unit), Sonoma County Water Agency (discretely presented component unit), Sonoma Valley County Sanitation District (nonmajor discretely presented component unit), Russian River County Sanitation District (nonmajor discretely presented component unit), South Park County Sanitation District (nonmajor discretely presented component unit), Occidental County Sanitation District (nonmajor discretely presented component unit), and Sonoma County Fair and Exposition, Inc. (nonmajor enterprise fund), which represent the following percentages of assets, net position/fund balance and revenues of the opinion units listed below:

Opinion Unit	Assets	Net Position/ Fund Balances	Revenues
Aggregate Discretely Presented Component Units	100%	100%	100%
Governmental Activities	21%	42%	2%
Business-Type Activities	97%	95%	94%
Aggregate remaining fund information	1%	3%	0.4%
Major Enterprise Fund – Transit Fund	100%	100%	100%
Major Enterprise Fund – Refuse Fund	100%	100%	100%
Major Enterprise Fund – Airport Fund	100%	100%	100%
Major Enterprise Fund – Energy Independence Program Fund	100%	100%	100%

Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of County, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules for the Sonoma County Employees' Retirement Association (SCERA) plan and the Sonoma County Other Postemployment Healthcare plan, and the budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We, and the other auditors, have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2020, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Rancho Cucamonga, California
December 16, 2020



MANAGEMENT'S DISCUSSION AND ANALYSIS

(UNAUDITED)



MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

As management of the County of Sonoma, California (County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information provided in the County's Basic Financial Statements, which immediately follow this section.

Financial Highlights

- The County's net position was \$1.2 billion at June 30, 2020, an increase from prior year of \$137 million.
- The County's net position included \$1.4 billion net investment in capital assets, \$298.6 million in restricted net position offset by a \$514.1 million deficit in unrestricted net position. The deficit is primarily the result of the County's unfunded pension and other postemployment benefits (OPEB) liabilities.
- The County's governmental funds reported a combined ending fund balance of \$534.2 million, an increase of \$7.8 million over prior year. Amounts available for spending include restricted, committed, assigned, and unassigned fund balances and total 97.2% of ending fund balance. Of this amount, \$289.2 million is restricted by law or externally imposed requirements, \$6.8 million is committed for specific purposes, \$185.6 million is assigned to specific purposes determined by the Board of Supervisors and the County Administrator's Office, and \$37.9 million is unassigned. \$14.7 million is nonspendable.
- The General Fund unassigned fund balance was \$37.9 million, or 8.9% of total General Fund expenditures.

Additional information and analysis on the financial highlights follows in the sections and tables below.

Overview of the Financial Statements

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

Government-Wide Financial Statements

Government-wide financial statements provide a broad overview of the County's finances in a manner similar to a private-sector business. These statements provide both long-term and short-term information about the County's overall financial status.

The Statement of Net Position is conceptually the same as a balance sheet in the private-sector. The Statement of Activities reports income (revenues) and expenses. Changes in net position (revenues and expenses) are reported as soon as the underlying event occurs, regardless of the timing of related cash flows, which may occur in a future fiscal year (e.g., uncollected taxes and earned but unused vacation leave).

Government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of costs through user fees and charges (business-type activities). Governmental activities include general government, public protection, public ways and facilities, health and sanitation, public assistance, education, and recreation and cultural services. Business-type activities include Refuse, the Charles M. Schultz Sonoma County Airport (Airport), Sonoma County Energy Independence Program (SCEIP), Sonoma County Transit, the Sonoma County Fair and Exposition Inc. (Fair), Marinas, and other districts.

Component units are included in government-wide financial statements and are legally separate entities for which the County is financially accountable. If the component unit provides services exclusively to the County, or has substantially the same governing board as the County, and there is a financial benefit or burden relationship or County management has operational responsibility, then the component is classified as a blended component unit. If a component unit does not meet the preceding requirements it is presented as a discrete component unit.

The County's blended component units include:

- Sonoma County Fair and Exposition, Inc.
- Sonoma County Securitization Corporation
- Sonoma County Agricultural Preservation and Open Space District
- Sonoma County Public Financing Authority

The County's discrete component units include:

- Sonoma County Water Agency (Sonoma Water)
- Sonoma County Community Development Commission
- Four sanitation districts: Sonoma Valley County Sanitation District, Russian River County Sanitation District, South Park County Sanitation District, and Occidental County Sanitation District
- Sonoma County Water and Wastewater Financing Authority (The Financing Authority or WFA). WFA does not issue separate financial statements and is included in the discrete component financial information for Sonoma Water and the Sonoma Valley and South Park Sanitation Districts. Additional information on WFA is available in the Notes to the Basic Financial Statements, Note 1 – Summary of Significant Accounting Policies.

Fund Financial Statements

Fund financial statements are groupings of related accounts used to maintain control over resources that are segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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, outflows, and balances of spendable resources. This information is useful in assessing what financial resources are available or may be needed in the future to finance County programs.

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. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains several individual governmental funds organized according to their type (general, special revenue, debt service, and capital projects). Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances.

The County maintains four major funds: General Fund, Human Services Special Revenue Fund, Health and Sanitation Special Revenue Fund, and Open Space Special Tax Account Special Revenue Fund. Data from the other non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its General Fund, special revenue, debt service and capital project funds. A budgetary comparison schedule is included for each of these funds.

Proprietary Funds

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The County maintains two different types of proprietary funds: enterprise funds and internal service funds.

Enterprise funds are included in the government-wide financial statements as business-type activities and include Refuse, Airport, SCEIP, Transit, Fair, Marinas, and other districts.

Internal service funds are included in the government-wide financial statements under governmental activities as they predominantly benefit governmental rather than business-type functions. These funds are used to account for and allocate costs internally among the County's various internal functions. Internal service funds used by the County include: Insurance, Heavy Equipment Replacement, Enterprise Resource Planning (ERP) System, Employee Retirement and Other Postemployment Benefits (OPEB).

The proprietary fund financial statements provide separate information for Refuse, Airport, SCEIP, and Transit, all of which are considered to be major funds of the County. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the non-major enterprise funds and internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary Funds

Fiduciary funds account for resources held for the benefit of parties outside the government and therefore are not reflected in the government-wide financial statements.

Notes to the Basic Financial Statements - The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information - In addition to the basic financial statements and accompanying notes, required supplementary information includes information on the County's Pension Plan, OPEB Plan, and budgetary comparison schedules.

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, internal service funds, and nonmajor component units are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Over time net position serves as a useful indicator of a government’s financial condition. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1.2 billion at the close of the fiscal year.

All dollar amounts in the following charts and analytics are expressed in thousands unless stated otherwise.

**Summary of Net Position
June 30,
(Dollars in Thousands)**

	Governmental Activities		Business-Type Activities		Total		Total	
	2020	2019	2020	2019	2020	2019	Dollar Change	Percent Change
Assets:								
Current and other assets	\$ 755,577	\$ 712,041	\$ 116,505	\$ 112,361	\$ 872,082	\$ 824,402	\$ 47,680	5.8%
Capital assets, net of depreciation	1,340,463	1,307,306	165,234	165,454	1,505,697	1,472,760	32,937	2.2%
Total assets	2,096,040	2,019,347	281,739	277,815	2,377,779	2,297,162	80,617	3.5%
Deferred outflows of resources	116,621	235,384	2,720	2,477	119,341	237,861	(118,520)	(49.8%)
Liabilities:								
Current and other liabilities	177,905	154,974	14,400	10,801	192,305	165,775	26,530	16.0%
Long-term liabilities	841,335	1,114,946	58,820	63,185	900,155	1,178,131	(277,976)	(23.6%)
Total liabilities	1,019,240	1,269,920	73,220	73,986	1,092,460	1,343,906	(251,446)	(18.7%)
Deferred inflows of resources	139,871	62,319	36,542	37,764	176,413	100,083	76,330	(41.6%)
Net position:								
Net investment in capital assets	1,293,820	1,251,617	149,934	150,286	1,443,754	1,401,903	41,851	3.0%
Restricted	281,953	265,519	16,654	11,715	298,607	277,234	21,373	7.7%
Unrestricted	(522,223)	(594,644)	8,109	6,541	(514,114)	(588,103)	73,989	12.6%
Total net position	\$ 1,053,550	\$ 922,492	\$ 174,697	\$ 168,542	\$ 1,228,247	\$ 1,091,034	\$ 137,213	12.6%

Analysis of Net Position

The County’s total net position increased 12.6% in the current fiscal year. Changes in the County’s net position are described below.

Net Investment in Capital Assets

The largest portion of the County’s net position is net investment in capital assets (e.g. land, buildings, roads, bridges, machinery, equipment, and intangible assets), less the outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; as such, these assets are not available for future spending. Although the County’s investment in capital assets is reported net of related debt, the resources needed to repay this debt must be obtained from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

The County’s net investment in capital assets was \$1.4 billion at fiscal year-end, and consists of investment in capital assets (net of accumulated depreciation) of \$1.5 billion less related debt, an increase of \$41.9 million, or 3.0%.

Restricted Net Position

Restricted net position of \$298,607 represents resources that are subject to external restrictions on their use, or by enabling legislation.

Restricted net position increased \$21,373 or 7.7%. The primary changes to restricted net position, by function, include:

- Health Services increased \$8,593 primarily due to the Medi-Cal & County Medical Service Program/Target Case Management audit reserve increase and state sales tax and vehicle license fee revenues restricted for numerous public health programs including Environmental and Family Health, Women Infants & Children, Health Care Coordination and Disease Control
- Public Protection increased by \$7,626 due in the most part to a \$3,500 grant prepayment for the Sonoma Developmental Center Project and state sales tax and vehicle license fee revenues restricted for local adult criminal justice programs designed to enhance public safety and reduce recidivism
- Parks donations, mitigation and operations increased \$4,609 primarily due to Measure M revenues

Unrestricted Net Position

The County's unrestricted net position deficit of \$588.1 million decreased \$74.0 million to a deficit of \$514.1 million. The majority of the deficit is due to the net pension and OPEB liabilities which are expected to remain a retained deficit until the plans are fully funded. See Long-Term Liabilities section for additional information.

Analysis of Primary Government

Change in net position of the Primary Government (Governmental and Business-Type Activities) decreased 3.4% to \$137,213 from \$142,107 in prior year.

**Changes in Net Position
For the Fiscal Year Ended June 30,
(Dollars in Thousands)**

	Governmental Activities		Business-Type Activities		Total		Total	
	2020	2019	2020	2019	2020	2019	Dollar Change	Percent Change
Revenues:								
Program revenues:								
Charges for services	\$ 107,621	\$ 108,337	\$ 30,920	\$ 33,803	\$ 138,541	\$ 142,140	\$ (3,599)	(2.5%)
Operating grants and contributions	510,514	501,263	18,729	16,960	529,243	518,223	11,020	2.1%
Capital grants and contributions	2,143	3,318	5,357	3,255	7,500	6,573	927	14.1%
General revenues:								
Property taxes	274,643	259,239	-	-	274,643	259,239	15,404	5.9%
Documentary transfer taxes	6,817	5,585	-	-	6,817	5,585	1,232	22.1%
Transient occupancy taxes	16,234	22,377	-	-	16,234	22,377	(6,143)	(27.5%)
Grants and other unrestricted governmental revenues	55,566	53,018	-	-	55,566	53,018	2,548	4.8%
Unrestricted investment earnings	15,402	22,758	1,592	2,283	16,994	25,041	(8,047)	(32.1%)
Other	44,753	39,617	1,439	2,066	46,192	41,683	4,509	10.8%
Total operating revenues	<u>1,033,693</u>	<u>1,015,512</u>	<u>58,037</u>	<u>58,367</u>	<u>1,091,730</u>	<u>1,073,879</u>	<u>17,851</u>	1.7%
Expenses:								
General government	120,051	93,172	-	-	120,051	93,172	26,879	28.8%
Public protection	326,507	331,051	-	-	326,507	331,051	(4,544)	(1.4%)
Public ways and facilities	52,321	43,324	-	-	52,321	43,324	8,997	20.8%
Health and sanitation	124,539	134,918	-	-	124,539	134,918	(10,379)	(7.7%)
Public assistance	213,416	220,590	-	-	213,416	220,590	(7,174)	(3.3%)
Education	1,237	1,182	-	-	1,237	1,182	55	4.7%
Recreation and cultural services	28,405	27,355	-	-	28,405	27,355	1,050	3.8%
Interest on long-term debt	24,259	26,295	-	-	24,259	26,295	(2,036)	(7.7%)
Refuse	-	-	4,971	6,706	4,971	6,706	(1,735)	(25.9%)
Airport	-	-	10,844	9,941	10,844	9,941	903	9.1%
Energy Independence Program	-	-	2,306	2,299	2,306	2,299	7	0.3%
Transit	-	-	20,410	20,252	20,410	20,252	158	0.8%
Fair	-	-	11,222	10,818	11,222	10,818	404	3.7%
Marinas	-	-	2,678	2,734	2,678	2,734	(56)	(2.0%)
Other	-	-	1,050	1,135	1,050	1,135	(85)	(7.5%)
Total operating expenses	<u>890,735</u>	<u>877,887</u>	<u>53,481</u>	<u>53,885</u>	<u>944,216</u>	<u>931,772</u>	<u>12,444</u>	1.3%
Excess before transfers	142,958	137,625	4,556	4,482	147,514	142,107	5,407	3.8%
Transfers / special item	(11,900)	(1,480)	1,599	1,480	(10,301)	-	(10,301)	n.m.
Change in net position	131,058	136,145	6,155	5,962	137,213	142,107	(4,894)	(3.4%)
Net position - beginning	922,492	786,347	168,542	164,715	1,091,034	951,062	139,972	14.7%
Prior period adjustment	-	-	-	(2,135)	-	(2,135)	2,135	(100.0%)
Net position - beginning as restated	<u>922,492</u>	<u>786,347</u>	<u>168,542</u>	<u>162,580</u>	<u>1,091,034</u>	<u>948,927</u>	<u>142,107</u>	15.0%
Net position, end of year	\$ 1,053,550	\$ 922,492	\$ 174,697	\$ 168,542	\$ 1,228,247	\$ 1,091,034	\$ 137,213	12.6%

Analysis of Governmental Activities

Governmental activities increased the County's net position \$131,058 and account for 95.5% of the County's total increase in net position from current year activities. Governmental activities operating revenues exceeded operating expenses by \$142,958. Transfers to business-type activities and special items decreased net position by \$11,900.

Revenues:

Operating revenues for the County's governmental activities increased 1.8% from the prior year amount of \$1,015,512 to \$1,033,693. Revenues are divided into two categories: program revenues and general revenues.

Program Revenues:

Program revenues increased \$7,360 or 1.2%, from the prior year to \$620,278. The majority of program revenues consist of charges for services and operating grants and contributions tied to federal and state reimbursements of County costs for mandated programs such as public assistance, public protection, health and behavioral wellness. Program revenues represent 60.0% of the County's funding for governmental activities.

- Operating grants and contributions increased by \$9,251 or 1.8% to \$510,514 due primarily to:
 - General government increase of \$9,540
 - \$9,413 increase in disaster revenue funding related to 2017 wildfires and the 2019 floods
 - \$6,100 Lytton Rancheria revenue for the development of new lands taken into trust
 - \$1,634 state grant received related to rebuild of Camp Newman following 2017 wildfires
 - \$8,188 decrease in state funds received to backfill for lost property taxes following 2017 wildfires
 - Public protection increase of \$3,410 primarily related to Cannabis charges and a Judicial Council Pretrial Pilot Project Grant
 - Public ways & facilities increase of \$5,614 primarily due to FEMA reimbursement for the 2017 wildfire road projects
 - Health and sanitation decrease of \$9,091 primarily due to:
 - \$2,322 decrease in Mental Services program revenue resulting from the deferral of tax payments from April 15 to July 15 for 1% assessment on high income taxpayers
 - \$4,338 decrease in state revenues due to separation of First5 Sonoma County Commission(First 5) from Sonoma County effective July 1, 2019
 - \$6,500 decrease due to Behavioral Health receiving 1-year bridge funding in prior year
 - \$2,789 increase in federal Behavioral Health revenues

General Revenues:

General revenues had an overall increase of \$10,821, or 2.7%, to \$413,415 from the prior year. These revenues include general taxes that provide the Board of Supervisors with discretionary spending ability. The primary reasons for the increase are as follows:

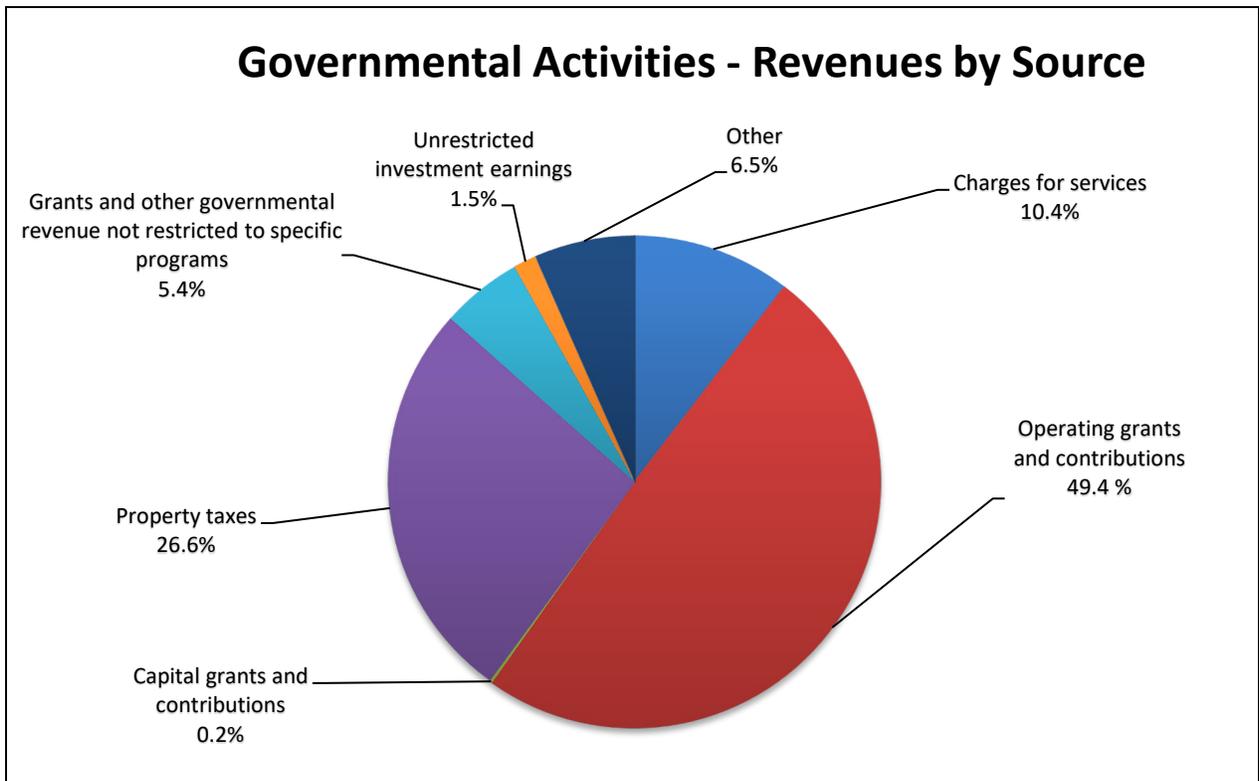
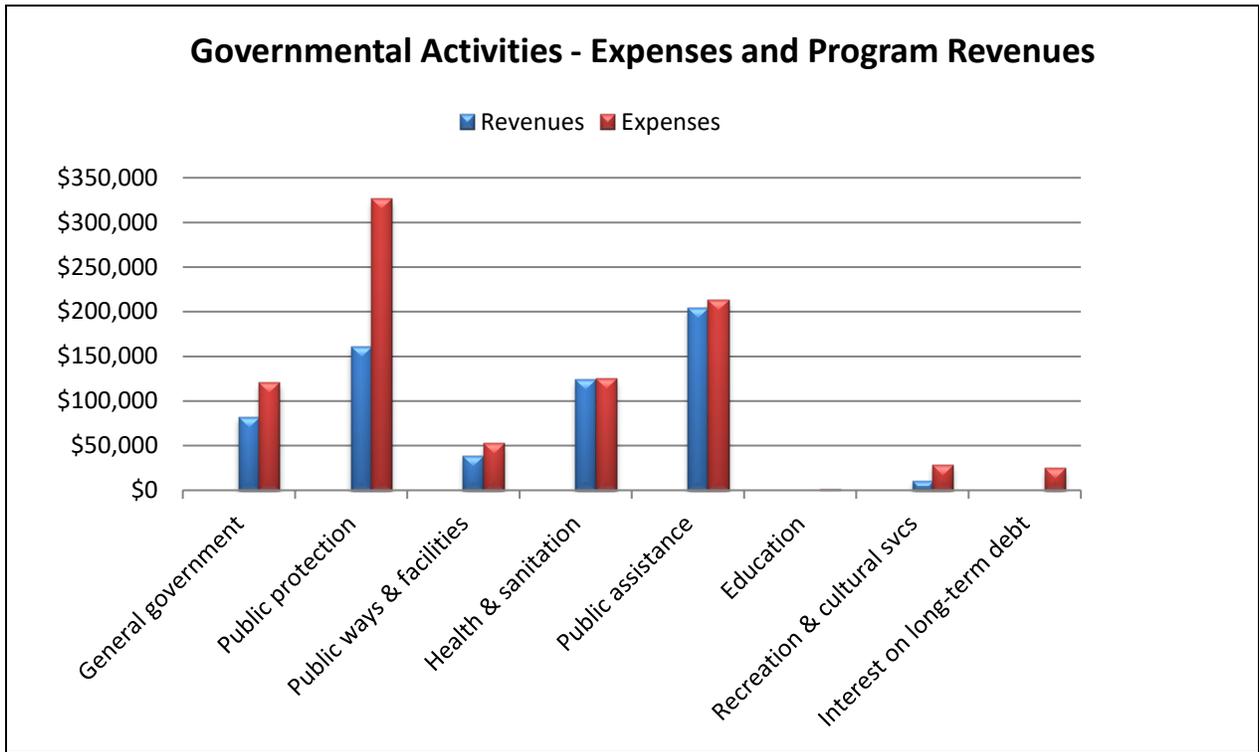
- Property tax revenue \$15,404 increase attributable to growth in assessed values
- Transient occupancy tax revenue decreased \$6,143 as a result of the COVID-19 impact on occupancy during the last quarter of FY 2019-20
- Grants and other unrestricted revenues increased \$2,548 primarily due to increased measure M allocations
- Investment earnings decreased \$7,356 and for the most part represents the net of the current year unrealized gain offset by reversal of prior year gain
- Other general revenues increased \$5,136, which primarily represents the \$22,268 increase in unavailable revenues offset by the \$17,224 decrease in prior year revenues

Expenses:

Total expenses for governmental activities increased \$12,848 from prior year to \$890,735. The primary reasons for the \$12,848 increase are as follows:

- . General government expenses increased \$26,879, or 28.8%.are due in most part to:
 - Increase in salaries and employee benefits related to labor agreement provisions and increases due to current and prior year disasters
 - Increase in services and supplies related to current and prior year disasters
 - Net effect of Internal Service Fund (ISF) allocation change related to pension and OPEB activities
- Public protection function expenses decreased \$4,544, or 1.4% primarily due to an
 - Increase in salaries and employee benefits as related to labor agreement provisions and increases from disaster related overtime
 - Net effect of ISF allocation change related to pension and OPEB activities
- Public ways and facilities expenses increased \$8,997 or 20.8% due to:
 - 2019 Pavement Preservation Program
 - 2017 wildfire tree removal and the October 2019 Kincadee fire disaster related work
 - Net effect of ISF allocation change related to pension and OPEB activities
- Health and Sanitation expenses decreased \$10,379 or 7.7% primarily due to:
 - Increase in salaries and employee benefits related to current and prior year disasters
 - Decrease in services and supplies related to COVID-19 and First 5 separation from County
 - Net effect of ISF allocation change related to pension and OPEB activities
- Public assistance expenses decreased \$7,174 or 2.2% primarily due to:
 - Increase in salaries and employee benefits related to staff reclassifications and disaster related events
 - Decrease in services and supplies related to COVID-19, expiration of the Title IV Child Welfare Waiver program and indirect cost allocation
 - Net effect of ISF allocation change related to pension and OPEB activities

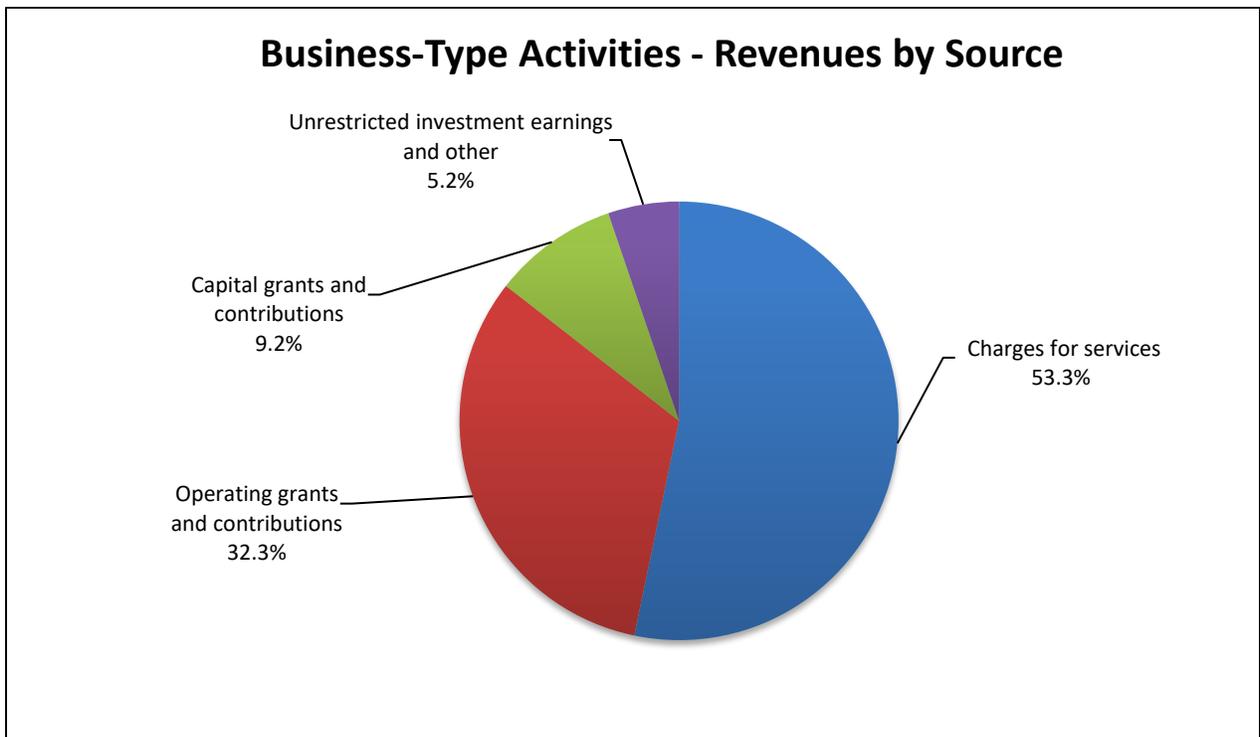
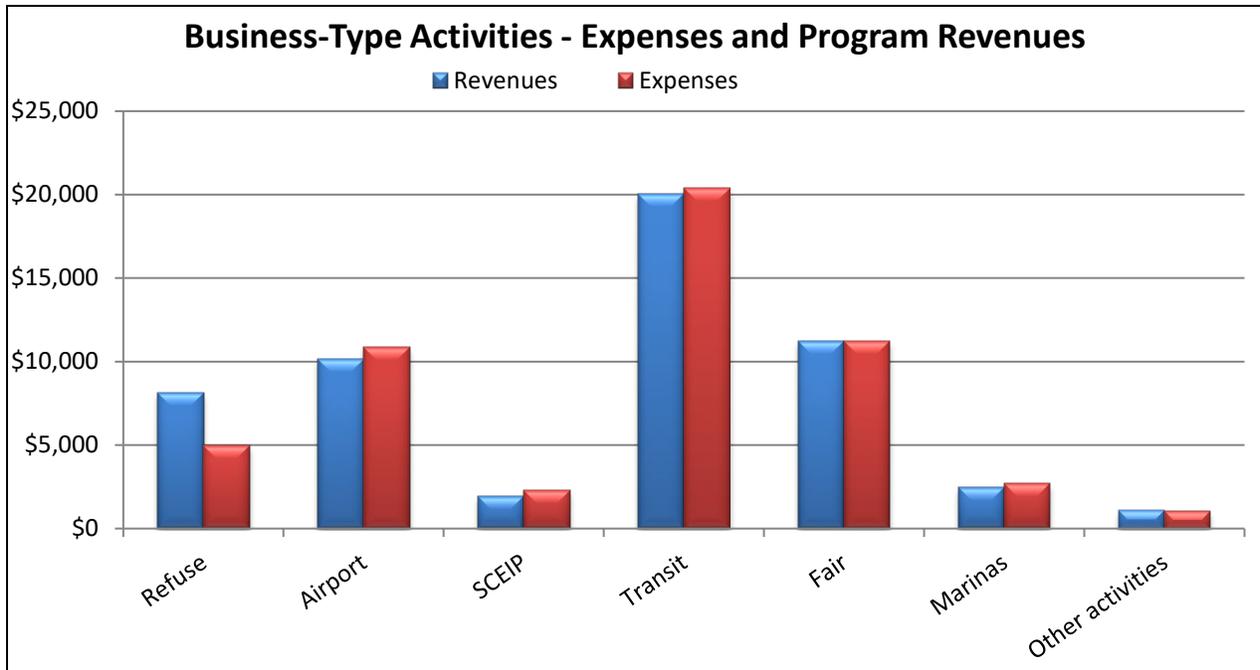
Governmental Activities Comparisons



Business-Type Activities Comparison

Business-type activities net position increased by \$6,155, from \$168,542 to \$174,697 for the year ended June 30, 2020.

Revenues for the County’s business-type activities had a slight decrease from the prior year of \$330 or 0.6% to \$58,037.



Financial Analysis of the Government's Funds

As noted earlier, the County uses fund accounting to comply with finance-related legal requirements.

Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, total fund balance less the nonspendable portion is a useful measure of a government's resources available for spending at the end of the fiscal year.

At June 30, 2020, the County's governmental funds reported combined fund balances of \$534,235, an increase of \$7,761 compared to fiscal year 2019. The components of fund balance are as follows, and with the exception of nonspendable fund balance, are available for appropriation at any time (See Note 19 – Net Position/Fund Balances):

- Nonspendable fund balance, \$14,724, consists of amounts that are not spendable in form or are legally or contractually required to be maintained intact and primarily consists of inventories of \$825, prepaid items and deposits of \$6,948 and advances of \$6,951
- Restricted fund balance, \$289,226, consists of amounts with constraints put on their use by externally imposed creditors, grantors, laws, regulations and enabling legislation with amounts restricted to:
 - Agricultural Preservation and Open Space District - \$66,185
 - Capital projects and equipment replacement - \$37,582
 - Debt service - \$12,905
 - Parks donations, mitigation and operations - \$6,970
 - Courthouse/Criminal Justice Construction - \$1,060
 - Health services programs - \$64,016
 - Fire and emergency services - \$2,922
 - Public assistance - \$30,485
 - Lighting districts - \$9,552
 - Public protection - \$51,706
 - Clerk, Recorder, Assessor operations - \$3,948
 - Other - \$1,895
- Committed fund balance, \$6,861, consists of amounts that have been committed to specific purposes by the Board of Supervisors and consists of amounts committed to:
 - Community investment - \$5,095
 - Road activities and other- \$1,766
- Assigned fund balance, \$185,554, represents amounts intended for use as determined by the Board of Supervisors and County Administrator's Office consists of amounts assigned to:
 - Capital projects and equipment replacement - \$60,459
 - Chanate hospital demolition - \$10,800
 - Tribal development impact mitigation - \$31,183
 - Redevelopment agencies - \$14,254
 - General services - \$9,994
 - Public protection - \$6,598
 - Road maintenance - \$2,542
 - Resiliency –\$ 4,953
 - Contract negotiations - \$4,187
 - Projected budget deficit - \$16,090
 - Cannabis program - \$3,160

- Encumbrances and other programs - \$21,334
- Unassigned fund balance of \$37,870 represents the residual classification for the General Fund

Approximately 97.2%, or \$519,511, of the total fund balance is available to the County.

General Fund

The General Fund is the main operating fund of the County. The General Fund's total fund balance increased by 1.8%, or \$3,368, to \$195,227 at June 30, 2020. The nonspendable portion of fund balance was \$11,037. The spendable portion was \$184,190, an increase of \$1,297, or 0.7%, over the prior year balance of \$182,893.

As a measure of the General Fund's liquidity, it is useful to compare both total fund balance and spendable fund balance to total General Fund expenditures. Total fund balance equates to approximately 45.8% of total General Fund expenditures. Total spendable fund balance equates to 43.2% of total General Fund expenditures. Of the General Fund spendable fund balance, \$146,306, or 79.4%, was assigned. There was no restricted fund balance. General Fund unassigned fund balance at June 30, 2020, was \$37,870, or 20.6% of spendable fund balance, a decrease of \$33,424 from the prior year balance of \$71,294.

Other - Governmental Funds

As compared with the prior year, the total fund balances of the remaining governmental funds increased 1.3%, or \$4,393, to \$339,008 with the following significant changes:

- Health and Sanitation fund balance increased \$9,879 from \$53,163 to \$63,042 primarily due to increased program funding and intergovernmental transfers
- Roads fund balance decreased \$13,610 from \$45,762 to \$32,152 from increased services and supplies for disaster and pavement preservation projects
- Capital Projects fund balance increased \$10,150 from \$14,150 to \$24,500 primarily due to increased intergovernmental transfers for capital projects
- Mandated Funds decreased \$9,888 from \$59,638 to \$49,750 due in most part to the recognition of the loss on the separation of First 5 from the County
- 2011 Realignment increased \$6,602 from \$30,464 to \$37,006 mostly related to decrease in program transfers

Proprietary Funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. County enterprise activities increased net position by \$6,155 in the current year primarily due to:

- Refuse net position increased \$5,168 and is primarily related to the annual Deferred Service Concession Arrangement amortization and decrease in operating expenses

Current year activities of the internal service funds (ISF) increased the net position of the ISF \$73,493 primarily due to the following:

- Employee retirement fund net position decreased \$32,201 due in the most part to higher than expected returns on pension plan assets
- Other Postemployment Benefits (OPEB) net position increased by \$44,321, the majority due to decreased OPEB expense related to change in actuarial assumptions

General Fund Budgetary Highlights

The County's final budget appropriations for expenditures of the General Fund increased \$45,142 over the original budget, or 10.6%. The major changes in appropriations are increases to services and supplies related to response and recovery from the 2019 Kincaid fire and the COVID-19 pandemic.

Revenues:

General Fund actual revenues were \$17,120 less than the final budget revenue estimates. The main reasons are as follows:

- Tax revenues increased \$5,569 over budget primarily due to growth in real property assessed values
- Fines, forfeitures and penalties over budget \$3,289 primarily related to Cannabis activity
- Intergovernmental revenue under budget \$16,387 primarily related to Federal CARES funding originally anticipated to be recognized in current year but which will be recognized in FY 2020-21
- Charges for services \$8,194 less than budget in most part due to impacts of COVID-19 on demand for certain County services.

Expenditures:

General Fund variance between the final budget and actual expenditures resulted in \$36,714 of unspent appropriations. Key variances are as follows:

- \$6,031 savings in Information Systems primarily related to COVID-19:
 - Decreased salary and employee benefit expense and staff recruitment/hiring delays
 - Reduction in services & supplies technology purchases as a result of emergency response efforts
 - Reduction in capital assets replacement projects due to changed priorities supporting a County-wide work from home effort
- \$8,329 savings in Other General Government primarily related to majority of Camp Newman budgeted expenditures deferred to FY 2020-21, and services and supplies under budget due to delay of some non-essential projects due to the October 2019 Kincaid Fire and COVID-19 emergencies
- \$7,089 in savings from Probation primarily related to COVID-19:
 - Decreased salary and employee benefit expense and staff recruitment/hiring delays
 - Reduction in service and supplies for community-based 4th quarter contracts
- \$10,226 savings for Permit Sonoma primarily due to lower administrative costs, legal and other professional services and increased reimbursements
- \$3,695 savings for Law Enforcement; decreased salary and employee benefit expense and staff recruitment/hiring, a reduction in services and supplies, and inter-county service charges

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The County's capital assets for its governmental and business-type activities as of June 30, 2020 were \$1.5 billion. Capital assets include land, intangible assets, buildings and improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total net increase in the County's capital assets for the current fiscal year was \$32,937 or 2.2%.

**Capital Assets (net of depreciation)
For the Fiscal Year Ended June 30,
(Dollars in Thousands)**

	Governmental Activities		Business-Type Activities		Total		Total	
	2020	2019	2020	2019	2020	2019	Dollar Change	Percent Change
Capital assets, non-depreciable:								
Land	\$ 369,685	\$ 376,876	\$ 27,050	\$ 26,393	\$ 396,735	\$ 403,269	\$ (6,534)	(1.6%)
Intangible assets	392,030	370,860	-	-	392,030	370,860	21,170	5.7%
Work in progress	7,419	6,856	-	-	7,419	6,856	563	8.2%
Construction in progress	88,010	63,543	7,768	3,268	95,778	66,811	28,967	43.4%
Total capital assets, non-depreciable	857,144	818,135	34,818	29,661	891,962	847,796	44,166	5.2%
Capital assets, depreciable:								
Intangible assets	14,222	17,273	3,889	4,390	18,111	21,663	(3,552)	(16.4%)
Infrastructure	158,776	157,684	12,018	12,540	170,794	170,224	570	0.3%
Buildings and improvements	274,479	277,771	99,268	105,033	373,747	382,804	(9,057)	(2.4%)
Land improvements	8,704	8,682	188	148	8,892	8,830	62	0.7%
Machinery and equipment	27,138	27,761	15,053	13,682	42,191	41,443	748	1.8%
Total capital assets, depreciable	483,319	489,171	130,416	135,793	613,735	624,964	(11,229)	(1.8%)
Total	\$ 1,340,463	\$ 1,307,306	\$ 165,234	\$ 165,454	\$ 1,505,697	\$ 1,472,760	\$ 32,937	2.2%

Capital asset activities during the current fiscal year included the following:

Non-depreciable intangible assets for governmental activities increased \$21,170 as a result of easement acquisitions and reclassifying assets previously recorded as land by the Open Space District. This activity was largely responsible for the reduction in land of \$6,534.

The County purchases and constructs capital assets throughout the year. When a capital project will be completed in a subsequent fiscal year, related current year expenditures are recorded as construction in progress (CIP) or work in progress (WIP). In the year of completion, a project's CIP/WIP is allocated to the appropriate capital asset category.

Total CIP increased \$28,967. Capital outlay of \$52,123 was offset by project completions, transfers, and retirements of \$23,156.

The County completed and capitalized CIP projects totaling approximately \$21,929. Major completed projects include:

- Transportation & Public Works, improvements to multiple county roads - \$10,630
- Transit, multiple buses placed in service- \$3,467
- Sheriff, MADF improvements - \$1,968
- Regional Parks, Laguna Trail - \$1,010
- General Services, Fleet Motor Pool and various ADA improvements -\$1,555
- Regional Parks, Doran Improvements - \$611

The County acquired an additional \$6,926 in depreciable assets and recorded total depreciation of \$39,828 against all depreciable capital assets. Capital asset disposals totaled \$796 net of accumulated depreciation.

Additional information on capital assets is available in the Notes to the Basic Financial Statements, Note 5 – Capital Assets.

Debt Administration

At the end of the current fiscal year, the County had total long-term liabilities of \$ 985.3 million.

	Governmental Activities		Business-Type Activities		Total		Total	
	2020	2019	2020	2019	2020	2019	Dollar Change	Percent Change
Compensated absences	\$ 35,360	\$ 29,651	\$ 627	\$ 508	\$ 35,987	\$ 30,159	\$ 5,828	19.3%
Self-Insurance	52,870	44,268	-	-	52,870	44,268	8,602	19.4%
Certificates of participation	13,170	14,929	-	-	13,170	14,929	(1,759)	(11.8%)
Bonds and bond premium payable	29,536	36,353	25,128	28,311	54,664	64,664	(10,000)	(15.5%)
Pension obligation bonds	321,415	352,370	-	-	321,415	352,370	(30,955)	(8.8%)
Notes payable	-	-	256	320	256	320	(64)	(20.0%)
Loans payable	66,485	67,974	16,601	17,037	83,086	85,011	(1,925)	(2.3%)
Other Long-term obligations	8,571	9,703	11,169	11,877	19,740	21,580	(1,840)	(8.5%)
Net pension liability	183,040	414,252	4,319	4,098	187,359	418,350	(230,991)	(55.2%)
Net OPEB liability	213,111	225,720	3,608	4,092	216,719	229,812	(13,093)	(5.7%)
Total	\$ 923,558	\$ 1,195,220	\$ 61,708	\$ 66,243	\$ 985,266	\$ 1,261,463	\$ (276,197)	(21.9%)

Long-term liabilities decreased by \$276,197, or 21.9%, during the current fiscal year ended June 30, 2020.

The decrease was primarily due to the following:

- Net pension liability decrease of \$230,991, due to favorable returns on investments at Sonoma County Employee's Retirement Association (SCERA)
- Pension obligation bonds decrease of \$30,955, due to scheduled principal payments
- Net OPEB liability decrease of \$13,093, due to actuarial experience gain and valuation assumption changes

Additional information on long-term liabilities is available in the notes to the Basic Financial Statements, Note 10 – Long-Term Liabilities.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Since late 2019, County leaders and Board members have been engaged in developing the base framework for the Plan. The Board of Supervisors discussed the framework during its Strategic Planning Retreat in early 2020 where five Strategic Pillars were identified and discussed. Those five Pillars are:

- Healthy and Safe Communities
- Organizational Excellence
- Climate Action and Resiliency
- Racial Equity and Social Justice
- Resilient Infrastructure

The County expects the largest financial impact of the COVID-19 pandemic to be felt in Fiscal Year 2020-21, recovery of key revenue streams to previous levels of growth is expected to be gradual over the next several years.

Requests for Information

As part of management's commitment to transparency, open government, and citizen engagement, a budget tool is available to facilitate the public's review of the County's budget. The Sonoma County Budget link is <https://sonomacounty.ca.gov/CAO/Public-Reports/Budget-Reports/>

BASIC FINANCIAL STATEMENTS

COUNTY OF SONOMA, CALIFORNIA

Statement of Net Position

June 30, 2020

(Dollars in Thousands)

	Primary Government			Discrete Component Units		
	Governmental Activities	Business- Type Activities	Total	Sonoma Water	Community Development Commission	Nonmajor Component Units
ASSETS						
Cash and investments	\$ 576,293	\$ 71,624	\$ 647,917	\$ 161,464	\$ 27,546	\$ 31,122
Restricted cash and investments	13,994	9,523	23,517	26,971	701	6,262
Receivables, net	27,557	27,457	55,014	25,007	87,425	1,338
Inventories	824	909	1,733	-	-	-
Assets held for resale	10,960	-	10,960	-	4,200	-
Due from other governments	118,470	6,390	124,860	-	-	178
Advances to other governments	42	17	59	-	-	-
Prepaid expenses and deposits	7,144	878	8,022	2,086	268	-
Internal balances	293	(293)	-	-	-	-
Capital assets:						
Nondepreciable	857,144	34,818	891,962	141,383	6,750	22,932
Depreciable, net	483,319	130,416	613,735	194,039	4,552	100,606
Total assets	<u>2,096,040</u>	<u>281,739</u>	<u>2,377,779</u>	<u>550,950</u>	<u>131,442</u>	<u>162,438</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charge on refunding/other	2,242	-	2,242	501	-	95
Deferred amounts related to pensions	87,722	1,965	89,687	4,105	724	-
Deferred amounts related to OPEB	26,657	755	27,412	2,905	355	-
Total deferred outflows of resources	<u>116,621</u>	<u>2,720</u>	<u>119,341</u>	<u>7,511</u>	<u>1,079</u>	<u>95</u>
LIABILITIES						
Accounts payable and accrued liabilities	62,992	4,260	67,252	10,924	4,233	1,474
Due to other governments	8,314	4,232	12,546	460	357	-
Advances from grantors and third parties	16,416	1,199	17,615	-	-	-
Deposits from others	936	384	1,320	328	-	-
Interest payable	2,418	533	2,951	2,370	-	111
Other liabilities	4,606	904	5,510	4,343	11	-
Long-term liabilities:						
Due within one year	82,223	2,888	85,111	8,822	259	2,360
Due in more than one year	841,335	58,820	900,155	155,271	5,254	21,275
Total liabilities	<u>1,019,240</u>	<u>73,220</u>	<u>1,092,460</u>	<u>182,518</u>	<u>10,114</u>	<u>25,220</u>
DEFERRED INFLOWS OF RESOURCES						
Service concession arrangement	-	34,758	34,758	-	-	-
Deferred amounts related to pensions	115,100	1,015	116,115	7,789	1,091	-
Deferred amounts related to OPEB	24,771	769	25,540	2,072	275	-
Total deferred inflows of resources	<u>139,871</u>	<u>36,542</u>	<u>176,413</u>	<u>9,861</u>	<u>1,366</u>	<u>-</u>

See accompanying notes to the basic financial statements

COUNTY OF SONOMA, CALIFORNIA
Statement of Net Position (Continued)
June 30, 2020
(Dollars in Thousands)

	Primary Government			Discrete Component Units		
	Governmental Activities	Business- Type Activities	Total	Sonoma Water	Community Development Commission	Nonmajor Component Units
NET POSITION						
Net investment in capital assets	1,293,820	149,934	1,443,754	209,785	10,555	102,928
Restricted:						
Capital projects	30,309	-	30,309	-	-	-
Debt service	12,905	-	12,905	-	-	-
Agricultural preservation and open spaces	66,185	-	66,185	-	-	-
Health services programs	64,016	-	64,016	-	-	-
Public protection	51,706	-	51,706	-	-	-
Public assistance	30,485	-	30,485	-	-	-
Parks donations, mitigation and operations	6,970	-	6,970	-	-	-
Lighting districts	9,552	-	9,552	-	-	-
Fire and emergency services	2,922	-	2,922	-	-	-
Courthouse/Criminal Justice Construction	1,060	-	1,060	-	-	-
Clerk, Recorder, Assessor operations	3,948	-	3,948	-	-	-
Other programs	1,895	16,654	18,549	-	-	-
Discrete Component Units	-	-	-	99,145	-	5,630
Total restricted	281,953	16,654	298,607	99,145	-	5,630
Unrestricted	(522,223)	8,109	(514,114)	57,152	110,486	28,755
Total net position	<u>\$ 1,053,550</u>	<u>\$ 174,697</u>	<u>\$ 1,228,247</u>	<u>\$ 366,082</u>	<u>\$ 121,041</u>	<u>\$ 137,313</u>

See accompanying notes to the basic financial statements

COUNTY OF SONOMA, CALIFORNIA

Statement of Activities

For the Year Ended June 30, 2020

(Dollars in Thousands)

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTION/PROGRAM ACTIVITIES				
Primary government:				
Governmental activities:				
General government	\$ 120,051	\$ 43,365	\$ 38,290	\$ 338
Public protection	326,507	43,133	117,914	93
Public ways and facilities	52,321	4,503	34,105	-
Health and sanitation	124,539	9,925	114,043	-
Public assistance	213,416	1,242	202,648	25
Education	1,237	-	19	-
Recreation and cultural services	28,405	5,453	3,495	1,687
Interest on long-term debt	24,259	-	-	-
Total governmental activities	<u>890,735</u>	<u>107,621</u>	<u>510,514</u>	<u>2,143</u>
Business-type activities:				
Refuse	4,971	7,950	177	-
Airport	10,844	5,054	2,926	2,154
Energy Independence Program	2,306	1,937	-	-
Transit	20,410	1,180	15,626	3,203
Fair	11,222	11,230	-	-
Marinas	2,678	2,467	-	-
Other	1,050	1,102	-	-
Total business-type activities	<u>53,481</u>	<u>30,920</u>	<u>18,729</u>	<u>5,357</u>
Total primary government	<u>\$ 944,216</u>	<u>\$ 138,541</u>	<u>\$ 529,243</u>	<u>\$ 7,500</u>
Discrete Component Units:				
Sonoma Water	\$ 100,074	\$ 68,973	\$ 6,554	\$ 4,279
Community Development Commission	62,018	282	64,854	201
Sonoma Valley Sanitation District	14,058	17,000	1,055	4
Russian River Sanitation District	5,665	5,251	-	501
South Park Sanitation District	2,981	4,074	42	-
Occidental Sanitation District	1,371	650	2	493
Total Discrete Component Units	<u>\$ 186,167</u>	<u>\$ 96,230</u>	<u>\$ 72,507</u>	<u>\$ 5,478</u>
GENERAL REVENUES:				
Taxes:				
Property				
Documentary transfer				
Transient occupancy				
Grants and other governmental revenue				
not restricted to specific programs				
Unrestricted investment earnings				
Other				
Transfers				
Total general revenues and transfers				
Special Item				
Change in net position				
Net position, beginning of year				
Net position, end of year				

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position

Primary Government			Discrete Component Units		
Governmental Activities	Business-Type Activities	Total	Sonoma Water	Community Development Commission	Nonmajor Component Units
\$ (38,058)	\$ -	\$ (38,058)			
(165,367)	-	(165,367)			
(13,713)	-	(13,713)			
(571)	-	(571)			
(9,501)	-	(9,501)			
(1,218)	-	(1,218)			
(17,770)	-	(17,770)			
(24,259)	-	(24,259)			
<u>(270,457)</u>	<u>-</u>	<u>(270,457)</u>			
-	3,156	3,156			
-	(710)	(710)			
-	(369)	(369)			
-	(401)	(401)			
-	8	8			
-	(211)	(211)			
-	52	52			
-	1,525	1,525			
<u>(270,457)</u>	<u>1,525</u>	<u>(268,932)</u>			
			\$ (20,268)	\$ -	\$ -
			-	3,319	-
			-	-	4,001
			-	-	87
			-	-	1,135
			-	-	(226)
			<u>(20,268)</u>	<u>3,319</u>	<u>4,997</u>
274,643	-	274,643	21,593	-	-
6,817	-	6,817	9,137	-	-
16,234	-	16,234	-	-	-
55,566	-	55,566	-	-	-
15,402	1,592	16,994	3,920	2,413	630
44,753	1,439	46,192	-	-	-
(1,599)	1,599	-	-	-	-
<u>411,816</u>	<u>4,630</u>	<u>416,446</u>	<u>34,650</u>	<u>2,413</u>	<u>630</u>
<u>(10,301)</u>	<u>-</u>	<u>(10,301)</u>	<u>-</u>	<u>-</u>	<u>-</u>
131,058	6,155	137,213	14,382	5,732	5,627
<u>922,492</u>	<u>168,542</u>	<u>1,091,034</u>	<u>351,700</u>	<u>115,309</u>	<u>131,686</u>
<u>\$ 1,053,550</u>	<u>\$ 174,697</u>	<u>\$ 1,228,247</u>	<u>\$ 366,082</u>	<u>\$ 121,041</u>	<u>\$ 137,313</u>

FUNCTION/PROGRAM ACTIVITIES

Primary government:

Governmental activities:

General government
 Public protection
 Public ways and facilities
 Health and sanitation
 Public assistance
 Education
 Recreation and cultural services
 Interest on long-term debt
 Total governmental activities

Business-type activities:

Refuse
 Airport
 Energy Independence Program
 Transit
 Fair
 Marinas
 Other

Total business-type activities

Total primary government

Discrete Component Units:

Sonoma Water
 Community Development Commission
 Sonoma Valley Sanitation District
 Russian River Sanitation District
 South Park Sanitation District
 Occidental Sanitation District

Total Discrete Component Units

GENERAL REVENUES:

Taxes:

Property
 Documentary transfer
 Transient occupancy

Grants and other governmental revenue
 not restricted to specific programs

Unrestricted investment earnings

Other

Transfers

Total general revenues and transfers

Special Item

Change in net position

Net position, beginning of year

Net position, end of year

See accompanying notes to the basic financial statements

COUNTY OF SONOMA, CALIFORNIA

Balance Sheet

Governmental Funds

June 30, 2020

(Dollars in Thousands)

	General Fund	Human Services Special Revenue	Health and Sanitation Special Revenue	Open Space Special Tax Account Special Revenue	Other Funds	Total
ASSETS						
Assets:						
Cash and investments	\$ 192,152	\$ 8,239	\$ 56,597	\$ 49,105	\$ 178,946	\$ 485,039
Cash and investments with trustee	17	-	-	-	12,907	12,924
Receivables, net						
Accounts	951	46	66	-	903	1,966
Interest and other	17,703	433	1,449	3,569	1,898	25,052
Due from other funds	2,617	995	-	-	451	4,063
Inventories	82	-	-	-	742	824
Due from other governments	32,843	25,583	48,485	-	11,363	118,274
Advances to other funds	6,909	-	-	-	-	6,909
Advances to other governments	42	-	-	-	-	42
Prepaid items and deposits	4,003	2,772	19	-	151	6,945
Total assets	<u>\$ 257,319</u>	<u>\$ 38,068</u>	<u>\$ 106,616</u>	<u>\$ 52,674</u>	<u>\$ 207,361</u>	<u>\$ 662,038</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued salaries and benefits	\$ 36,816	\$ 1,221	\$ 11,777	\$ -	\$ 8,890	\$ 58,704
Due to other funds	451	502	12,000	-	1,639	14,592
Due to other governments	3,620	2,439	1,849	-	356	8,264
Advances from grantors and third parties	4,989	5,414	5,536	-	477	16,416
Deposits from others	914	-	-	-	22	936
Other liabilities	234	-	3,480	-	494	4,208
Total liabilities	<u>47,024</u>	<u>9,576</u>	<u>34,642</u>	<u>-</u>	<u>11,878</u>	<u>103,120</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	<u>15,068</u>	<u>135</u>	<u>8,932</u>	<u>-</u>	<u>548</u>	<u>24,683</u>
Total deferred inflows of resources	<u>15,068</u>	<u>135</u>	<u>8,932</u>	<u>-</u>	<u>548</u>	<u>24,683</u>
FUND BALANCES						
Nonspendable	11,037	2,772	22	-	893	14,724
Restricted	-	25,585	63,020	52,674	147,947	289,226
Committed	14	-	-	-	6,847	6,861
Assigned	146,306	-	-	-	39,248	185,554
Unassigned	37,870	-	-	-	-	37,870
Total fund balances	<u>195,227</u>	<u>28,357</u>	<u>63,042</u>	<u>52,674</u>	<u>194,935</u>	<u>534,235</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 257,319</u>	<u>\$ 38,068</u>	<u>\$ 106,616</u>	<u>\$ 52,674</u>	<u>\$ 207,361</u>	<u>\$ 662,038</u>

See accompanying notes to the basic financial statements

COUNTY OF SONOMA, CALIFORNIA

Reconciliation of the Balance Sheet to Statement of Net Position
 Governmental Funds
 June 30, 2020
 (Dollars in Thousands)

Fund balances - total governmental funds		\$ 534,235
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. This amount represents capital assets net of accumulated depreciation/amortization		1,329,635
Assets held for sale used in governmental activities are not financial resources and therefore are not reported in the governmental funds		10,960
Certain amounts are not available to pay current period expenditures and therefore are not reported in the governmental funds		
Deferred charge on refunding		2,242
Deferred amounts related to pensions		(270)
Deferred amounts related to OPEB		18
Certain amounts are not available to pay current period expenditures and therefore are deferred inflows of resources in the governmental funds		24,683
Internal service funds are used by management to charge the costs of other activities to individual funds. The assets, deferred outflows, liabilities, and deferred inflows of certain funds are included as governmental activities in the statement of net position		(691,330)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds		
Accrued interest payable	(871)	
Compensated absences	(35,057)	
Contracts payable	(4,634)	
Bonds payable	(26,406)	
Bond premium	(3,130)	
Loans payable	(66,485)	
Certificates of participation	(13,170)	
Net pension liability	(1,396)	
Net OPEB liability	(1,537)	
Capital lease obligations	(3,937)	(156,623)
Net position of governmental activities		<u>\$ 1,053,550</u>

See accompanying notes to the basic financial statements

COUNTY OF SONOMA, CALIFORNIA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020
(Dollars in Thousands)

	General Fund	Human Services Special Revenue	Health and Sanitation Special Revenue	Open Space Special Tax Account Revenue	Other Funds	Total
Revenues:						
Taxes	\$ 304,404	\$ -	\$ -	\$ 24,469	\$ 24,387	\$ 353,260
Licenses, permits and franchise fees	21,813	-	7,118	-	4,767	33,698
Fines, forfeitures and penalties	14,283	-	1,007	-	1,661	16,951
Use of money and property	7,817	648	538	934	3,610	13,547
Intergovernmental	112,511	176,385	106,740	-	117,021	512,657
Charges for services	45,933	1,242	3,186	-	6,611	56,972
Other	4,101	6,913	2,956	-	15,951	29,921
Total revenues	510,862	185,188	121,545	25,403	174,008	1,017,006
Expenditures:						
Current:						
General government	106,872	-	-	-	10,675	117,547
Public protection	288,458	-	5,983	-	56,214	350,655
Public ways and facilities	174	-	-	-	47,479	47,653
Health and sanitation	-	-	126,298	-	10,370	136,668
Public assistance	-	210,233	-	-	24,324	234,557
Education	1,187	-	-	-	-	1,187
Recreation and cultural services	19,902	-	-	-	8,603	28,505
Capital outlay	6,689	340	534	-	51,355	58,918
Debt service:						
Principal	2,174	-	-	-	7,579	9,753
Interest and other	518	-	-	-	4,988	5,506
Total expenditures	425,974	210,573	132,815	-	221,587	990,949
Excess (deficiency) of revenues over (under) expenditures	84,888	(25,385)	(11,270)	25,403	(47,579)	26,057
Other financing sources (uses):						
Transfers in	14,463	26,356	26,170	-	81,276	148,265
Transfers out	(96,442)	(3,000)	(5,025)	(26,331)	(25,962)	(156,760)
Proceeds from sale of capital assets	459	-	4	-	23	486
Total other financing sources (uses)	(81,520)	23,356	21,149	(26,331)	55,337	(8,009)
Special item:						
Special Item	-	-	-	-	(10,287)	(10,287)
Net change in fund balances	3,368	(2,029)	9,879	(928)	(2,529)	7,761
Fund balances, beginning of year	191,859	30,386	53,163	53,602	197,464	526,474
Fund balances, end of year	\$ 195,227	\$ 28,357	\$ 63,042	\$ 52,674	\$ 194,935	\$ 534,235

See accompanying notes to the basic financial statements

COUNTY OF SONOMA, CALIFORNIA

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
For the Year Ended June 30, 2020
(Dollars in Thousands)

Net change in fund balances - total governmental funds:	\$	7,761
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense		
Capital outlay	58,918	
Depreciation expense	(28,237)	
Other related capital adjustments	(1,172)	29,509
The statement of activities reports gains or losses from the sale of capital assets as the difference between the proceeds from sale of capital assets and the book value of the sold capital assets, while the governmental funds report the proceeds from sale of capital assets. The difference is the book value of the sold capital assets		
		(502)
Donations of capital assets increase net position in the statement of activities but do not appear in the governmental funds because they are not financial resources		
		227
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.		
		14,755
Issuance of long-term debt provides current financial resources to governmental funds. Repayment of debt principal is an expenditure in the governmental funds. Neither has any effect on net position. Also, governmental funds report the effect of premiums when debt is issued, whereas these amounts are deferred and amortized in the statement of activities		
Principal repayments	9,753	
Amortization of bond premium	359	10,112
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds		
Change in accrued interest		125
Change in compensated absences		(5,689)
Change in net pension liability		(15)
Change in net OPEB liability		296
Special item - transfer of operations		986
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities		
		<u>73,493</u>
Change in net position of governmental activities	\$	<u>131,058</u>

See accompanying notes to the basic financial statements

COUNTY OF SONOMA, CALIFORNIA

Statement of Net Position

Proprietary Funds

June 30, 2020

(Dollars in Thousands)

	Business-Type Activities-Enterprise Funds						Governmental
	Energy						Activities
	Refuse	Airport	Independence Program	Transit	Other	Total	Internal Service Funds
ASSETS							
Current assets:							
Cash and investments	\$ 57,466	\$ 2,979	\$ 3,331	\$ 5,106	\$ 2,742	\$ 71,624	\$ 91,254
Cash and investments with trustee	-	3,538	-	2	4,903	8,443	1,070
Restricted cash and investments	-	-	-	-	1,080	1,080	-
Receivables, net							
Accounts	1,389	203	13	95	1,129	2,829	539
Loans	-	60	-	-	-	60	-
Contractual assessments receivable	-	-	966	-	-	966	-
Interest and other	-	1	-	-	-	1	-
Due from other funds	3,500	-	-	-	-	3,500	12,511
Inventories	-	-	-	864	45	909	-
Due from other governments	26	3,442	-	2,922	-	6,390	196
Advances to other governments	-	-	-	-	17	17	-
Prepaid expenses and deposits	8	65	-	-	16	89	199
Total current assets	<u>62,389</u>	<u>10,288</u>	<u>4,310</u>	<u>8,989</u>	<u>9,932</u>	<u>95,908</u>	<u>105,769</u>
Noncurrent assets:							
Deposits and other assets	200	589	-	-	-	789	-
Contractual assessments receivable	-	-	23,601	-	-	23,601	-
Capital assets:							
Nondepreciable	3,162	24,155	-	3,080	4,421	34,818	285
Depreciable, net	14,678	75,539	240	23,491	16,468	130,416	10,543
Total noncurrent assets	<u>18,040</u>	<u>100,283</u>	<u>23,841</u>	<u>26,571</u>	<u>20,889</u>	<u>189,624</u>	<u>10,828</u>
Total assets	<u>80,429</u>	<u>110,571</u>	<u>28,151</u>	<u>35,560</u>	<u>30,821</u>	<u>285,532</u>	<u>116,597</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred amounts related to pensions	160	299	-	79	1,427	1,965	87,284
Deferred amounts related to OPEB	61	240	-	140	314	755	26,435
Total deferred outflows of resources	<u>221</u>	<u>539</u>	<u>-</u>	<u>219</u>	<u>1,741</u>	<u>2,720</u>	<u>113,719</u>

See accompanying notes to the basic financial statements

COUNTY OF SONOMA, CALIFORNIA
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2020
(Dollars in Thousands)

	Business-Type Activities-Enterprise Funds						Governmental Activities
	Energy Independence					Total	Internal Service Funds
	Refuse	Airport	Program	Transit	Other		
LIABILITIES							
Current liabilities:							
Accounts payable and accrued liabilities	140	1,553	70	1,465	1,032	4,260	4,288
Due to other funds	-	3,500	200	-	12	3,712	1,770
Due to other governments	-	-	-	4,160	72	4,232	50
Advances from grantors and third parties	-	-	-	1,199	-	1,199	-
Deposits from others	-	14	-	-	370	384	-
Interest payable	-	245	236	-	52	533	1,547
Compensated absences	58	77	-	73	297	505	224
Advances from other governments	-	-	-	-	354	354	-
Self-funded insurance	-	-	-	-	-	-	12,724
Bonds payable	-	-	1,527	-	-	1,527	34,725
Notes payable	-	-	-	-	51	51	-
Loans payable	-	441	-	-	10	451	-
Other liabilities	-	9	301	272	322	904	398
Total current liabilities	<u>198</u>	<u>5,839</u>	<u>2,334</u>	<u>7,169</u>	<u>2,572</u>	<u>18,112</u>	<u>55,726</u>
Noncurrent portion of long-term liabilities:							
Self-funded insurance	-	-	-	-	-	-	40,146
Compensated absences	55	67	-	-	-	122	79
Advances from other funds	-	-	-	-	81	81	6,828
Advances from other governments	-	-	-	-	1,631	1,631	-
Bonds payable	-	-	23,601	-	-	23,601	286,690
Notes payable	-	-	-	-	205	205	-
Loans payable	-	16,133	-	-	17	16,150	-
Landfill closure and postclosure costs	9,184	-	-	-	-	9,184	-
Net pension liabilities	435	785	-	265	2,834	4,319	181,644
Net OPEB liabilities	469	995	-	424	1,720	3,608	211,574
Total noncurrent liabilities	<u>10,143</u>	<u>17,980</u>	<u>23,601</u>	<u>689</u>	<u>6,488</u>	<u>58,901</u>	<u>726,961</u>
Total liabilities	<u>10,341</u>	<u>23,819</u>	<u>25,935</u>	<u>7,858</u>	<u>9,060</u>	<u>77,013</u>	<u>782,687</u>
DEFERRED INFLOWS OF RESOURCES							
Service concession arrangement	34,758	-	-	-	-	34,758	-
Deferred amounts related to pensions	257	406	-	145	207	1,015	114,392
Deferred amounts related to OPEB	152	110	-	48	459	769	24,567
Total deferred inflows of resources	<u>35,167</u>	<u>516</u>	<u>-</u>	<u>193</u>	<u>666</u>	<u>36,542</u>	<u>138,959</u>
NET POSITION							
Net investment in capital assets	17,840	86,659	240	26,571	18,624	149,934	10,828
Restricted	12,638	2,712	-	-	1,304	16,654	-
Unrestricted	4,664	(2,596)	1,976	1,157	2,908	8,109	(702,158)
Total net position (deficit)	<u>\$ 35,142</u>	<u>\$ 86,775</u>	<u>\$ 2,216</u>	<u>\$ 27,728</u>	<u>\$ 22,836</u>	<u>\$ 174,697</u>	<u>\$ (691,330)</u>

See accompanying notes to the basic financial statements



COUNTY OF SONOMA, CALIFORNIA
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2020
(Dollars in Thousands)

	Business-Type Activities-Enterprise Funds						Governmental
	Energy Independence						Internal
	Refuse	Airport	Program	Transit	Other	Total	Service Funds
Operating revenues:							
Charges for services	\$ 1,256	\$ 284	\$ 55	\$ 1,173	\$ 2,183	\$ 4,951	\$ 181,731
Rents and concessions	6,618	4,822	-	-	12,397	23,837	2,576
Interest income	-	-	1,882	-	-	1,882	-
Sales and miscellaneous	76	3	-	-	219	298	3,030
Total operating revenues	<u>7,950</u>	<u>5,109</u>	<u>1,937</u>	<u>1,173</u>	<u>14,799</u>	<u>30,968</u>	<u>187,337</u>
Operating expenses:							
Services and supplies	2,338	4,274	1,481	16,078	7,149	31,320	28,245
Salaries and employee benefits	1,363	2,499	-	835	6,535	11,232	51,446
Claim expenses	-	-	-	-	-	-	20,535
Depreciation and amortization	1,270	3,406	29	3,497	1,180	9,382	2,209
Total operating expenses	<u>4,971</u>	<u>10,179</u>	<u>1,510</u>	<u>20,410</u>	<u>14,864</u>	<u>51,934</u>	<u>102,435</u>
Operating income (loss)	<u>2,979</u>	<u>(5,070)</u>	<u>427</u>	<u>(19,237)</u>	<u>(65)</u>	<u>(20,966)</u>	<u>84,902</u>
Nonoperating revenues (expenses):							
Investment income	1,027	342	76	68	79	1,592	1,855
Interest expense	-	(665)	(796)	-	(86)	(1,547)	(19,261)
Intergovernmental	177	2,926	-	15,626	-	18,729	-
Gain (Loss) on disposal of capital assets	-	(55)	-	7	-	(48)	24
Miscellaneous	-	1,060	-	118	261	1,439	-
Total nonoperating revenues (expenses)	<u>1,204</u>	<u>3,608</u>	<u>(720)</u>	<u>15,819</u>	<u>254</u>	<u>20,165</u>	<u>(17,382)</u>
Income (loss) before capital contributions and transfers	4,183	(1,462)	(293)	(3,418)	189	(801)	67,520
Capital contributions	-	2,154	-	3,203	-	5,357	77
Transfers in	989	3	-	-	722	1,714	8,502
Transfers out	(4)	(5)	(5)	-	(101)	(115)	(1,606)
Total capital contributions and transfers	<u>985</u>	<u>2,152</u>	<u>(5)</u>	<u>3,203</u>	<u>621</u>	<u>6,956</u>	<u>6,973</u>
Special item:							
Special item	-	-	-	-	-	-	(1,000)
Change in net position	5,168	690	(298)	(215)	810	6,155	73,493
Net position, beginning of year	<u>29,974</u>	<u>86,085</u>	<u>2,514</u>	<u>27,943</u>	<u>22,026</u>	<u>168,542</u>	<u>(764,823)</u>
Net position, end of year	<u>\$ 35,142</u>	<u>\$ 86,775</u>	<u>\$ 2,216</u>	<u>\$ 27,728</u>	<u>\$ 22,836</u>	<u>\$ 174,697</u>	<u>\$ (691,330)</u>

See accompanying notes to the basic financial statements

COUNTY OF SONOMA, CALIFORNIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020
(Dollars in Thousands)

	Business-Type Activities-Enterprise Funds						Governmental
	Energy					Total	Activities
	Refuse	Airport	Independence Program	Transit	Other		Internal Service Funds
Cash flows from operating activities:							
Received from customers	\$ 6,616	\$ 5,368	\$ 50	\$ 869	\$ 15,148	\$ 28,051	\$ -
Received from interfund services provided	-	-	-	-	-	-	140,504
Received from assessments	-	-	5,205	-	-	5,205	-
Received for interest	-	-	1,844	-	-	1,844	-
Payments for assessments	-	-	(2,141)	-	-	(2,141)	-
Payments to suppliers for goods and services	(2,650)	(3,047)	(245)	(16,964)	(7,365)	(30,271)	(48,126)
Payments to employees for services	(1,491)	(2,535)	-	(875)	(6,542)	(11,443)	(42,825)
Payments for interfund services used	(471)	(1,107)	(1,257)	-	-	(2,835)	-
Net cash provided (used) by operating activities	<u>2,004</u>	<u>(1,321)</u>	<u>3,456</u>	<u>(16,970)</u>	<u>1,241</u>	<u>(11,590)</u>	<u>49,553</u>
Cash flows from noncapital financing activities:							
Transfers in	989	3	-	-	722	1,714	8,502
Transfers out	(4)	(5)	(5)	-	(101)	(115)	(1,606)
Due from other funds	-	-	-	-	-	-	(12,011)
Due to other governments	-	-	-	-	-	-	105
Due to other funds	-	-	-	-	-	-	138
Interfund loan	(2,500)	-	-	-	-	(2,500)	-
Proceeds from loans	-	2,500	-	-	-	2,500	-
Advances to other funds	-	-	-	-	(12)	(12)	(2,620)
Intergovernmental receipts	2,129	-	-	-	-	2,129	-
Proceeds from bonds	-	-	2,141	-	-	2,141	-
Principal paid on bonds	-	-	(5,324)	-	-	(5,324)	(30,955)
Interest paid on bonds	-	-	(821)	-	-	(821)	(19,261)
Proceeds from other governments	-	-	-	20,158	-	20,158	-
Contributions	-	-	-	-	118	118	-
Net cash provided (used) by noncapital financing activities	<u>614</u>	<u>2,498</u>	<u>(4,009)</u>	<u>20,158</u>	<u>727</u>	<u>19,988</u>	<u>(57,708)</u>
Cash flows from capital and related financing activities:							
Acquisition and construction of capital assets	-	(3,903)	-	(3,214)	(1,155)	(8,272)	(1,118)
Principal paid on capital debt	-	-	-	-	(64)	(64)	-
Interest paid on loans	-	-	-	-	(10)	(10)	-
Due from other governments	-	-	-	-	7	7	-
Advances to other governments	-	-	-	-	(384)	(384)	-
Proceeds from grants and other contributions	-	1,879	-	-	-	1,879	-
Principal paid on loans	-	(426)	-	-	-	(426)	-
Receipts from facility charges	-	1,137	-	-	-	1,137	-
Contracts paid	-	-	-	-	(16)	(16)	-
Capital contributions	-	-	-	3,275	-	3,275	-
Interest paid	-	(670)	-	-	(100)	(770)	(139)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(1,983)</u>	<u>-</u>	<u>61</u>	<u>(1,722)</u>	<u>(3,644)</u>	<u>(1,257)</u>

See accompanying notes to the basic financial statements

COUNTY OF SONOMA, CALIFORNIA
Statement of Cash Flows (continued)
Proprietary Funds
For the Year Ended June 30, 2020
(Dollars in Thousands)

	Business-Type Activities-Enterprise Funds						Governmental
	Energy Independence						Activities
	Refuse	Airport	Program	Transit	Other	Total	Internal Service Funds
Cash flows from investing activities:							
Interest received on investments	1,027	342	76	69	222	1,736	1,855
Proceeds on loan receivable	-	57	-	-	-	57	-
Net cash provided by investing activities	<u>1,027</u>	<u>399</u>	<u>76</u>	<u>69</u>	<u>222</u>	<u>1,793</u>	<u>1,855</u>
Net increase (decrease) in cash and cash equivalents	3,645	(407)	(477)	3,318	468	6,547	(7,557)
Cash and cash equivalents, beginning of year	53,821	6,924	3,808	1,790	8,257	74,600	99,881
Cash and cash equivalents, end of year	<u>\$ 57,466</u>	<u>\$ 6,517</u>	<u>\$ 3,331</u>	<u>\$ 5,108</u>	<u>\$ 8,725</u>	<u>\$ 81,147</u>	<u>\$ 92,324</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$ 2,979	\$ (5,070)	\$ 427	\$ (19,237)	\$ (65)	\$ (20,966)	\$ 84,902
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities							
Depreciation and amortization	1,270	3,406	29	3,497	1,180	9,382	2,209
Net pension activity	(74)	20	-	(3)	286	229	(4,520)
Net OPEB activity	(51)	(82)	-	(40)	(339)	(512)	(42,128)
Service concession arrangement	(1,390)	-	-	-	-	(1,390)	-
Changes in operating assets and liabilities:							
Decrease (increase) in:							
Accounts receivable	55	260	3,059	(339)	484	3,519	(185)
Inventories	-	-	-	(36)	9	(27)	-
Prepaid expenses and deposits	8	16	18	18	-	60	(188)
Other assets	-	-	-	-	(3)	(3)	-
Increase (decrease) in:							
Accounts payable	(468)	103	(39)	(868)	(350)	(1,622)	1,628
Unearned revenue	-	-	(38)	35	-	(3)	-
Landfill closure and postclosure costs	(323)	-	-	-	-	(323)	-
Self-funded insurance	-	-	-	-	-	-	8,602
Compensated absences	(2)	26	-	3	36	63	19
Other liabilities	-	-	-	-	3	3	(786)
Net cash provided (used) by operating activities	<u>\$ 2,004</u>	<u>\$ (1,321)</u>	<u>\$ 3,456</u>	<u>\$ (16,970)</u>	<u>\$ 1,241</u>	<u>\$ (11,590)</u>	<u>\$ 49,553</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position:							
Cash and investments	\$ 57,466	\$ 6,517	\$ 3,331	\$ 5,108	\$ 7,645	\$ 80,067	\$ 91,254
Restricted cash and investments, current	-	-	-	-	1,080	1,080	1,070
Total cash and cash equivalents	<u>\$ 57,466</u>	<u>\$ 6,517</u>	<u>\$ 3,331</u>	<u>\$ 5,108</u>	<u>\$ 8,725</u>	<u>\$ 81,147</u>	<u>\$ 92,324</u>
Noncash investing, capital and financing activities:							
Acquisition of capital assets through payables	\$ -	\$ 983	\$ -	\$ 3	\$ -	\$ 986	\$ -

See accompanying notes to the basic financial statements

COUNTY OF SONOMA, CALIFORNIA

Fiduciary Funds
Statement of Net Position
June 30, 2020
(Dollars in Thousands)

	Other			
	Investment Trust	Postemployment Benefits (OPEB) Trust	Private Purpose Trust	Agency
ASSETS				
Cash and investments	\$ 1,467,674	\$ -	\$ 6,349	\$ 462,078
Restricted cash and investments:				
OPEB Trust Investments:				
Cash and equivalents	-	3,193	-	-
Mutual funds	-	58,722	-	-
Corporate obligations	-	6,184	-	-
Government obligations	-	5,783	-	-
Restricted investments with trustee:				
Mutual funds	-	-	14	-
Receivables:				
Taxes	-	-	-	21,033
Notes, net	-	-	773	-
Interest and other	-	-	77	14,013
Due from other governments	-	-	-	12,419
Total assets	<u>1,467,674</u>	<u>73,882</u>	<u>7,213</u>	<u>\$ 509,543</u>
LIABILITIES				
Accounts payable	-	-	9	\$ -
Interest payable	-	-	169	-
Due to other agencies	-	-	-	509,543
Long-term debt:				
Due within one year	-	-	395	-
Due in more than one year	-	-	9,390	-
Total liabilities	<u>-</u>	<u>-</u>	<u>9,963</u>	<u>\$ 509,543</u>
NET POSITION (DEFICIT)				
Net position held in trust for pool participants	1,467,674	-	-	
Net position restricted for OPEB	-	73,882	-	
Net position held in trust for other purposes	-	-	(2,750)	
Total net position (deficit)	<u>\$ 1,467,674</u>	<u>\$ 73,882</u>	<u>\$ (2,750)</u>	

See accompanying notes to the basic financial statements

COUNTY OF SONOMA, CALIFORNIA
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2020
(Dollars in Thousands)

	Other		
	Investment Trust	Postemployment Benefits (OPEB) Trust	Private Purpose Trust
ADDITIONS:			
Contributions	\$ 8,003,706	\$ -	\$ -
Employer contributions	-	25,942	-
OPEB employer contributions outside of trust	-	1,670	-
Property taxes	-	-	1,729
Investment income:			
Net increase in fair value of investments	-	2,371	-
Interest and dividends	22,678	64	107
Less investment expense	-	(213)	-
Net investment income	<u>22,678</u>	<u>2,222</u>	<u>107</u>
Miscellaneous	-	-	1
Total additions	<u>8,026,384</u>	<u>29,834</u>	<u>1,837</u>
DEDUCTIONS:			
Distributions	7,859,268	-	444
Employer plan expense	-	19,200	-
OPEB employer expense outside of trust	-	1,670	-
Administrative expense	-	1,142	-
Services and salaries	-	-	180
Legal expense	-	-	90
Interest expense	-	-	302
Total deductions	<u>7,859,268</u>	<u>22,012</u>	<u>1,016</u>
Change in net position	167,116	7,822	821
Net position (deficit) held in trust, beginning of year	<u>1,300,558</u>	<u>66,060</u>	<u>(3,571)</u>
Net position (deficit) held in trust, end of year	<u>\$ 1,467,674</u>	<u>\$ 73,882</u>	<u>\$ (2,750)</u>

See accompanying notes to the basic financial statements



NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

(DOLLARS IN THOUSANDS)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the County of Sonoma (the County) conform to accounting principles generally accepted in the United States of America as applicable to governmental entities. The following is a summary of significant accounting policies:

(a) Definition of Reporting Entity

The County is a legal subdivision of the State of California and is charged with general governmental powers. The County's powers are exercised through a five-member Board of Supervisors (the Board), which, as the governing body of the County, is responsible for the legislative and executive control of the County. The County provides certain services to its citizens, such as road construction and maintenance, law enforcement and criminal justice, regional parks, growth management, and health and social services. In addition, the County administers various special districts governed by the Board (the Special Districts) and provides services to other special districts governed by independent local boards. The Special Districts are located within the boundaries of the County and were established under various sections of the California Government Code. The County provides fiscal agent and accounting services to many of these districts.

As required by generally accepted accounting principles (GAAP) in the United States of America, these financial statements present the County (the primary government) and its component units, entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the County's operations, and the Board is typically the governing body. Blended component units are presented in the same manner as funds of the primary government. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County.

Blended Component Units

Sonoma County Fair and Exposition, Inc. (Fair) – The governing body of the Fair is the County's governing body. The County owns the Fairgrounds property and has a contract with the Fair for operations. All debts and obligations of the Fair are County debts and obligations. The Fair's financial statements use calendar year reporting. The financial statements are presented as of December 31, 2019, which is the latest period audited.

Sonoma County Securitization Corporation (Corporation) – The Corporation is a California non-profit public benefit corporation established by the County Board of Supervisors in October 2000. The Corporation is governed by a Board of 3 directors, 2 of which are officials of the County. Transactions related to the Corporation are included in these financial statements as a blended component unit of the County including a liability for Series 2005 Tobacco Settlement Asset-Backed Refunding Bonds. However, in the event of a decline in the tobacco settlement revenues that are used to repay the loan payable, including the default or bankruptcy of a participating cigarette manufacturer, resulting in a possible default on the loan payable, neither the California County Tobacco Securitization Agency, the County nor the Corporation have any liability to make up any such shortfall. Corporation transactions are reported within the Mandated Revenues Special Revenue Fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Sonoma County Agricultural Preservation and Open Space District – The governing body of the District is the County’s governing body. Voters approved a ¼% County levied sales tax to fund District activities and the County issued bonds secured by the sales tax revenues. The District regularly donates land to the County’s Regional Parks and other entities for use by citizens.

Sonoma County Public Financing Authority – The governing body of the Authority is the County’s governing body. The Authority was formed for the purpose of assisting in financing public improvements of the County and other local agencies. The County has operational responsibility for the Authority and manages it in the same manner as its own departments. The Authority is combined with the Sonoma County Energy Independence Program (SCEIP) and reported as an enterprise fund.

Discretely Presented Component Units

The entities noted below are discretely presented component units. The County’s Board of Supervisors has the ability to exert its will on these entities, however the County is not involved in management of these entities.

Sonoma County Water Agency (Sonoma Water) – The governing body of Sonoma Water is the County’s governing body. Sonoma Water is managed differently than other County departments and its employees are not civil service employees. Sonoma Water’s activities include the transportation of water and the generation of electrical power to eight prime contractors (the cities of Santa Rosa, Petaluma, Sonoma, Rohnert Park and Cotati, the Town of Windsor; and two water districts, Valley of the Moon and North Marin) along with the engineering, administration, and operational services of four sanitation zones. These activities are primarily financed from user fees.

Sonoma County Community Development Commission (Community Development Commission) – The governing body of the Commission is the County’s governing body. The Commission is not managed the same as other County departments and its employees are not civil service employees. The Commission, established as a separate public and corporate entity pursuant to Section 34110 of the Health and Safety Code, provides the community with the option of operating and governing its housing authority. The Board of Supervisors designated itself as the Board of Commissioners of the Community Development Commission, and Sonoma County Housing Authority, which is also the governing body of the Housing Successor Agency to the former Redevelopment Agency.

Sanitation Districts – Several sanitation districts managed by Sonoma Water are discretely presented component units of the County and include the following districts:

- Sonoma Valley County Sanitation District
- Russian River County Sanitation District
- South Park County Sanitation District
- Occidental County Sanitation District

Sonoma Water provides administrative, engineering, operational and maintenance services to the Districts. Each District is responsible for operating and maintaining local sanitation collection systems, pump stations and treatment plants. The Districts’ activities are primarily financed through user fees.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Sonoma County Water and Wastewater Financing Authority (The Financing Authority) was created to issue conduit debt obligations for the express purpose of providing capital financing on behalf of Sonoma Water and various sanitation districts located within the County. The Financing Authority and County have no obligation to remit to bondholders anything beyond what is received from the parties on whose behalf the debt was issued. The Financing Authority is governed by the Board of Supervisors of the County who act ex-officio as the Board of Directors. The exercise of this oversight responsibility causes the Financing Authority to be a component unit of the County.

The Financing Authority does not issue separate financial statements as the disclosure of its conduit debt is included in the discrete component financial information presented herein for Sonoma Water, and the Sonoma Valley and South Park Sanitation Districts.

Financial statements for each of the discretely presented component units, except the Sonoma County Water and Wastewater Financing Authority, can be obtained from the Auditor-Controller-Treasurer-Tax Collector's Office at 585 Fiscal Drive, Room 100, Santa Rosa, California, 95403.

(b) Basis of Presentation*Government - Wide Financial Statements*

The statement of net position and statement of activities provide information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations are made to minimize the double counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the governmental and business-type activities of the County. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user fees and charges to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

Fund Financial Statements

The fund financial statements provide information about the County's funds, including fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. Operating expenses for enterprise and internal service funds include services and supplies, salaries and employee benefits, self-insurance claims and depreciation on capital assets. All expenses not falling within these categories are reported as nonoperating expenses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County reports the following major governmental funds:

- The **General Fund** accounts for all revenues and expenditures necessary to carry out the basic governmental activities of the County that are not accounted for through other funds. Revenues are primarily derived from taxes; licenses, permits and franchise fees; fines, forfeitures and penalties; use of money and property; intergovernmental revenues; charges for services; and other revenues. Expenditures are primarily expended for functions of general government, public protection, public ways and facilities, public assistance, education, recreation and cultural services, capital outlay, and debt service.
- The **Human Services Special Revenue Fund** accounts for proceeds restricted for the activities of the County's various state and federally funded public assistance programs.
- The **Health and Sanitation Special Revenue Fund** accounts for proceeds restricted for public health and mental health programs, which are primarily funded by state and federal agencies.
- The **Open Space Special Tax Account Special Revenue Fund** accounts for revenues received from County levied sales tax Measure F which restricts funds to certain activities of the Sonoma County Agricultural Preservation and Open Space District.

The County reports the following major proprietary funds:

- The **Refuse Enterprise Fund** accounts for Sonoma County integrated waste management activities throughout the County and is administered as a division of the Sonoma County Department of Transportation & Public Works. Activities include management of one sanitary landfill and five transfer stations; regulation of two franchised commercial refuse haulers; and development, administration, and implementation of the County Integrated Waste Management Plan.
- The **Airport Enterprise Fund** accounts for activities related to the operations of the Charles M. Schultz Sonoma County Airport (Airport). Airport operations include commercial passenger services as well as air cargo, private and corporate flights, military, search and rescue, firefighting, and law enforcement services.
- The **Sonoma County Energy Independence Program Enterprise Fund (SCEIP or Energy Independence Program)** accounts for activities related to the passage of California Assembly Bill 811 (AB 811) in July 2008. Activities include financing to commercial and residential property owners for energy and water efficiency improvements on existing buildings.
- The **Transit Enterprise Fund** accounts for activities related to the provision of fixed-route transit and ADA paratransit services operating throughout Sonoma County. Operation of the system is largely funded through Transportation Development Act contributions from local governments. The route network consists of a mix of local, intercity and SMART connector routes.

The County reports the following additional fund types:

- **Internal Service Funds** account for the financing of goods or services provided by one department or agency to other departments or agencies of the County or other governmental units on a cost reimbursement basis. Activities include the County's self-insurance programs, heavy equipment replacement, the County's ERP System, the County's employee retirement program, and the County's other postemployment benefits (OPEB) program.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **Investment Trust Funds** account for the assets of legally separate entities, which invest in the County Treasurer’s investment pool. These entities include school and community college districts, other special districts governed by local boards, regional boards and authorities and pass through funds for tax collections for cities. These funds represent the assets, primarily cash and investments held in trust for these entities.
- **Other Postemployment Benefits (OPEB) Trust Fund** accounts for assets held in trust by the Public Agency Retirement Services (PARS) for future postemployment healthcare plan benefits. The trust is used to accumulate resources to fund future benefits.
- **Private-Purpose Trust Fund** established by the County to report trust arrangements under which principal and income benefit other governments. This fund reports the assets, liabilities and activities of the Sonoma County Redevelopment Successor Agency.
- **Agency Funds** established by the County are custodial in nature. These funds account for assets held by the County in an agency capacity for individuals or other government units.

(c) Basis of Accounting

The government-wide, proprietary funds and fiduciary trust funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from sales taxes are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds 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. Property taxes are accrued when the receipt occurs within sixty days of the end of the fiscal year. Sales and other taxes, interest, certain state and federal grants and charges for services are accrued when the receipt occurs within three hundred sixty five days of the end of the fiscal year so as to be both measurable and available. Licenses, permits, fines, forfeitures, and other revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from the issuance of general long-term debt, capital leases and the sale of capital assets are reported as other financing sources.

Agency funds apply the accrual basis of accounting but do not have a measurement focus.

(d) Non-Current Governmental Assets/Liabilities

Non-current governmental assets and liabilities, such as capital assets and long-term liabilities, are reported in the governmental activities column in the government-wide statement of net position.

(e) Cash and Cash Equivalents

For purposes of the accompanying statement of cash flows, the enterprise and internal service funds consider all highly liquid investments with a maturity of three months or less when purchased, and equity in the County Treasurer’s investment pool, to be cash equivalents.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Investments

In accordance with GASB Statement No. 31, “Accounting and Financial Reporting for Certain Investments and External Investment Pools” and GASB Statement No. 72, “Fair Value Measurement and Application”, investments are stated at fair value in the statement of net position and the corresponding changes in the fair value of investments are recognized in the year in which the change occurred. The County follows the practice of pooling cash and investments of all funds with the County Treasurer except for certain restricted funds held by outside custodians, funds held by a trustee, or funds in dedicated investments for the benefit of an individual pool participant.

The fair value of investments is determined annually. Interest earned on pooled investments is allocated quarterly to the appropriate funds based on the respective average daily balance for that quarter. At the Board’s direction, the investment income related to certain County funds is allocated to the General Fund.

(g) Restricted Cash and Investments

Restricted assets in the governmental funds represent cash and investments that are restricted for debt service pursuant to various debt covenants. Restricted assets in the enterprise funds primarily represent cash and investments that are restricted for debt service pursuant to various debt covenants and customer deposits.

(h) Inventories

Inventories for governmental and proprietary funds, consist of materials and supplies held for consumption, valued at cost, using the first-in, first-out method. Governmental funds inventory costs are recorded as expenditures when consumed, rather than when purchased. Inventories reported in governmental funds are offset by nonspendable fund balance, which indicates that inventories do not represent expendable available financial resources.

(i) Assets Held for Sale

Assets held for sale, are valued at the lower of cost or market for both governmental and proprietary funds, consist of real estate assets no longer in operational use and are intended to be sold on the open market.

(j) Prepaid Items/Expenses and Deposits

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both the government-wide and fund financial statements. Prepaid expenses are recorded when consumed rather than when purchased. In the fund financial statements, prepaid items/expenses and deposits are offset by corresponding nonspendable fund balance to indicate that they are not available for appropriation and are not expendable available financial resources.

(k) Capital Assets

Capital assets include land, land improvements, buildings and improvements, machinery and equipment, infrastructure (e.g. roads, bridges, sidewalks), and intangible assets (e.g. land easements and computer software). Assets purchased or constructed are reported at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are valued at estimated acquisition value on the date of donation.

Normal maintenance and repairs are charged to operations when incurred. Betterments and major improvements that significantly increase values, change capacities, or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital outlays are recorded as expenditures in the governmental funds and as additions to capital assets in the proprietary and fiduciary funds and the government-wide financial statements, in accordance with the County's capitalization policy.

Assets acquired under capital lease are amortized over the lesser of the useful life of the asset or the lease term. Capital assets used in operations are depreciated or amortized using the straight-line method over the estimated useful life in the government-wide statements, proprietary funds, and fiduciary trust funds statements.

The capitalization thresholds and estimated useful lives for capital assets are as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Land and permanent easements	\$ -	N/A
Land improvements	25	15 to 50 years
Buildings and improvements:		
Buildings	25	50 years
Service and safety systems	25	20 years
Building improvements	25	15 years
Machinery and equipment		
Equipment, construction and grounds equipment	5	5 to 15 years
Vehicles	15	5 to 15 years
Furniture	25	5 years
Infrastructure:		
Pavement	100	25 years
Bridges	100	50 years
Other small systems	100	25 years
Intangible assets:		
Purchased canned software	25	3 years
Internally created software	25	10 years
Leasehold improvements	25	Life of Lease
Other capital assets		
Works of art or historical treasures	5	Varies
Library books and equipment	5	Varies
Construction in progress / work in progress	Expected to exceed capitalization threshold	N/A

(l) Deferred Outflows and Inflows of Resources

The County recognizes deferred outflows and inflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position by the government applicable to a future reporting period.

(m) Long-term Obligations

In the government-wide, proprietary and fiduciary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the respective statements of net position.

In governmental fund types, bond and certificate of participation premiums, discounts and issuance costs are recognized in the period issued. In the government-wide statement of net position, and proprietary and fiduciary trust statement of net position premiums and discounts are deferred and amortized over the terms of the issuance using the straight-line method, which approximates the effective interest method.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Net Position/Fund Balance

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets (net of related debt), restricted or unrestricted.

- **Net Investment in Capital Assets** – consists of capital assets, net of accumulated depreciation/amortization, reduced by outstanding debt balances attributable to the acquisition, construction, or improvement of those assets. Includes deferred outflows/inflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted** – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- **Unrestricted** – Net position not restricted for any project or other purpose.

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the County is bound to honor constraints on how specific amounts can be spent.

- **Nonspendable Fund Balance** – Amounts that cannot be spent because they are not spendable in form or are legally or contractually required to be maintained intact.
- **Restricted Fund Balance** – Amounts with constraints placed on use by creditors, grantors, contributors or laws or other governments regulations; or restrictions imposed by law through constitutional provisions or enabling legislation.
- **Committed Fund Balance** – Amounts used for specific purposes pursuant to constraints imposed by ordinance or resolution of the County’s highest decision-making authority (Board of Supervisors) and that remain binding unless removed by an equally binding action.
- **Assigned Fund Balance** – Amounts constrained by the County’s intent to be used for specific purposes. The intent can be established by the County’s highest level of decision-making authority (Board of Supervisors) or by a body or an official to which the Board has delegated the authority (i.e. County Administrator). The Board has delegated the authority to assign fund balance to the County Administrator.
- **Unassigned Fund Balance** – The residual classification for the County’s General Fund that includes amounts not contained in the other classifications. In other funds the unassigned classification is used only if the expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes (i.e. negative fund balance).

The Board of Supervisors establishes, modifies or rescinds fund balance commitments by passage of an ordinance or resolution, each resulting in equally binding constraints, and through adoption of the budget and subsequent budget amendments that occur throughout the year.

When both restricted and unrestricted resources are available for use, it is the County’s policy to use restricted resources first, followed by committed, assigned and unassigned resources as they are needed.

(o) Property Tax Levy, Collection and Maximum Rates

Property taxes, including tax rates, are regulated by the State and are administered locally by the County. The County is responsible for assessing, collecting and distributing property taxes in accordance with state law. Liens on real property are established January 1 for the ensuing fiscal year. The property tax is levied as of July 1 on all taxable property located in the County.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Secured property taxes are due in two equal installments on November 1 and February 1 and are delinquent after December 10 and April 10, respectively. Unsecured property taxes are due in a single installment due July 31 and are delinquent after August 31. Unsecured property taxes added to the unsecured roll after July 31 are delinquent after the last day of the month succeeding the month of enrollment. Additionally, supplemental property taxes are levied on a pro rata basis when changes in assessed valuation occur due to sales transactions or the completion of construction.

Since the passage of Article XIII of the California Constitution (commonly referred to as Proposition 13), beginning with fiscal year 1978/1979, general property taxes are based either on a flat one percent rate applied to the 1975/1976 full value of the property or on one percent of the sales price of the property on sales transactions and construction after the 1975/1976 valuation. Taxable values on properties (exclusive of increases related to sales and construction) can rise at a maximum of two percent per year.

Net taxable valuation for the year ended June 30, 2020 was approximately \$95.8 billion, which includes secured, unsecured, Home Owner Property Tax Relief, and unitary values. The tax rate was \$1 per \$100 of valuation (\$0.35 for the County and Special Districts, \$0.48 for schools, \$0.09 for cities, and \$0.08 for redevelopment activities within the County of Sonoma). On February 1, 2012, the State of California dissolved all redevelopment agencies (see Note 19 – Successor Agency Private Purpose Trust Fund). Taxes are collected by the County and apportioned to each taxing agency in accordance with state law. In addition, special assessments are levied to provide for debt service on general obligations that were voter-approved. Delinquencies for the year amounted to approximately 1.3% of the current secured and unsecured property tax revenue assessed.

In fiscal year 1993-94, the County adopted the Alternate Method of Property Tax Allocation (commonly referred to as the Teeter Plan). Under the Teeter Plan, the County Auditor-Controller-Treasurer-Tax Collector, an elected official, is authorized to pay 100 percent of the property taxes billed (secured, supplemental, and debt service) to the taxing agencies within the County. The County recognizes property tax revenues in the period for which the taxes are levied, and retains all penalties and interest upon collection of the applicable delinquent taxes.

(p) Compensated Absences

County employees are entitled to certain compensated absences based on length of employment and position held. Vacation pay is subject to certain maximum accumulations and is payable upon termination. Sick leave may be accumulated without limitation. An average of the most recent three years cost to convert sick leave to service credits for employees separating due to retirement from the County has been included in the compensated absence liability. Because vacation, sick leave and other compensated absence balances do not require the use of current financial resources, no liability is recorded within the governmental funds.

This liability is reflected in the government-wide statement of net position. In proprietary funds, the liability for compensated absences is recorded in the period that the benefits accrue to employees.

(q) Pension

The County recognizes a net pension liability, which represents the County's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension plan as stated in the actuarial report provided by the Sonoma County Employees' Retirement Association (SCERA). Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows or outflows of resources. Benefit contributions are recognized when due and payable. Investments are reported at fair value.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Other Postemployment Benefits

The County recognizes a net other postemployment benefit (OPEB) liability, which represents the County's excess of the total OPEB liability over the fiduciary net position of the OPEB plan as stated in the actuarial report completed by an external actuarial firm. Changes in the net OPEB liability are recorded, in the period incurred, as OPEB expense or as deferred inflows or outflows of resources. Benefit contributions are recognized when due and payable. Investments are reported at fair value.

(s) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

(t) Implementation of Governmental Accounting Standards Board (GASB) Statements

The following GASB statement was implemented for the fiscal year ending June 30, 2020:

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. In light of the COVID-19 pandemic the effective dates of multiple pronouncements were postponed by one year or more, providing the County a brief reprieve from implementing several GASB pronouncements.

(u) Future GASB Pronouncements

The following GASB statements were issued. The County has not determined the effect on the financial statements of the following GASB statements:

GASB Statement No. 84, *Fiduciary Activities*: This Statement established criteria for identifying fiduciary activities *Effective FY 2020-21*.

GASB Statement No. 87, *Leases*: Requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. Establishes a single model for lease accounting. *Effective FY 2021-22*.

GASB Statement No. 90, *Majority Equity Interests*: Modifies previous guidance for reporting a government's majority equity interests in legally separate organizations. *Effective FY 2020-21*.

GASB Statement No. 91, *Conduit Debt Obligations*: Clarifies conduit debt obligation definition. *Effective FY 2022-23*.

GASB Statement No. 92, *Omnibus 2020*: Address several other statements previously published including Statements 74, 75, 84, 87 and also asset retirement obligations in government acquisitions. *Effective FY 2022-23*.

GASB Statement No. 93, *Replacement of Interbank Offered Rates (IBOR)*: Addresses accounting and financial reporting implications that result from the replacement of an IBOR. *Effective FY 2021-22*.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*: Provides guidance on accounting and financial reporting for these transactions. *Effective FY 2023-24*.

GASB Statement No. 96, *Subscription-based information technology arrangements (SBITAs)*. Provides guidance on accounting and financial reporting for SBITAs. *Effective FY 2023-24*.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*: Provides guidance on accounting and financial reporting for fiduciary component units and certain benefit plans. *Effective FY 2021-22*.

NOTE 2 – CASH AND INVESTMENTS

(a) Financial Statement Presentation

Total cash and investments at June 30, 2020 were presented on the County’s financial statements as follows:

	Investments Held by Cash and Investments			Total Cash and Investments
	Sonoma County	Held with Third	Petty Cash	
	Treasury	Parties		
Primary government	\$ 647,886	\$ 23,518	\$ 30	\$ 671,434
Discrete component units	212,384	41,681	1	254,066
Investment trust fund	1,467,674	-	-	1,467,674
Other postemployment benefits trust	-	73,882	-	73,882
Private purpose trust fund	6,349	14	-	6,363
Agency funds	462,078	-	-	462,078
	<u>\$ 2,796,371</u>	<u>\$ 139,095</u>	<u>\$ 31</u>	<u>\$ 2,935,497</u>

(b) Investment Guidelines and Investment Policy

The County’s cash and investments are invested by the County Treasurer in accordance with investment policy guidelines and California Government Code. The objectives of the policy are, in order of priority, safety of capital, liquidity, and yield. The policy addresses the soundness of financial institutions in which the County will deposit funds, types of investment instruments as permitted by the California Government Code, and the percentage of the portfolio that may be invested in certain instruments with longer terms to maturity. The Treasury Oversight Committee requires an annual audit to ensure the County’s Investment Portfolio is in compliance with its policy and California Government Code Section 53601.

The investment policy restricts the maximum investment the Sonoma County Pooled Investment Fund may invest in one issuer for the following investment types:

- Bankers’ Acceptance - 30%
- Commercial Paper – 10%
- Mutual Funds – 10%
- Money Market Mutual Funds – 10%

Investments held with trustees under bond indentures or other restrictive agreements are invested by the County Treasurer, and reviewed and approved by the Board of Supervisors.

A copy of the County investment policy is available upon request from the Sonoma County Treasurer at 585 Fiscal Drive, Room 100, Santa Rosa, California, 95403 or can be found online at www.Sonoma-County.org on the Auditor-Controller-Treasurer-Tax Collector’s page.

The table on the following page identifies the investment types that are authorized and references the respective California Government Code. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the County, rather than the general provisions of the County’s investment policy.

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investment Type	Maximum Maturity	Maximum % of Pool	Rating
U.S Treasury and Agency Securities (\$53601 (b & f))	5 years	100	N/A
Obligations Issued or Unconditionally Guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation or Inter-American Development Bank (\$53601 (q))	5 years	30	AA
Bonds and Notes issued by local agencies (\$53601 (a & e))	5 years	100	N/A
Registered State Warrants and Municipal Notes and Bonds (\$53601 (c & d))	5 years	100	N/A
Bankers' Acceptances (\$53601 (g))	180 days	40	N/A
Commercial Paper (\$53601 (h) and (\$53635 (a))	270 days	40	A-1/F-1/P-1
Negotiable Certificates of Deposit (\$53601 (i))	5 years	30	N/A
Repurchase Agreements (\$53601 (j))	1 year	100	N/A
Reverse Repurchase Agreements and Securities Lending Agreements (\$53601 (j))	92 days	20	N/A
Medium Term Corporate Notes (\$53601 (k))	5 years	30	A
Mutual Funds & Money Market Mutual Funds (See Section 13) (\$53601 (l))	N/A	20	Aaa & AAAM
Collateralized Mortgage Obligations (\$53601 (o))	5 years	20	AA
Joint Powers Agreement (\$53601 (p))	N/A	20	N/A
Local Agency Investment Fund (LAIF) (\$16429.1)	N/A	As limited by LAIF	N/A
Investment Trust of California (CalTRUST) (\$6509.7)	N/A	As limited by CalTRUST	N/A
Collateralized Time Deposits (\$53649et seq.)	5 years	N/A	N/A

NOTE 2 – CASH AND INVESTMENTS (Continued)

(c) Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In a rising interest rate market, the fair value of investments could decline below original cost. Conversely, in a declining interest rate market, the fair value of investments will generally increase. The County investment policy does not contain requirements that would limit the exposure to interest rate risk. The County manages its exposure to interest rate risk 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 evenly over time as necessary to provide the cash flow and liquidity needed for operations, which precludes the County from having to sell investments below original cost. Of the County’s \$2.8 billion portfolio as of June 30, 2020, 36% of the investments have a maturity of one year or less. Of the remainder less than 1%, all of which are SCEIP bonds, have a maturity of more than 5 years.

(d) 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 County’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 a depository regulated under state 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.
- California law also allows financial institutions to secure the County’s deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.
- The California Government Code limits the total of all securities lending transactions to 20% of the fair value of the investment portfolio.

(e) Credit Risk

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. It is the County’s policy to purchase investments meeting ratings requirements established by the California Government Code.

(f) Concentration of Credit Risk

The County investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. 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 pooled investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Amount</u>	<u>Percentage Holdings</u>
Federal Farm Credit Bank	Federal Agency Security	\$ 362,557	12.83 %
Federal Home Loan Bank	Federal Agency Security	196,319	6.95
Federal Home Loan Mortgage Corp.	Federal Agency Security	599,233	21.20
Federal National Mortgage Association	Federal Agency Security	296,967	10.51

NOTE 2 – CASH AND INVESTMENTS (Continued)

(g) Treasury Pool

The Treasury Pool includes amounts held for various school districts, whose participation in the Treasury Pool is mandated by State code. Cash on deposit with the Treasury Pool at June 30, 2020 is stated at fair value. The Treasury Pool's fair value calculations at fiscal year-end are based on quoted market values provided by the County's investment software. The fair value adjustment increased the Treasury Pool's investment income and carrying value by \$16,090 at June 30, 2020. Involuntary participants of the County's investment pool totaled \$1,738,480 at June 30, 2020. Investments held in the Treasury Pool are summarized as follows:

<u>Investment</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Interest Rate Range</u>	<u>Maturity Range</u>
U.S. Agency securities	\$ 1,452,173	\$ 1,455,076	0.25-5.62 %	9/11/20-5/12/25
Supranational obligations	206,098	207,730	1.32-2.75	7/16/20-12/15/24
Other government obligations	101,961	101,833	0.59-5.03	7/1/20-9/2/35
Commerical paper	19,738	19,961	1.77-1.77	1/29/21-1/29/21
Certificates of deposit	380,000	380,990	1.2-1.93	7/2/20-3/29/21
Corporate and medium term notes	553,385	563,855	1.7-4.25	7/29/20-1/15/25
Money market mutual funds	7,273	7,273	0.31	1 day
CalTRUST	1,006	1,006	0.096	1 day
CAMP	89,000	89,000	0.51	1 day
Totals	<u>\$ 2,810,634</u>	<u>\$ 2,826,724</u>		

(h) Condensed Pool Statements

The Treasury Pool includes investments with a fair value of \$2,826,724 and deposits of \$72,172. The following represents a condensed statement of net position and changes in net position for the Treasury Pool as of and for the fiscal year ended June 30, 2020:

Statement of Net Position

Cash and investments	\$ 2,898,896
Less: Investments held by fiscal agent	<u>(86,803)</u>
Net position held in trust for pool participants	<u>\$ 2,812,093</u>
Equity of internal participants	\$ 1,344,419
Equity of external pool participants	<u>1,467,674</u>
Net position held in trust for pool participants	<u>\$ 2,812,093</u>

Statement of Changes in Net Position

Net position at July 1, 2019	\$ 2,549,858
Net change in pooled cash and investments	<u>262,235</u>
Net position held in trust for pool participants at June 30, 2020	<u>\$ 2,812,093</u>

NOTE 2 – CASH AND INVESTMENTS (Continued)

(i) Investment Credit Ratings and Maturity

As of June 30, 2020, the County’s investments and credit ratings are as follows:

	Credit Rating (Moody's / S & P)	Maturity					Fair Value
		Under 30	31-180	181-365	Over 5		
		Days	Days	Days	1-5 Years	Years	
Non-pooled investments:							
Cash and cash equivalents	Not rated	\$ 441	\$ -	\$ -	\$ -	\$ -	\$ 441
Money market mutual funds	AAAm	12,480	-	-	-	-	12,480
OPEB trust investments:							
Cash and cash equivalents	Not rated	3,193	-	-	-	-	3,193
Mutual funds	Not rated	58,722	-	-	-	-	58,722
Corporate obligations	Ba1/Aaa	-	-	81	2,433	3,670	6,184
Government obligations	Aaa/AA+	-	-	-	48	5,735	5,783
Total investments held by fiscal agents		<u>74,836</u>	<u>-</u>	<u>81</u>	<u>2,481</u>	<u>9,405</u>	<u>86,803</u>
Investments managed by County Treasurer:							
U.S. Agency Securities:							
Federal Farm Credit Bank	Aaa/AA+	-	-	1,016	361,541	-	362,557
Federal Home Loan Bank	Aaa/AA+	-	8,911	12,432	174,976	-	196,319
Federal Home Loan Mortgage Corp.	Aaa/AA+	-	10,079	2,541	586,613	-	599,233
Federal National Mortgage Association	Aaa/AA+	-	5,027	45,736	246,204	-	296,967
Subtotal U. S. Agency Securities		-	24,017	61,725	1,369,334	-	1,455,076
Supranational obligations	AAA/Aaa	20,009	19,410	60,521	107,790	-	207,730
Other government obligations	Not rated	225	2,915	13,449	71,342	13,902	101,833
Commercial paper	A+/A1	-	-	19,961	-	-	19,961
Certificates of deposit	A1/AA-	115,096	220,557	45,337	-	-	380,990
Corporate and medium term notes	AAA/A-	4,764	126,597	190,446	242,048	-	563,855
Money market mutual funds	AAAm	7,273	-	-	-	-	7,273
Joint Powers Authority Pool:							
CalTRUST	AAAm	1,006	-	-	-	-	1,006
CAMP	AAAm	89,000	-	-	-	-	89,000
Total investments managed by County Treasurer		<u>\$ 237,373</u>	<u>\$ 393,496</u>	<u>\$ 391,439</u>	<u>\$ 1,790,514</u>	<u>\$ 13,902</u>	<u>2,826,724</u>
Cash and deposits	N/A						15,610
Less outstanding warrants	N/A						(45,963)
Subtotal cash and investments managed by County Treasurer							2,796,371
Cash and deposits - other							15,722
Subtotal cash and investments							<u>\$ 2,812,093</u>

NOTE 2 – CASH AND INVESTMENTS (Continued)

Discrete Component Units

		Maturity				Fair Value
		12 Months or Less	13 – 24 Months	25 – 60 Months	More than 60 Months	
<u>Sonoma Water</u>						
Non-pooled investments:						
Money market mutual funds	AAAm	\$ 6,046	\$ -	\$ -	\$ -	\$ 6,046
U.S. Treasury STRIPS	N/A	-	6,297	12,557	-	18,854
SCEIP bonds	N/A	384	427	1,473	8,511	10,795
Total investments held by bond trustees		<u>\$ 6,430</u>	<u>\$ 6,724</u>	<u>\$ 14,030</u>	<u>\$ 8,511</u>	<u>\$ 35,695</u>

Sonoma Valley County Sanitation District

Non-pooled investments:						
Money market mutual funds	AAAm	<u>\$ 906</u>				<u>\$ 906</u>
Total cash and investments						<u>\$ 2,935,497</u>

(j) Joint Powers Authorities

The County is a voluntary participant in two Joint Powers Authorities (JPAs), the California Asset Management Program (CAMP) and the Investment Trust of California (CalTRUST), which fall under California Government Code 53601(p). CAMP and CalTRUST are each directed by a Board of Trustees made up of experienced investment officers, local government finance directors, and treasurers of the public agency members. The value of pool shares in CAMP and CalTRUST that may be withdrawn is determined on an amortized cost basis, which is the same as the fair value of the County's portion in the pool. As of June 30, 2020 the County's total investment in JPAs was \$90,006.

(k) Tobacco Endowment

In accordance with California Government Code Section 53601, any investment with a maturity in excess of five years requires the express authorization of the County's Board of Supervisors. In 2002, the County established the Sonoma County Tobacco Endowment Fund (Endowment) for the purpose of funding future capital improvements. The Endowment was funded from a portion of the proceeds of the Series 2002B Tobacco Securitization Bonds. Pursuant to a resolution by the Board of Supervisors on October 24, 2000, the County Treasurer was authorized to purchase tax-exempt municipal obligations of any state or local government with a final maturity no later than the final maturity of the Bonds in 2030. As of June 30, 2020, the County's investment in the Tobacco Endowment was invested in money market mutual funds totaling \$7,273.

(l) Sonoma County Energy Independence Program (SCEIP)

On March 24, 2009, the Board of Supervisors authorized the creation of the Sonoma County Energy Independence Program (SCEIP) enabling Sonoma County property owners to finance energy conservation and generation improvements through voluntary contractual property assessments. State Assembly Bill 811 is the authorizing legislation for SCEIP and was signed into law the fall of 2008. To finance the program, on April 21, 2009, the Board of Supervisors authorized the Sonoma County Treasury Pooled Investment Fund to purchase up to \$60,000 of SCEIP bonds issued by the Sonoma County Public Financing Authority with maturities of 10 and 20 years. As of June 30, 2020, the County's investment in SCEIP bonds, included in other governmental obligations was \$14,332.

NOTE 2 – CASH AND INVESTMENTS (Continued)

(m) Fair Value Measurements

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The three levels of the hierarchy are based on the valuation inputs used to measure the fair value of the asset and are described as follows:

- Level 1: Investments reflect prices quoted in active markets for identical assets
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active
- Level 3: Investments reflect prices based on unobservable inputs which reflect the County’s own assumptions about the inputs market participants would use in pricing the asset (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the County’s own data

The County’s investments measured at fair value as of June 30, 2020 are as follows:

Investments	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Agency securities	\$ 1,455,076	\$ -	\$ 1,455,076	\$ -
Supranational obligations	207,730	-	207,730	-
Other government obligations	101,833	-	87,501	14,332
Commercial paper	19,961	-	19,961	-
Certificates of deposit	380,990	-	380,990	-
Corporate and medium term notes	563,855	-	563,855	-
Total investments measured at fair value	2,729,445	\$ -	\$ 2,715,113	\$ 14,332
Investments not subject to fair value hierarchy:				
Money market mutual funds	7,273			
CalTRUST	1,006			
CAMP	89,000			
Total pooled and directed investments	\$ 2,826,724			
<u>Discrete Component Units</u>				
<u>Sonoma Water</u>				
U.S. Treasury STRIPS	\$ 18,854	\$ 18,854	\$ -	\$ -
SCEIP bonds	10,795	-	-	10,795
Total investments measured at fair value	29,649	\$ 18,854	\$ -	\$ 10,795
Investments not subject to fair value hierarchy:				
Money market mutual funds	6,046			
Total investments	\$ 35,695			

NOTE 3 – RECEIVABLES

Receivables for the fiscal year ended June 30, 2020, for the County’s individual major funds, nonmajor and internal service funds in the aggregate are as follows:

	General	Human Services Revenue	Health and Sanitation Special Revenue	Open Space Special Tax Account Special Revenue	Other Funds	Internal Service Funds	Total
<u>Governmental Activities</u>							
Accounts receivables	\$ 951	\$ 46	\$ 66	\$ -	\$ 903	\$ 539	\$ 2,505
Interest and other	17,703	433	1,449	3,569	1,898	-	25,052
Due from other governments	32,843	25,583	48,485	-	11,363	196	118,470
Total	<u>\$ 51,497</u>	<u>\$ 26,062</u>	<u>\$ 50,000</u>	<u>\$ 3,569</u>	<u>\$ 14,164</u>	<u>\$ 735</u>	<u>\$ 146,027</u>
<u>Business-Type Activities</u>							
	Refuse	Airport	SCEIP	Transit	Other Funds	Total	
Accounts receivables	\$ 1,389	\$ 203	\$ 13	\$ 95	\$ 1,129	\$ 2,829	
Loans	-	60	-	-	-	60	
Contractual assessments	-	-	966	-	-	966	
Interest and other	-	1	-	-	-	1	
Due from other governments.	26	3,442	-	2,922	-	6,390	
Long term contractual assessments	-	-	23,601	-	-	23,601	
Total	<u>\$ 1,415</u>	<u>\$ 3,706</u>	<u>\$ 24,580</u>	<u>\$ 3,017</u>	<u>\$ 1,129</u>	<u>\$ 33,847</u>	

Governmental receivables of \$24,683 are not expected to be collected within the next fiscal year. See Note 16 for further discussion on unavailable revenues.

NOTE 4 – INTERFUND TRANSACTIONS

(a) Interfund Receivables/Payables

Interfund receivables and payables result from a time lag between the dates that 1) transactions are recorded in the accounting system or 2) payments are made between funds. Interfund balances as of June 30, 2020 are as follows:

<i>Due to/from other funds :</i>		
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Human Services Special Revenue Fund	\$ 502
	Energy Independence Program	200
	Internal service funds	1,770
	Other governmental funds	133
	Other enterprise funds	<u>12</u>
		<u>2,617</u>
Human Services Special Revenue Fund	Other governmental funds	995
Other governmental funds	General Fund	451
Refuse Enterprise Fund	Airport Enterprise Fund	3,500
Internal service funds	Health Services Special Revenue Fund	12,000
	Other governmental funds	<u>511</u>
		<u>12,511</u>
Total		<u>\$ 20,074</u>
<i>Advances to/from other funds:</i>		
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other enterprise funds	\$ 81
	Internal service funds (1)	<u>6,828</u>
		<u>\$ 6,909</u>

(1) Internal service funds advance for the County's Enterprise Financial Systems; paid off fiscal year end 2026.

(b) Transfers

Transfers are used to fund capital projects, lease payments for debt service, subsidies of various County operations, and re-allocations of special revenue. The following schedules summarize the County's transfer activity during the fiscal year ended June 30, 2020:

<i>(1) Between Governmental and Business-Type Activities:</i>			
<u>Transfer from</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Funding</u>
<u>Governmental Activities:</u>			
<u>Business-Type Activities</u>			
General Fund	Refuse Enterprise Fund	\$ 989	Operations
	Airport Enterprise Fund	3	Operations
	Other enterprise funds	<u>372</u>	Operations
		<u>1,364</u>	
Other governmental Funds	Other enterprise funds	<u>350</u>	Operations and capital projects
		<u>1,714</u>	
<u>Business-Type Activities</u>			
<u>Governmental Activities:</u>			
Refuse Enterprise Fund	General Fund	(4)	Operations
Airport Enterprise Fund	General Fund	(5)	Operations
Energy Independence Program	General Fund	(5)	Operations
Other enterprise funds	General Fund	(1)	Operations
Other enterprise funds	Other governmental funds	<u>(100)</u>	Operations
		<u>(115)</u>	
Total		<u>\$ 1,599</u>	

NOTE 4 – INTERFUND TRANSACTIONS (Continued)

(2) Between Funds within the Governmental Activities:

Transfer from	Transfer To	Amount	Purpose of Funding
General Fund	Human Services Special Revenue Fund	\$ 26,011	Operations
	Health and Sanitation Special Revenue Fund	23,169	Operations
	Internal service funds	5,502	Operations and capital projects
	Other governmental funds	<u>40,396</u>	Operations and capital projects
		<u>95,078</u>	
Health and Sanitation Special Revenue Fund	General Fund	399	Operations
	Other governmental funds	<u>4,626</u>	Operations
		<u>5,025</u>	
Human Services Special Revenue Fund	Health and Sanitation Special Revenue Fund	3,000	Operations
Open Space Special Tax Account Special Revenue Fund	Other governmental funds	26,331	Operations and debt service
Other governmental funds	General Fund	12,932	Operations
	Internal service funds	3,000	Operations
	Other governmental funds	<u>9,680</u>	Operations and capital projects
		<u>25,612</u>	
Internal service funds	General Fund	1,116	Operations
	Health and Sanitation Special Revenue Fund	1	Operations
	Human Services Special Revenue Fund	345	Operations
	Other governmental funds	<u>144</u>	Operations
		<u>1,606</u>	
Total		<u>\$ 156,652</u>	

NOTE 5 – CAPITAL ASSETS

Capital asset activities for the fiscal year ended June 30, 2020 are as follows:

	Balance <u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	Balance <u>June 30, 2020</u>
<u>Governmental Activities:</u>					
Capital assets, non-depreciable:					
Land	\$ 376,876	\$ -	\$ -	\$ (7,191)	\$ 369,685
Intangible assets	370,860	13,808	-	7,362	392,030
Work in progress	6,856	2,003	(169)	(1,271)	7,419
Construction in progress	<u>63,543</u>	<u>43,514</u>	<u>(1,172)</u>	<u>(17,875)</u>	<u>88,010</u>
Total capital assets, non-depreciable	<u>818,135</u>	<u>59,325</u>	<u>(1,341)</u>	<u>(18,975)</u>	<u>857,144</u>
Capital assets, depreciable					
Intangible assets	43,087	-	(167)	-	42,920
Infrastructure	568,787	-	(2,373)	10,630	577,044
Buildings and improvements	443,643	-	-	6,230	449,873
Land improvements	8,856	-	(524)	1,010	9,342
Machinery and equipment	<u>98,557</u>	<u>6,415</u>	<u>(7,841)</u>	<u>1,105</u>	<u>98,236</u>
Total capital assets, depreciable	<u>1,162,930</u>	<u>6,415</u>	<u>(10,905)</u>	<u>18,975</u>	<u>1,177,415</u>
Less accumulated depreciation for:					
Intangible assets	(25,814)	(3,051)	167	-	(28,698)
Infrastructure	(411,103)	(9,410)	2,245	-	(418,268)
Buildings and improvements	(165,872)	(9,522)	-	-	(175,394)
Land improvements	(174)	(553)	89	-	(638)
Machinery and equipment	<u>(70,796)</u>	<u>(7,910)</u>	<u>7,608</u>	<u>-</u>	<u>(71,098)</u>
Total accumulated depreciation	<u>(673,759)</u>	<u>(30,446)</u>	<u>10,109</u>	<u>-</u>	<u>(694,096)</u>
Total capital assets, depreciable, net	<u>489,171</u>	<u>(24,031)</u>	<u>(796)</u>	<u>18,975</u>	<u>483,319</u>
Total capital assets, net	<u>\$ 1,307,306</u>	<u>\$ 35,294</u>	<u>\$ (2,137)</u>	<u>\$ -</u>	<u>\$ 1,340,463</u>
<u>Business-type activities:</u>					
Capital assets, non-depreciable					
Land	\$ 26,393	\$ 97	\$ -	\$ 560	\$ 27,050
Construction in progress	<u>3,268</u>	<u>8,609</u>	<u>(55)</u>	<u>(4,054)</u>	<u>7,768</u>
Total capital assets, non-depreciable	<u>29,661</u>	<u>8,706</u>	<u>(55)</u>	<u>(3,494)</u>	<u>34,818</u>
Capital assets, depreciable					
Intangible assets	12,207	-	-	-	12,207
Infrastructure	13,048	-	-	-	13,048
Land improvements	170	-	-	55	225
Buildings and improvements	250,494	316	-	(278)	250,532
Machinery and equipment	<u>41,260</u>	<u>195</u>	<u>(5,814)</u>	<u>3,717</u>	<u>39,358</u>
Total capital assets, depreciable	<u>317,179</u>	<u>511</u>	<u>(5,814)</u>	<u>3,494</u>	<u>315,370</u>
Less accumulated depreciation for:					
Intangible assets	(7,817)	(501)	-	-	(8,318)
Infrastructure	(508)	(522)	-	-	(1,030)
Land improvements	(22)	(15)	-	-	(37)
Buildings and improvements	(145,461)	(5,826)	-	23	(151,264)
Machinery and equipment	<u>(27,578)</u>	<u>(2,518)</u>	<u>5,814</u>	<u>(23)</u>	<u>(24,305)</u>
Total accumulated depreciation	<u>(181,386)</u>	<u>(9,382)</u>	<u>5,814</u>	<u>-</u>	<u>(184,954)</u>
Total capital assets, depreciable, net	<u>135,793</u>	<u>(8,871)</u>	<u>-</u>	<u>3,494</u>	<u>130,416</u>
Total capital assets, net	<u>\$ 165,454</u>	<u>\$ (165)</u>	<u>\$ (55)</u>	<u>\$ -</u>	<u>\$ 165,234</u>

NOTE 5 – CAPITAL ASSETS (Continued)

<u>Discrete Component Units</u>					<u>Balance</u>
<u>Sonoma Water</u>	<u>Balance</u>				<u>Balance</u>
	<u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2020</u>
Capital assets, non-depreciable:					
Intangible assets	\$ 107,895	\$ -	\$ -	\$ 920	\$ 108,815
Land	12,621	-	-	-	12,621
Intangible work in progress	1,994	745	-	(127)	2,612
Construction in progress	14,675	7,363	(2,786)	(1,917)	17,335
Total capital assets, non-depreciable	<u>137,185</u>	<u>8,108</u>	<u>(2,786)</u>	<u>(1,124)</u>	<u>141,383</u>
Capital assets, depreciable:					
Intangible assets	4,532	-	-	(873)	3,659
Infrastructure	323,396	151	(119)	1,950	325,378
Land improvements	4,362	-	-	-	4,362
Buildings and improvements	56,422	-	-	-	56,422
Machinery and equipment	15,441	1,004	(429)	47	16,063
Total capital assets, depreciable	<u>404,153</u>	<u>1,155</u>	<u>(548)</u>	<u>1,124</u>	<u>405,884</u>
Less accumulated depreciation for:					
Intangible assets	(1,881)	(203)	-	-	(2,084)
Infrastructure	(170,084)	(8,814)	119	-	(178,779)
Land and improvements	(2,406)	(199)	-	-	(2,605)
Buildings and improvements	(17,135)	(1,641)	-	-	(18,776)
Machinery and equipment	(8,845)	(1,161)	405	-	(9,601)
Total accumulated depreciation	<u>(200,351)</u>	<u>(12,018)</u>	<u>524</u>	<u>-</u>	<u>(211,845)</u>
Total capital assets, depreciable, net	<u>203,802</u>	<u>(10,863)</u>	<u>(24)</u>	<u>1,125</u>	<u>194,039</u>
Total capital assets, net	<u>\$ 340,987</u>	<u>\$ (2,755)</u>	<u>\$ (2,810)</u>	<u>\$ -</u>	<u>\$ 335,422</u>

NOTE 5 – CAPITAL ASSETS (Continued)

Depreciation/Amortization Expense

Depreciation/amortization expense charged for the fiscal year ended June 30, 2020 are as follows:

Governmental Activities:

General government	\$	6,778
Public protection		8,133
Public ways and facilities		9,528
Health and sanitation		604
Public assistance		924
Education		50
Recreation and cultural services		2,220
Depreciation on Heavy Equipment Replacement ISF capital assets		568
Depreciation on Enterprise Resource Planning (ERP) ISF capital assets		<u>1,641</u>
Total depreciation/amortization expense	\$	<u><u>30,446</u></u>

Business-Type Activities:

Refuse	\$	1,270
Airport		3,406
Energy Independence Program		29
Transit		3,497
Fair		852
Marinas		123
Other Districts		<u>205</u>
Total depreciation/amortization expense	\$	<u><u>9,382</u></u>

NOTE 6 – DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources for the fiscal year ended June 30, 2020, for the County's individual major funds, non-major and internal service funds in the aggregate are as follows:

<u>Governmental Activities</u>	Internal Service				
	Funds	Other Funds	Total		
Deferred charge on refunding (1)	\$ -	\$ 2,242	\$ 2,242		
Deferred amounts related to pension	87,284	438	87,722		
Deferred amounts related to OPEB	<u>26,435</u>	<u>222</u>	<u>26,657</u>		
Total	<u>\$ 113,719</u>	<u>\$ 2,902</u>	<u>\$ 116,621</u>		

<u>Business-Type Activities</u>	Refuse	Airport	Transit	Other Funds	Total
	Deferred amounts related to pension	\$ 160	\$ 299	\$ 79	\$ 1,427
Deferred amounts related to OPEB	<u>61</u>	<u>240</u>	<u>140</u>	<u>314</u>	<u>755</u>
Total	<u>\$ 221</u>	<u>\$ 539</u>	<u>\$ 219</u>	<u>\$ 1,741</u>	<u>\$ 2,720</u>

(1) Deferred charge on refunding is the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

For additional information on deferred amounts related to pensions see Note 11, and for deferred amounts related to OPEB see Note 12.

NOTE 7 – PAYABLES

Accounts payable and accrued liabilities for the fiscal year ended June 30, 2020, for the County’s individual major funds, nonmajor and internal service funds in the aggregate are as follows:

<u>Governmental Activities</u>	<u>General</u>	<u>Human Services Special Revenue</u>	<u>Health and Sanitation Special Revenue</u>	<u>Other Funds</u>	<u>Internal Service Funds</u>	<u>Total</u>
Total accounts payable, accrued salaries, and benefits	\$ 36,816	\$ 1,221	\$ 11,777	\$ 8,890	\$ 4,288	\$ 62,992
	<hr/>					
<u>Business-Type Activities</u>	<u>Refuse</u>	<u>Airport</u>	<u>SCEIP</u>	<u>Transit</u>	<u>Other Funds</u>	<u>Total</u>
Total accounts payable, accrued salaries, and benefits	\$ 140	\$ 1,553	\$ 70	\$ 1,465	\$ 1,032	\$ 4,260

NOTE 8 – ADVANCES FROM GRANTORS AND THIRD PARTIES

Under both the modified accrual and accrual basis of accounting, revenue may be recognized only when earned. Therefore, governmental and enterprise funds report advances from grantors and third parties in connection with resources that have been received, but not yet earned, as a liability. At June 30, 2020, advances from grantors and third parties are as follows:

<u>Governmental Activities</u>	<u>General</u>	<u>Human Services Special Revenue</u>	<u>Health and Sanitation Special Revenue</u>	<u>Other Funds</u>	<u>Total</u>
Total advances from grantors and third parties	\$ 4,989	\$ 5,414	\$ 5,536	\$ 477	\$ 16,416
	<hr/>				
<u>Business-Type Activities</u>	<u>Transit</u>	<u>Total</u>			
Total advances from grantors and third parties	\$ 1,199	\$ 1,199			

NOTE 9 – OPERATING LEASES

The County has non-cancelable operating leases that are primarily for office space and equipment. Future minimum lease payments under these operating leases at June 30, 2020, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Future Minimum Lease Payments</u>
2021	\$ 10,285
2022	8,606
2023	7,201
2024	5,815
2025	5,277
Thereafter	14,069
Total	<u>\$ 51,253</u>

Total rental expense for operating leases for the fiscal year ended June 30, 2020 was \$11,051.

NOTE 10 – LONG-TERM LIABILITIES

(a) Changes in Long-Term Liabilities

The following is a summary of long-term liabilities activity for the fiscal year ended June 30, 2020:

<u>Governmental Activities</u>	Balance			Balance	Due Within
	July 1, 2019	Additions	Retirements	June 30, 2020	One Year
Compensated absences (1)	\$ 29,651	\$ 35,783	\$ (30,074)	\$ 35,360	\$ 25,366
Self-insurance (2)	44,268	26,334	(17,732)	52,870	12,724
Certificates of participation - direct borrowing	14,929	-	(1,759)	13,170	1,918
Bonds payable	32,440	-	(6,034)	26,406	6,340
Pension obligation bonds - direct placement (2)	352,370	-	(30,955)	321,415	34,725
Loans payable - direct borrowing	67,974	-	(1,489)	66,485	-
Capital lease obligations	4,407	-	(470)	3,937	488
Contracts payable	5,296	-	(662)	4,634	662
Net pension liability (2)	414,252	414,966	(646,178)	183,040	-
Net OPEB liability (2)	225,720	2,672	(15,281)	213,111	-
Subtotal long-term liabilities	1,191,307	479,755	(750,634)	920,428	82,223
Unamortized issuance premiums	3,913	-	(783)	3,130	-
Total long-term liabilities	\$ 1,195,220	\$ 479,755	\$ (751,417)	\$ 923,558	\$ 82,223

(1) Compensated absences are primarily liquidated by the General Fund.

(2) Internal Service Funds (ISF) predominantly serve governmental funds, therefore ISF long-term liabilities including self-insurance, pension and OPEB are included in the above totals for governmental activities and liquidated in those funds.

<u>Business-Type Activities</u>	Balance			Balance	Due Within
	July 1, 2019	Additions	Retirements	June 30, 2020	One Year
Compensated absences	\$ 508	\$ 342	\$ (223)	\$ 627	\$ 504
Landfill closure and postclosure	9,508	-	(324)	9,184	-
Advances from other governments - direct borrowing	2,369	3	(387)	1,985	354
Energy bonds payable - direct placement	28,311	2,141	(5,324)	25,128	1,527
Notes payable	320	-	(64)	256	51
Loans payable - direct borrowing	17,037	-	(436)	16,601	452
Net pension liability	4,098	6,020	(5,799)	4,319	-
Net OPEB liability	4,092	206	(690)	3,608	-
Total long-term liabilities	\$ 66,243	\$ 8,712	\$ (13,247)	\$ 61,708	\$ 2,888

NOTE 10 – LONG-TERM LIABILITIES (Continued)

<u>Discrete Component Units</u>	<u>Balance</u>			<u>Balance</u>	<u>Due Within</u>
	<u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2020</u>	<u>One Year</u>
<u>Sonoma Water</u>					
Compensated absences	\$ 2,434	\$ 2,531	\$ (2,083)	\$ 2,882	\$ 1,910
Pollution remediation	156	-	(4)	152	-
Advances from other governments - direct borrowing	8,227	-	(815)	7,412	417
Revenue and general obligation bonds - direct placement	3,040	-	(375)	2,665	360
Revenue bonds	31,135	11,010	(1,260)	40,885	1,645
Capital lease obligations	2,515	-	(681)	1,834	585
Contracts payable	77,613	-	(3,783)	73,830	3,905
Net pension liability	30,625	(12,653)	(3,859)	14,113	-
Net OPEB liability	17,639	2,000	(1,948)	17,691	-
Subtotal long-term liabilities	173,384	2,888	(14,808)	161,464	8,822
Unamortized issuance premiums	1,300	1,482	(153)	2,629	-
Total long-term liabilities	\$ 174,684	\$ 4,370	\$ (14,961)	\$ 164,093	\$ 8,822

(b) Long term obligations outstanding

Individual issues of certificates of participation, bonds, loans, and capital leases outstanding at June 30, 2020 are as follows:

<u>Governmental Activities</u>	<u>Maturity</u>	<u>Interest Rates/ Ranges</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding Balance June 30, 2020</u>
Certificates of Participation from direct borrowing:					
2010 Administration Building COP	2024	2.89-3.8%	\$ 71-138	\$ 1,475	\$ 470
2017 General Services Energy (Refunding 2009 COP)	2026	2.45%	660-1,080	17,225	12,700
					13,170
Bonds Payable:					
2015 Series A Agricultural Preservation and Open Space (Measure F)	2024	2.00-5.00%	0-7,010	43,335	26,406
Pension Obligation Bonds from direct placement:					
2003 Series A	2022	1.55-5.07%	7,685-25,970	210,200	57,105
2003 Series B	2022	1.55-5.07%	0-21,000	21,000	21,000
2010 Series	2030	2.12-6.0%	0-38,030	289,355	243,310
					321,415
Loans payable from direct borrowing:					
Sonoma County Tobacco Securitization Corp.	2045	4.25-5.25%	755-4,200	83,060	66,485
Capital lease obligations					
Multiple leases	2029	3.62-6.77%	26-245	7,009	3,937
Total long-term obligations					\$ 431,413

NOTE 10 – LONG-TERM LIABILITIES (Continued)

<u>Business-type Activities</u>	<u>Maturity</u>	<u>Interest Rates/ Ranges</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding Balance June 30, 2020</u>
Advances from other governments from direct borrowing:					
California Department of Boating and Waterways to Spud Point Marina	2023	4.50%	\$ 192-356	\$ 6,000	\$ 1,024
Various state and local agencies for the County's other enterprise funds	2053	2.75-3.41%	4-213	4,172	961
					<u>1,985</u>
Bonds Payable from direct placement:					
Energy Independence Program	2037	3.00%	93-2,926	99,584	25,128
Notes Payable:					
Sonoma County Fair	2021	3.00%	100	500	256
Loans Payable from direct borrowing:					
Russian River Utility Co., Inc.	2023	0.00%	2-8	42	19
Pacific Gas & Electric Loan	2025	0.00%	0-2	20	8
iBank	2048	3.52-3.61%	426-994	17,000	16,574
					<u>16,601</u>
Total long-term obligations					<u>\$ 43,970</u>
<u>Discrete Component Units</u>	<u>Maturity</u>	<u>Interest Rates/ Ranges</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding Balance June 30, 2020</u>
<u>Sonoma Water</u>					
Advances from other governments from direct borrowing:					
California Department of Water Resources	2028	2.79%	\$ 653-1,019	\$ 15,857	\$ 7,412
Revenue and General Obligation Bonds from direct placement:					
2017 Water and Wastewater Revenue Bonds	2027	2.33%	333-409	3,690	2,665
Revenue Bonds:					
2019A Water Revenue Bonds	2039	3.0-5.0%	340-770	11,010	11,010
2015A & AT Water Revenue Bonds	2040	2.30-5.2%	0-1,335	23,865	21,050
2012A Water Revenue Refunding Bonds	2032	.30-5.00%	0-815	12,265	8,825
					<u>40,885</u>
Contracts payable	2034	3.23%	2,934-6,286	102,371	73,830
Capital Lease Obligations	2023	4.08-4.30%	260-505	8,585	1,834
Total long-term obligations					<u>\$ 126,626</u>

NOTE 10 – LONG-TERM LIABILITIES (Continued)

Debt Related Disclosures

Additional information related to debt including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses as required by GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* are noted below:

Certificates of Participation (COP) – The County issued the 2010 Administration Building COP, as a direct borrowing, to provide financing for acquisition, construction, rehabilitation and building improvements.

The County refunded the 2009 Energy COP, as a direct borrowing in March 2017 to defease outstanding debt of \$16,515, issuing new debt of \$17,225 to be fully paid by the end of 2026. The proceeds provided funding for a comprehensive energy project.

Debt service payments for the COPs are funded by legally available resources of the County and are fully collateralized by the facilities financed with the proceeds of the certificates of participation. The COP agreements contain provisions, that in the event of default the interest rate increases on the outstanding balance. In the event of default or termination, the County would be responsible for all costs incurred.

Bonds Payable – In 2015 \$72,770 in Open Space revenue bonds were issued with the proceeds used to refund the Open Space 2007A bonds. Bond proceeds fund the acquisition and preservation of open space in the County.

The bonds are payable by legally available resources of the Open Space Special Tax Account (OSSTA) and are fully collateralized by the Measure F quarter cent sales tax revenue and assets financed with the proceeds. For the year ended June 30, 2020, principal and interest paid, and total sales tax revenues, were \$7,506 and \$24,469 respectively. An event of default would require the immediate liquidation of the repurchase securities, however there are no repurchase securities held by the County as of June 30, 2020. The County would be required to transfer to the Trustee all revenues held with the County.

Pension Obligation Bonds – Pension obligation bonds were issued as direct placement debt in 2003 and 2010 to fund the County's unfunded pension liability.

Debt service payments are funded by charges to County departments based on the proportionate share of salaries and benefit expenses. In the event of default, the County treasury would be required to transfer funds sufficient to pay the principal and interest due and for expenses of the Trustee incurred in the performance of its powers and duties.

Loans Payable – The Sonoma County Securitization Corporation (Corporation) borrowed, as direct borrowing, from the California County Tobacco Securitization Agency the proceeds of the Series 2005 Tobacco Settlement Asset-Backed Refunding Bonds to provide additional resources and to refund the Series 2002 A and B Tobacco Settlement Asset-Backed Bonds issued by the Agency. The Corporation has pledged all revenue from the tobacco Master Settlement Agreement (MSA) for the repayment of the Bonds. The MSA was originally entered into by the four major cigarette manufacturers, 46 states and six other U.S. jurisdictions (Settling States) to provide state governments (including California) with compensation for smoking related medical costs and to help reduce smoking in the United States.

NOTE 10 – LONG-TERM LIABILITIES (Continued)

There is no limit to the annual settlement payments; they are perpetual. In addition, a Memorandum of Understanding (MOU) and a supplemental agreement (ARIMOU) was agreed to by the State of California and all California counties and four California cities, granting those California municipalities the right to receive tobacco settlement allocation payments, (also known as Tobacco Settlement Revenues (TSRs)). Under the terms of the tobacco bond indenture, the bonds are payable solely from certain funds held under the indenture, including TSRs and earnings on such funds. However, actual payments on the bonds depend on the amount of TSRs received by the County. The amount of these TSRs is affected by cigarette consumption and the financial capability of the participating manufacturers. There are a number of risks associated with the amount of actual TSRs the County receives each year, including a decline in cigarette consumption materially beyond forecasted levels, and other future adjustments to the calculation of the TSRs. If actual events deviate from one or more of the assumptions underlying the Base Case, the amount of TSRs available to make Turbo Redemption, interest, and principal payments will be affected. No assurance can be given that the projected payments and Turbo Redemptions will be realized. The Sonoma County Securitization Corporation has pledged all revenues to be received from the tobacco Master Settlement Agreement (MSA) to repay the outstanding principal of \$66,485. Total principal and interest remaining on the bonds is \$133,802 payable through 2045. During the fiscal year ended June 30, 2020, principal and interest payments were \$4,990 while tobacco settlement revenue was \$4,991. Based on the information above, the County presents the bonds debt service to maturity assuming no further turbo payments.

Capital Lease Obligations – The County has entered into capital lease obligations to acquire various machinery and equipment. Debt service payments are funded by legally available resources. In the event of default or termination all current amounts are immediately due and payable. The Lessor has the right to retake possession of the equipment.

Energy Bonds Payable – The Sonoma County Public Financing Authority sold increments of special Contractual Assessment Revenue Bonds to the County’s Treasury and to Sonoma Water as direct placement debt. The proceeds of the bonds were lent to the Energy Independence Program major enterprise fund to finance the County’s Energy Independence program.

Loans and Advances – Advances from other governments represent direct borrowings: (a) loans from the California Department of Boating and Waterways and the California Coastal Conservancy and (b) loans from various state and local agencies for which debt service payments are funded by the operations of the related fund or activity. Real and personal property and net revenues are irrevocably pledged as security for this loans. In the event of default the lenders may declare all principal and accrued interest immediately due and payable.

Discrete component unit detailed disclosures on debt as required by GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, are not replicated here in the County notes.

(c) Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. During the current year, the County performed calculations of excess investment earnings on various bonds and financings, and at June 30, 2020, does not expect to incur a liability.

NOTE 10 – LONG-TERM LIABILITIES (Continued)

(d) Debt service requirements

Schedule of debt payment requirements for long-term obligations outstanding to maturity at June 30, 2020 follows:

<u>Governmental Activities</u> Year ending June 30:	Certificates of Participation from direct borrowing		Bonds Payable		Pension Obligation Bonds from direct placement	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 1,918	\$ 322	\$ 6,340	\$ 1,162	\$ 34,725	\$ 17,636
2022	2,063	271	6,665	837	38,810	15,660
2023	2,143	217	7,010	495	42,935	13,457
2024	2,126	162	6,391	160	21,065	11,665
2025	2,105	109	-	-	23,935	10,315
2026-2030	2,815	65	-	-	159,945	24,848
Subtotals	13,170	1,146	26,406	2,654	321,415	93,581
Issuance premiums	-	-	3,130	-	-	-
Total	\$ 13,170	\$ 1,146	\$ 29,536	\$ 2,654	\$ 321,415	\$ 93,581

Year ending June 30:	Loans Payable from direct borrowings		Capital Lease Obligations	
	Principal	Interest	Principal	Interest
2021	\$ -	\$ 3,431	\$ 488	\$ 142
2022	-	3,431	507	125
2023	-	3,431	526	107
2024	-	3,431	510	88
2025	-	3,431	531	69
2026-2030	8,180	15,520	1,375	98
2031-2035	-	15,111	-	-
2036-2040	31,045	11,930	-	-
2041-2045	27,260	7,156	-	-
Total	\$ 66,485	\$ 66,872	\$ 3,937	\$ 629

<u>Business-type Activities</u> Year ending June 30:	Loans Payable from direct borrowings		Notes Payable		Advances From Other Governments from direct borrowing		Energy Bonds Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 452	\$ 580	\$ 51	\$ 8	\$ 354	\$ 72	\$ 1,527	\$ 719
2022	467	564	-	6	365	57	1,552	696
2023	477	548	205	2	381	41	1,613	650
2024	492	531	-	-	26	24	1,707	600
2025	507	513	-	-	26	23	1,797	549
2026-2030	2,818	2,278	-	-	134	107	10,239	1,865
2031-2035	3,353	1,733	-	-	118	90	4,823	538
2036-2040	3,991	1,084	-	-	134	73	1,810	132
2041-2045	3,241	364	-	-	154	53	60	1
2046-2050	803	22	-	-	176	31	-	-
2051-2055	-	-	-	-	117	6	-	-
Total	\$ 16,601	\$ 8,217	\$ 256	\$ 16	\$ 1,985	\$ 577	\$ 25,128	\$ 5,750

NOTE 10 – LONG-TERM LIABILITIES (Continued)

Discrete Component Units

Sonoma Water

<u>Year ending June 30:</u>	<u>Long-term Contracts</u>		<u>Revenue and General Obligation</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Bonds from direct placement</u>		<u>Revenue Bonds</u>	
			<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 3,905	\$ 2,381	\$ 360	\$ 58	\$ 1,645	\$ 1,457
2022	4,030	2,255	361	50	1,725	1,382
2023	4,160	2,125	372	41	1,795	1,299
2024	4,295	1,991	377	32	1,885	1,217
2025	4,433	1,852	391	23	1,965	1,129
2026-2030	24,405	7,023	804	19	11,050	4,388
2031-2035	28,602	2,826	-	-	11,365	2,396
2036-2040	-	-	-	-	8,620	795
2041-2045	-	-	-	-	835	15
Subtotals	73,830	20,453	2,665	223	40,885	14,078
Issuance premiums	-	-	2,629	-	-	-
Total	<u>\$ 73,830</u>	<u>\$ 20,453</u>	<u>\$ 5,294</u>	<u>\$ 223</u>	<u>\$ 40,885</u>	<u>\$ 14,078</u>

<u>Year ending June 30:</u>	<u>Capital Lease</u>		<u>Advances from other Governments</u>	
	<u>Obilgations</u>		<u>from direct borrowing</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 585	\$ 71	\$ 417	\$ 103
2022	483	49	850	189
2023	504	27	875	166
2024	262	6	899	141
2025	-	-	925	116
2026-2030	-	-	3,446	195
Total	<u>\$ 1,834</u>	<u>\$ 153</u>	<u>\$ 7,412</u>	<u>\$ 910</u>

NOTE 11 – EMPLOYEES’ RETIREMENT PLANS

(a) Plan Description

The Sonoma County Employees’ Retirement Association (SCERA) was established January 1, 1946, under the provisions of the 1937 County Employees Retirement Act. SCERA is a cost-sharing, multiple-employer Defined Benefit Pension Plan (Plan), legally separate entity from the County.

All General and Safety employees hired on or after January 1, 2013, with the exception of employees who are eligible for reciprocity with another qualified California retirement system, are part of a tier called Plan B. General and Safety employees hired before January 1, 2013 are part of the original Plan called Plan A.

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

At December 31, 2019, the date of the most recent actuarial valuation, Plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	5,250
Current active members	4,040
Inactive vested members	<u>1,395</u>
Total	<u><u>10,685</u></u>

SCERA issues a financial report available to the public that includes financial statements and required supplementary information for the Plan, available upon request from SCERA at 433 Aviation Boulevard, Santa Rosa, California, 95403, or can be found online at www.SCRETIRE.com.

(b) Benefits Provided

Benefit Tiers

The tiers and the basic provisions are listed in the following table:

<u>Tier Name</u>	<u>Membership Effective Date</u>	<u>Basic Provisions</u>	<u>Final Average</u>
Plan A			
General Membership	Before January 1, 2013	3% at 60	Highest 1-year
Safety Membership	Before January 1, 2013	3% at 50	Highest 1-year
Plan B			
General Membership	January 1, 2013	2.5% at 67	Highest 3-year
Safety Membership	January 1, 2013	2.7% at 57	Highest 3-year

Vesting

Upon completing five years of creditable service, employees have non-revocable rights to receive benefits attributable to employer's contributions, provided employee contributions have not been withdrawn. Plan A members are eligible to retire at age 50 with ten years of service from the date of membership or thirty years of service (safety members-twenty years of service) regardless of age. Plan B General members are eligible to retire at age 52 with five years of service; Plan B Safety members are eligible to retire at age 50 with five years of service. Members in all plans are eligible to retire at age 70, regardless of years of service.

NOTE 11 – EMPLOYEES’ RETIREMENT PLANS (Continued)**Benefit Payments**

Benefits are based upon a combination of age, years of service, final compensation and the benefit payment option selected by the member. For Plan A members, final compensation is defined as the highest 12 consecutive months of compensation earnable. The maximum benefit payable to a member or beneficiary is 100% of the final compensation. For Plan B members, final compensation is based on the highest 36 months of pensionable compensation. Additionally Plan B members are limited in the amount of compensation used to calculate a benefit to 100% of the Social Security taxable wage base limit.

Cost of Living Adjustments

SCERA has approved, on an ad hoc basis, several one-time, post-retirement cost of living increases (COLAs), the last of which was in 2008. These cost of living increases have been fully funded by transfers from the Undistributed Earnings Reserve, Cost of Living Future Reserve, or Interest Fluctuation Reserve into the Cost of Living Current Reserve account.

Death Benefit – Prior to Retirement

In addition to the return of contributions, a death benefit is payable to the member's beneficiary or estate equal to one month's salary for each completed year of service under the retirement system (based on the final compensation preceding the member's death), but not to exceed 6 months of salary. If a member dies while eligible for service retirement or non-service connected disability, his or her spouse/domestic partner receives 60% of the allowance that the member would have received for retirement on the day of the member's death. If a member dies in the performance of duty, the spouse/domestic partner will receive a lifetime benefit equal to 50% of the member's highest average compensation or a service retirement benefit, whichever is higher.

Death Benefit – After Retirement

As part of the retirement process, members are required to select among several options for benefits continuation upon the member's death. For married/domestic partner retirees, the most common retirement option is the unmodified option, which pays the retiree's eligible spouse or domestic partner a lifetime benefit equal to 60% of the benefit the retiree was receiving.

Disability Benefit

Members with 5 years of service, regardless of age, are eligible for non-service connected disability. The benefit for Plan A members is 1.8% of final compensation for each year of service; and the benefit for Plan B members is 1.5% of final compensation for each year of service. The maximum benefit for both Plans is 1/3 of final compensation. All employees, regardless of years of service are eligible for service connected disability. The benefit of a service connected disability is the greater of 50% of the highest average compensation or service retirement benefit.

Return of Contributions

If a member should resign or die before becoming eligible for retirement, his or her contribution plus interest may be refunded. In lieu of receiving a return of contributions, a member may elect to leave his or her contributions on deposit. Members with at least five years of service may choose to receive a deferred vested benefit when eligible for retirement.

NOTE 11 – EMPLOYEES’ RETIREMENT PLANS (Continued)

(c) Actuarial Methods and Assumptions

The table below summarizes the actuarial methods and assumptions of Plan A and Plan B for the actuarial valuation and measurement date of December 31, 2019:

Actuarial cost method	Entry Age
Asset valuation method	5 –year smoothed market value
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases - General	3.75% to 8.75%
Projected salary increases - Safety	4.00% to 10.75%
Inflation	2.75%
Cost-of-living adjustments	None

In the December 31, 2019 actuarial valuation, Plan A used the entry age normal cost method. Under the entry age normal cost method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the working lifetime of the individual. Plan B uses a single rate methodology, regardless of entry age, where members pay 50% of the normal cost. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5-year period. The funding policy adopted by the Board of Retirement is to amortize the unfunded actuarial accrued liability (UAAL) at December 31, 2007 as well as any new UAAL established on each subsequent actuarial valuation after the December 31, 2007 valuation over separate 20-year declining periods. The UAAL established as a result of including as pensionable salary a cash allowance of \$3.45 per hour for General-County and Safety-County members is amortized over a 20-year declining period, with 8 years remaining as of December 31, 2019.

(d) Funding Policy

The contribution requirements of Plan members and the County are determined by an independent actuary, approved by the SCERA Board of Retirement, and adopted by the Board of Supervisors. The contribution rates for the fiscal year ended June 30, 2020 were based on the Plan’s valuations dated December 31, 2016 and December 31, 2017. The contribution rates determined in each actuarial valuation take effect at the beginning of the fiscal year starting at least twelve months after the beginning of the valuation year, except when significant benefit or actuarial assumption changes occur. Plan A members are required to contribute between approximately 10% and 15% of their annual covered salary, and the member’s particular rate is based upon age at entry into the system. Plan B members are required to contribute a flat rate as calculated by the actuary. The County is required to contribute the remaining amounts necessary to finance the coverage of employees through periodic contributions at actuarially determined rates. Employer and member contributions are funded and recognized through the County and District payroll systems via employer benefit payments and employee deductions. For the fiscal year ended June 30, 2020, the County contributed \$62,551 or approximately 19.93% of covered payroll.

(e) Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the County reported a liability of \$187,359 for its proportionate share of the net pension liability and discrete component units reported their proportionate share of \$16,214. The net pension liability was measured as of December 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County’s proportion of the net pension liability was based on a projection of the County’s long-term share of contributions to the pension plan relative to the projected contributions of all Plan participants, actuarially determined. At December 31, 2019, the County’s proportion was 82.74%, a 1.9% decrease compared to December 31, 2018, and the discrete component unit’s proportion was 7.16%, an increase of 0.13%, compared to December 31, 2018.

NOTE 11 – EMPLOYEES’ RETIREMENT PLANS (Continued)

For the year ended June 30, 2020, the County recognized a pension expense of \$54,417 and the discrete component units recognized a pension expense of \$4,590. At June 30, 2020, the County and discrete component units reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Governmental Activities</u>		
Differences between expected and actual experience	\$ 5,200	\$ (22,382)
Changes in assumptions	12,771	-
Net difference between projected and actual earnings on plan investments	-	(84,772)
Changes in proportion and differences between County contributions and proportionate share of contributions	7,416	(7,946)
Contributions subsequent to the measurement date	27,573	-
County prepayment of future year contributions	34,762	-
Total	<u>\$ 87,722</u>	<u>\$ (115,100)</u>
<u>Business-Type Activities</u>		
Differences between expected and actual experience	\$ 114	\$ (222)
Changes in assumptions	252	-
Net difference between projected and actual earnings on plan investments	682	(651)
Changes in proportion and differences between County contributions and proportionate share of contributions	351	(142)
Contributions subsequent to the measurement date	566	-
Total	<u>\$ 1,965</u>	<u>\$ (1,015)</u>
<u>Discrete Component Units</u>		
Differences between expected and actual experience	\$ 506	\$ (2,067)
Changes in assumptions	1,141	-
Net difference between projected and actual earnings on plan investments	-	(6,160)
Changes in proportion and differences between employer contributions and proportionate share of contributions	908	(653)
Contributions subsequent to the measurement date	2,274	-
Total	<u>\$ 4,829</u>	<u>\$ (8,880)</u>

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner. Contributions made subsequent to the measurement date are recorded as deferred outflows of resources related to pensions and will be recognized as a reduction of net pension liability in the year ended June 30, 2021 totaling \$28,139 for the County and \$2,274 for discrete component units. The County has prepayments of future year contributions on deposit with SCERA of \$34,762 at June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Governmental Activities (1)	Business-Type Activities (1)	Discrete Component Units (1)
2021	\$ (29,534)	\$ 116	\$ (2,044)
2022	(23,447)	(6)	(1,519)
2023	2,390	285	314
2024	(39,122)	(11)	(3,076)
Total	<u>\$ (89,713)</u>	<u>\$ 384</u>	<u>\$ (6,325)</u>

(1) Brackets indicate negative expense

NOTE 11 – EMPLOYEES’ RETIREMENT PLANS (Continued)

(f) Discount Rate

The discount rates used to measure the total pension liability were 7.00% as of December 31, 2019 and December 31, 2018, respectively. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of both December 31, 2019 and 2018.

The long-term expected rate of return on assets was determined using a building block approach in which an expected future real rate of return is developed for each major asset class. These expected rates are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage adjusted by inflation and a risk margin. The target allocation and projected arithmetic real rates of return, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption as of December 31, 2019 are summarized in the table below:

Asset Class	Target Allocation	Long-term Expected Arithmetic Real Rate of Return
Large Cap Equity	17.97 %	5.34 %
Small Cap Equity	5.45 %	6.08 %
Developed International Equity	16.71 %	6.80 %
Global Equity	15.55 %	6.44 %
Emerging Market Equity	5.57 %	8.75 %
Core Bonds	14.75 %	1.12 %
Bank Loan	3.00 %	3.55 %
Real Estate	10.00 %	4.58 %
Farmland	5.00 %	6.81 %
Unconstrained Bonds	3.00 %	3.22 %
Infrastructure	3.00 %	6.70 %
Total	100.00 %	

(g) Sensitivity of the Proportionate Share of the Net Pension Liability

The following presents the governmental activities, business-type activities and discrete component units proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the proportionate share of the net pension liability would be if calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Governmental Activities	\$ 475,801	\$ 183,040	\$ (60,187)
Business-Type Activities	8,937	4,319	482
Discrete Component Units	42,150	16,214	(5,332)
Total	\$ 526,888	\$ 203,573	\$ (65,037)

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

(a) Plan Description

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

The County established an OPEB trust with the Public Agency Retirement Services (PARS) in 2008 to accumulate resources to fund future benefit payments of the Plan. The OPEB trust is reported in the County of Sonoma’s Comprehensive Annual Financial Report (CAFR).

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

(b) Benefits Provided

Retirees and the County share in the cost of monthly premiums for medical coverage. The County contribution toward General plan member premiums is a \$500 per month maximum contribution. Retired Safety and Law Enforcement Management receive a County contribution of \$500 per month to the Deputy Sheriff Association Retiree Medical Trust. Retirees may enroll eligible dependents in the County medical plan elected by the retiree, but the retiree is responsible for all premium costs in excess of the County’s contribution. In the case of a Safety employee’s line-of-duty death pursuant to the California labor code, dependents of the deceased employee are eligible to receive County-subsidized medical coverage. In addition to the monthly contribution, the County reimburses General retirees hired prior to January 1, 2009, a fixed amount of \$96.40 per month for Medicare Part B premiums. Safety and Law Enforcement Management retirees are not eligible for the Medicare Part B reimbursement.

(c) Timeframes for GASB 75

For financial accounting and reporting purposes, GASB 75 requires using a reporting date of June 30, 2020. The County elected to use a measurement date of June 30, 2019 for the actuarial valuation due to the availability of certain information.

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

Reporting Date	June 30, 2020
Valuation Date	June 30, 2019
Measurement Date	June 30, 2019

As of June 30, 2019 measurement date, plan membership consisted of the following:

Retirees, beneficiaries, and dependents currently receiving benefits	4,229
Retirees eligible but not yet receiving benefits	118
Active members eligible for OPEB	<u>1,595</u>
Total	<u>5,942</u>

(d) Contributions

The Plan funding policy provides for periodic contributions by the County. The contributions rate as a percentage of covered payroll was 8.3% for 2019-20 and will be 8.8% thereafter, and is authorized annually by the County Board of Supervisors to finance the costs of benefits for plan members, with an additional amount to finance the unfunded accrued liability. Employees do not contribute to the Plan.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

(e) Net OPEB Liability – Employer GASB 75

At June 30, 2020 the County’s governmental activities, business activities and discrete component units reported net OPEB liabilities of \$213,111, \$3,608 and \$20,096 respectively. The net OPEB liability decreased 5.24%.

(f) Actuarial Methods and Assumptions

The Net OPEB Liability (NOL) was measured as of June 30, 2019 and 2018 and determined based on the total OPEB liability from actuarial valuations as of June 30, 2019 and 2018, respectively, using the following actuarial assumptions, applied to all periods included in the measurement. The Excise Tax imposed by the Affordable Care Act and related statutes was first reflected in the actuarial valuation as of June 30, 2018:

Inflation	2.75%
Investment rate of return	6.50%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.25%
Other assumptions	Analysis of actuarial experience per the January 1, 2015 through December 31, 2017 Actuarial Experience Study dated September 25, 2018 for Sonoma County Employees’ Retirement Association (SCERA)

(g) Investments

The long-term expected rate of return on OPEB Plan investments was determined using a building-block method in which best estimate ranges of expected future rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rate of return for each major asset class, after deducting inflation, but before investment expenses, were used in the derivation of the long-term expected investment rate of return assumptions.

The following is the County’s adopted asset allocation policy for OPEB as of June 2017, presented with the long-term expected real rate of return as of the June 30, 2019 measurement date:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. Equity	30%	6.7%
Mid Cap U.S. Equity	4%	6.7%
Small Cap U.S. Equity	8%	6.7%
International Equity	8%	7.7%
Global Equity	6%	7.7%
U.S. Core Fixed Income	31%	2.1%
Alternatives	8%	3.9%
Cash	1%	1.1%
Real Estate	4%	5.2%
Total	<u>100%</u>	

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

(h) Discount Rate

The discount rate used to measure the total OPEB liability (TOL) was 6.50% as of June 30, 2019 and June 30, 2018. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuarially determined contribution rates. Based on those assumptions, the OPEB Plan’s fiduciary net position was projected to be available to make all projected future benefit payments.

(i) Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2019	\$ 307,660	\$ 57,758	\$ 249,902
Changes for the year:			
Service Cost	5,473	-	5,473
Interest	19,544	-	19,544
Differences between expected and actual experience	(2,298)	-	(2,298)
Changes of assumptions	(5,985)	-	(5,985)
Contributions – employer	-	26,071	(26,071)
Net investment income	-	3,944	(3,944)
Benefit payments	(22,193)	(22,193)	-
Administrative expense	-	(194)	194
Net changes	(5,459)	7,628	(13,087)
Balances at June 30, 2020	\$ 302,201	\$ 65,386	\$ 236,815

The net OPEB liability decreased primarily due to changes in demographics and actuarial experience assumptions. The current assumption projects future contributions of 8.80% of future open payroll and that plan assets will be sufficient to make all benefit payments. The schedule above does not agree to the Fiduciary Plan net position due to the Sonoma County Fair and other non-County entities (Sonoma County Transportation Authority).

(j) Sensitivity of the Net OPEB Liability

Sensitivity of the Net OPEB Liability to Changes in Discount Rate

The following presents the net OPEB liability as of June 30, 2019 calculated using the discount rate of 6.50%, as well as what the County’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Governmental Activities	236,495	213,111	192,846
Business-Type Activities	3,998	3,608	3,270
Discrete Component Units	22,301	20,096	18,185
Total	\$ 262,794	\$ 236,815	\$ 214,301

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents net OPEB liability as of June 30, 2019, calculated using the trend rates of +1% higher, as well as what the County’s net OPEB liability would be if it were calculated using trend rate that are 1% lower than the current rates:

	1% Decrease (Trend -1%)	Current Trend Rates (1)	1% Increase (Trend +1%)
Governmental Activities	\$ 207,615	\$ 213,111	\$ 219,081
Business-Type Activities	3,538	3,608	3,713
Discrete Component Units	19,578	20,096	20,659
Total	<u>\$ 230,731</u>	<u>\$ 236,815</u>	<u>\$ 243,453</u>

(k) Deferred Outflows and Deferred Inflows of Resources

For the year ended June 30, 2020 the County recognized OPEB expense/(credit) of (\$19,794). The discrete component units recognized OPEB expense/(credit) of (\$1,354). At June 30, 2020, the County and its component units reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Outflows of Resources	Deferred Inflows of Resources
<u>Governmental Activities</u>		
Differences between expected and actual experience	\$ 722	\$ (291)
Changes in assumptions	-	(22,194)
Net difference between projected and actual earnings on plan investments	-	(1,135)
Changes in proportion and differences between County contributions and proportionate share of contributions	210	(1,151)
Contributions subsequent to the measurement date	25,725	-
Total	<u>\$ 26,657</u>	<u>\$ (24,771)</u>
<u>Business-Type Activities</u>		
Differences between expected and actual experience	\$ 227	\$ (6)
Changes in assumptions	-	(577)
Net difference between projected and actual earnings on plan investments	-	(19)
Changes in proportion and differences between County contributions and proportionate share of contributions	19	(167)
Contributions subsequent to the measurement date	509	-
Total	<u>\$ 755</u>	<u>\$ (769)</u>
<u>Discrete Component Units</u>		
Differences between expected and actual experience	\$ 68	\$ (27)
Changes in assumptions	-	(2,093)
Net difference between projected and actual earnings on plan investments	-	(107)
Changes in proportion and differences between employer contributions and proportionate share of contributions	767	(120)
Contributions subsequent to the measurement date	2,425	-
Total	<u>\$ 3,260</u>	<u>\$ (2,347)</u>

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Contributions made subsequent to the measurement date are recorded as deferred outflows of resources related to OPEB and will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2021 and totaled \$26,233 for the County and \$2,425 for the discrete component units. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as follows:

Fiscal Year Ending June 30,	Governmental Activities (1)	Business-Type Activities (1)	Discrete Component Units (1)
2021	\$ (21,811)	\$ (409)	\$ (1,568)
2022	(1,787)	(111)	79
2023	(149)	(3)	(14)
2024	(92)	-	(9)
Total	<u>\$ (23,839)</u>	<u>\$ (523)</u>	<u>\$ (1,512)</u>

(1) Brackets indicate negative expense

(l) OPEB Fiduciary Plan – GASB 74

The following information is provided for the OPEB plan in accordance with GASB 74. The OPEB Fiduciary Plan is the same Plan as reported above, however, the scope of GASB 74 includes the OPEB Fiduciary Trust. In addition, the reporting periods differ and, as such, the financial information is different. Certain information requiring footnote disclosure is repetitive.

The OPEB Plan is administered by the County and is presented in the statements of fiduciary net position and change in fiduciary net position. The net OPEB plan liability and asset information is reported within certain defined timeframes as listed below:

Reporting Date	June 30, 2020
Valuation Date	June 30, 2020
Measurement Date	June 30, 2020

As of June 30, 2020 measurement date plan membership consisted of the following:

Retirees, beneficiaries, and dependents currently receiving benefits	4,247
Retirees eligible but not yet receiving benefits	123
Active members eligible for OPEB (including 2,398 employees that may receive an implicit subsidy, but no cash subsidy for retiree benefits)	<u>3,860</u>
Total	<u>8,230</u>

(m) Net OPEB Liability

Components of the net OPEB liability as of June 30, 2020:

Total OPEB liability	\$ 279,215
Plan fiduciary net position	<u>73,882</u>
Net OPEB liability	<u>\$ 205,333</u>
Plan fiduciary net position as a percentage of the total OPEB liability	26.5%

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

(n) Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the County and OPEB members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the County and OPEB members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020 with a measurement date of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, except the Excise Tax imposed by the Affordable Care Act and related statutes was reflected in the actuarial valuation as of June 30, 2019:

Inflation	2.75%
Investment rate of return	6.50%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.25%
Other assumptions	Analysis of actuarial experience per the January 1, 2015 through December 31, 2017 Actuarial Experience Study dated September 25, 2018 for Sonoma County Employees' Retirement Association (SCERA)

(o) Investments

The following is the County's adopted asset allocation policy for OPEB as of June 2020, presented with the long-term expected real rate of return as of the June 30, 2020 measurement date:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. Equity	30%	6.7%
Mid Cap U.S. Equity	4%	6.7%
Small Cap U.S. Equity	8%	6.7%
International Equity	8%	8.4%
Global Equity	6%	8.4%
U.S. Core Fixed Income	31%	1.5%
Alternatives	8%	7.2%
Cash	1%	1.0%
Real Estate	4%	4.8%
Total	<u>100%</u>	

For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense was 3.69%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the amounts actually invested.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

(p) Discount Rate

The discount rate used to measure the total OPEB liability was 6.50% as of June 30, 2020 and June 30, 2019. The projection of cash flows used to determine the discount rate assumes employer contributions at 8.8% of future open group payroll. This rate is established annually through approval of the County’s Budget. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are included. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members.

(q) Sensitivity of the Net OPEB Liability

Sensitivity of the Net OPEB Liability to Changes in Discount Rate

The following presents the net OPEB liability as of June 30, 2020 calculated using the discount rate of 6.50%, as well as what the County’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

<u>1% Decrease (5.50%)</u>	<u>Current Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
\$ 229,421	\$ 205,333	\$ 184,524

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

The following present the net OPEB liability as of June 30, 2020, calculated using health care cost trend rates of +1% higher, as well as calculated using health care cost trend rates that are 1% lower than the current rates:

<u>1% Decrease (Trend -1%)</u>	<u>Current Trend Rates (1)</u>	<u>1% Increase (Trend +1%)</u>
\$ 200,300	\$ 205,333	\$ 210,721

NOTE 13 – RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and medical malpractice. The County has established an internal service fund to account for and finance risks for workers’ compensation, general liability, health insurance and medical malpractice. The County is self-insured for unemployment claims and reimburses the State for all amounts paid. For general liability and workers’ compensation claims, excess coverage is provided by the California State Association of Counties Excess Insurance Authority (Authority), a joint powers authority whose purpose is to develop and fund programs of excess insurance for its members, which include cities and counties in California, as well as numerous school districts, special districts, housing authorities, fire districts and other Joint Powers Authorities. The Authority’s Board of Directors consists of representatives from its members.

The County retains the risk for the first \$300 of an individual claim for workers’ compensation, and \$1,000 for a general liability claim. Amounts in excess of \$300 per occurrence for workers’ compensation claims with statutory limits are covered through participation in the Authority’s, Excess Worker’s Compensation Program. The County is covered under the Authority’s Excess Liability Insurance Program for \$1,000 to \$25,000 per occurrence for liability claims.

The County maintains coverages ranging from “All Risk” of physical loss or damage including flood and earthquake coverage (for certain structures) through participation with the Authority with the following limits and deductibles: \$800,000 limit (shared) per occurrence and \$50 deductible for “All-Risk”, \$600,000 limit (shared) for flood, and earthquake limits of \$740,000 (shared) with a deductible of 2% of the building value (\$100 minimum). Boiler and machinery coverage is included in the All-Risk coverage.

The County also participates in the Authority’s medical malpractice program with up to \$21,505 per event coverage and a \$5 deductible. Funding for this program is actuarially determined and contributions are determined by claims experience and exposures (number of patient visits). As of June 30, 2020, the estimated liability in the internal service fund totaled \$570.

The Sonoma County Health Plan (CHP) provides self-insured medical plan options for County employees in addition to fully insured plans. The County retains the risk for the first \$275 of a health insurance claim with unlimited stop-loss coverage and no lifetime maximum per individual.

The governmental and certain proprietary fund types contribute amounts to the internal service fund based on actuarially determined estimates of the ultimate settlements. Such estimates are generally based upon a 70% confidence level. Contributions for the fiscal year ended June 30, 2020, totaled \$32,685, which is recorded in the internal service fund as operating revenue. As of June 30, 2020, the estimated liability in the internal service fund totaled \$52,870 of which \$12,724 is estimated to be payable in the ensuing year. The remaining \$40,146 is classified as long-term, self-funded insurance payable in the internal service fund.

A summary of activity of the claims liability is as follows:

	Balance <u>June 30, 2019</u>	Balance <u>June 30, 2020</u>
Unpaid claims liability at beginning of year	\$ 41,377	\$ 44,268
Incurred claims	31,028	26,334
Claim payments	<u>(28,137)</u>	<u>(17,732)</u>
Unpaid claims liability at end of year	<u>\$ 44,268</u>	<u>\$ 52,870</u>

NOTE 14 – LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The Refuse Enterprise Fund (REF) follows the provisions of GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*. Under Statement No. 18, the Refuse Enterprise Fund calculated the total estimated current cost of closure and postclosure care for its landfill accepting solid waste (Central) and those no longer accepting solid waste (Healdsburg and Annapolis).

As of June 30, 2020, the estimated closure and postclosure liability was \$9,184 for closed landfills Annapolis and Healdsburg. As part of the Service Concession Arrangement (SCA) effective April 1, 2015, Republic Services, Inc. has assumed responsibility for the completion of all closure and post-closure obligations related to the Central Landfill. Federal and state laws require landfill operators to place a cover on their landfills when closed and to perform certain maintenance and monitoring functions for up to 30 years after closure. The estimated cost of closure and postclosure care are subject to change due to variables such as inflation, changes in the cost of materials, revisions of Federal and state laws, changes in technology and other variables. In addition to the above, state regulations require that landfill closure and post-closure maintenance costs be fully funded at the time of closure, unless a landfill owner/operator can demonstrate financial responsibility towards these activities by using other approved financial assurance alternatives. As an alternative, on July 11, 2000, the Board of Supervisors approved two resolutions establishing financial assurance for post-closure maintenance and corrective action via 30 year agreements with the California Integrated Waste Management Board (CIWMB). The Annapolis Landfill agreement provides a pledged revenue of \$36 per year and Healdsburg Landfill agreement pledged \$78 per year. Both 30 year agreements are subject to adjustments in the cost estimate mutually agreed to by the County, the CIWMB, and the Regional Water Quality Control Board.

The estimated percentages of permitted landfill capacity used are as follows:

	<u>Capacity Used</u>	<u>Closure Date</u>
Annapolis	100%	1995
Healdsburg	100%	1989

The REF performs all post-closure maintenance and monitoring functions at all closed landfills owned by REF.

As a result of the SCA, the REF has recognized a decrease of closure/post-closure liability of \$42,057.

Although the REF is not legally required by state or federal laws to provide funding for its landfill sites closed prior to 1991, the REF has accepted final responsibility for these sites.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

(a) Grants and Subsidies

Receipts from federal, state and local sources are subject to audit by representatives of those agencies to determine if the monies were expended in accordance with appropriate statutes, grant terms, and regulations. Such audits could lead to a request for reimbursement to the grantor agencies. The County believes that no significant liabilities will be incurred as a result of these audits.

(b) Encumbrances

The County governmental funds had the following open encumbrances at June 30, 2020:

General Fund	\$ 7,710
Other governmental funds	17,869
Total encumbrances for governmental funds	<u>\$ 25,579</u>

(c) Other

The County from time to time is a party to various claims, legal actions, and complaints arising in the ordinary course of business. In the opinion of the County's administration, the various claims, legal actions, and complaints would have no material effect on the financial position of the County.

NOTE 16 – DEFERRED INFLOWS OF RESOURCES

At June 30, 2020, deferred inflows of resources are as follows:

<u>Governmental Funds</u>	General	Human Services Special Revenue	Health and Sanitation Special Revenue	Other Funds	Total
	Unavailable revenue (1)	<u>\$ 15,068</u>	<u>\$ 135</u>	<u>\$ 8,932</u>	<u>\$ 548</u>

<u>Governmental Activities</u>	Internal Service		Total
	Funds	Other Funds	
Deferred amounts related to pension	\$ 114,392	\$ 708	\$ 115,100
Deferred amounts related to OPEB	24,567	204	24,771
Total	<u>\$ 138,959</u>	<u>\$ 912</u>	<u>\$ 139,871</u>

<u>Business-Type Activities</u>	Refuse	Airport	Transit	Other Funds	Total
	Service concession arrangement	\$ 34,758	\$ -	\$ -	\$ -
Deferred amounts related to pensions	257	406	145	207	1,015
Deferred amounts related to OPEB	152	110	48	459	769
Total	<u>\$ 35,167</u>	<u>\$ 516</u>	<u>\$ 193</u>	<u>\$ 666</u>	<u>\$ 36,542</u>

(1) Unavailable revenue is a type of deferred revenue used by governmental funds. If accrued revenue is not yet available, the related receivable is matched by a deferred inflow of resources for unavailable revenue and revenue recognition occurs when the revenue becomes available.

For additional information on the service concession arrangement see Note 17, for deferred amounts related to pension see Note 11, and for deferred amounts related to OPEB see Note 12.

NOTE 17 – SERVICE CONCESSION ARRANGEMENT

On April 23, 2013, the County entered into a Master Operations Agreement (MOA) with Republic Services, Inc. for the operation of the Central landfill and County transfer stations. The MOA between the County and Republic Services went into effect on April 1, 2015, and meets the criteria under GASB Statement No. 60, 'Accounting and Financial Reporting for Service Concession Arrangements' (SCA). The MOA grants Republic Services the ability to extend the agreement until the landfill is closed which is currently estimated at between 30 and 35 years. As consideration for the County granting Republic Services an exclusive right and concession to operate the County facilities for the Committed Waste Period, Republic Services has agreed to pay the County a quarterly County Concession Payment. The quarterly payment is based on a per ton charge on all waste that is received except for beneficial reuse material, special waste and residuals or waste delivered to the County facilities from any other processing or transfer facility in Sonoma County. The County Concession Payment shall be increased annually by the amount of the Consumer Price Index.

Pursuant to a settlement agreement between the County and the committed cities, 8 of the 9 cities in the County agreed to commit their waste to Republic Services for 25 years. In addition, under the terms of the settlement agreement, the County is required to allocate 70% of the quarterly County Concession Payments received from Republic for the purpose of maintaining the four former urban landfills, with the remaining 30% to be used to cover Refuse's administrative costs associated with those four landfills and overseeing the MOA. The quarterly payment will be paid for the duration of the MOA, however, the committed cities will not pay their portion of County Concession Payments attributable to maintaining the four former landfills for years 21 through 25 of the 25 year waste commitments.

Additionally, the MOA calls for Republic to assume the closure/post-closure liability in perpetuity for the Central landfill as of April 1, 2015 and to provide financial assurances mechanisms to demonstrate, fund, and maintain financial responsibility for the Central landfill as required by law including closure, post-closure, corrective action and operating liability acceptable to the California Department of Resources Recycling Recovery (CalRecycle). As a result, Refuse recognized a closure/post-closure liability decrease in the amount of \$42,057 and recorded a deferred inflow of \$41,710 as of June 30, 2015. The deferred inflow is being amortized over the estimated 30 year term of the MOA, and as a result, Refuse recognized service concession arrangement revenues in the amount of \$1,390 for the fiscal year ended June 30, 2020. As part of the SCA, capital assets (equipment) with a net book value of \$278 were transferred to Republic Services, Inc.

The deferred inflows of resources activity is as follows:

	Balance			Balance
	July 1, 2019	Additions	Retirements	June 30, 2020
Deferred Inflows of Resources				
Central Landfill and				
County Transfer Stations	\$ 36,149	\$ -	\$ (1,391)	\$ 34,758

Refuse retained certain capital assets related to the SCA. The assets carrying value, net of accumulated depreciation at June 30, 2020 is as follows:

Central Landfill and County Transfer Stations

Land	\$ 2,538
Buildings & Improvements	13,768
Equipment	161
SCA capital assets, net	<u>\$ 16,467</u>

NOTE 18 – SUCCESSOR AGENCY PRIVATE PURPOSE TRUST FUND

On December 29, 2011, the California Supreme Court upheld Assembly Bill XI 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California and that the county (or another unit of local government) serve as the “successor agency” to hold the assets until they are distributed.

In accordance with the timeline set forth in the Bill, all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012. The assets and activities of the dissolved former county redevelopment agency are currently reported in the Successor Agency (Successor Agency) Private-Purpose Trust Fund, a fiduciary fund in the County financial statements.

	Balance			Balance	
	July 1, 2019	Additions	Retirements	June 30, 2020	One Year
Redevelopment Successor Agency Tax allocation bonds payable*	\$ 9,015	\$ -	\$ (395)	\$ 8,620	\$ 415

*excludes bond premium amortization

On February 1, 2012, two Tax Allocation Bonds (Bonds); 1986 Series A, and the Springs Tax Allocation Bonds of 2008; were acquired from the former Sonoma County Community Redevelopment Agency. The Agency had pledged future tax increment revenues, less amounts required to be set aside pursuant to ABX1 26 and AB1484, for enforceable repayment. On April 28, 2016, Bonds outstanding were refunded and reissued as 2016 Tax Allocation Bonds.

The 2016 Bonds were issued in the amount of \$10,140 with interest rates from 2.0% to 5.0%, maturing on August 1, 2034. The 2016 Bonds are limited obligations of the successor agency and are secured by an irrevocable pledge of, and are payable as to principal and interest from, tax revenues which are deposited in the Redevelopment Property Tax Trust Fund and the Redevelopment Obligation Retirement Fund. The 2016 Bonds are not a debt of the County of Sonoma. Unamortized bond premium at June 30, 2020 is \$1,165.

The annual principal and interest requirements on the long-term bonds outstanding at June 30, 2020, are as follows:

Year ending June 30:	Principal	Interest	Total
2021	\$ 415	\$ 368	\$ 783
2022	430	351	781
2023	450	334	784
2024	470	315	785
2025	485	294	779
2026-2030	2,815	1,070	3,885
2031-2035	3,555	327	3,882
Total	<u>\$ 8,620</u>	<u>\$ 3,059</u>	<u>\$ 11,679</u>

NOTE 19 – NET POSITION/FUND BALANCES

(a) Classification

Fund balances at June 30, 2020 were classified as follows:

	General	Human Services Special Revenue	Health and Sanitation Special Revenue	Open Space Special Tax Account Special Revenue	Other Funds	Total
Nonspendable:						
Inventories	\$ 83	\$ -	\$ -	\$ -	\$ 742	\$ 825
Prepaid items and deposits	4,003	2,772	22	-	151	6,948
Advances	6,951	-	-	-	-	6,951
Total nonspendable fund balances	11,037	2,772	22	-	893	14,724
Restricted:						
Agricultural Preservation and Open Space District	-	-	-	52,674	13,511	66,185
Capital projects and equipment replacement	-	-	-	-	37,582	37,582
Debt service	-	-	-	-	12,905	12,905
Park donations, mitigations and operations	-	-	-	-	6,970	6,970
Courthouse/Criminal justice construction	-	-	-	-	1,060	1,060
Health services programs	-	-	61,993	-	2,023	64,016
Fire and emergency services	-	-	-	-	2,922	2,922
Public assistance	-	25,585	-	-	4,900	30,485
Lighting districts	-	-	-	-	9,552	9,552
Road maintenance	-	-	-	-	1,596	1,596
Public protection	-	-	1,027	-	50,679	51,706
Clerk, recorder, assessor operations	-	-	-	-	3,948	3,948
Other programs	-	-	-	-	299	299
Total restricted fund balances	-	25,585	63,020	52,674	147,947	289,226
Committed:						
Road activities	-	-	-	-	1,752	1,752
Advertising activities	-	-	-	-	5,095	5,095
Other programs	14	-	-	-	-	14
Total committed fund balances	14	-	-	-	6,847	6,861
Capital projects and equipment replacement	23,753	-	-	-	36,706	60,459
Chanate hospital demolition	10,800	-	-	-	-	10,800
Tribal development impact mitigation	31,183	-	-	-	-	31,183
Redevelopment agencies	14,254	-	-	-	-	14,254
General services	9,994	-	-	-	-	9,994
Public protection	6,598	-	-	-	-	6,598
Road maintenance	-	-	-	-	2,542	2,542
Encumbrances	7,710	-	-	-	-	7,710
Resiliency	4,953	-	-	-	-	4,953
Contract negotiations	4,187	-	-	-	-	4,187
Projected budget deficit	16,090	-	-	-	-	16,090
Cannabis program	3,160	-	-	-	-	3,160
Other programs	13,624	-	-	-	-	13,624
Total assigned fund balances	146,306	-	-	-	39,248	185,554
Unassigned	37,870	-	-	-	-	37,870
Total fund balances	\$ 195,227	\$ 28,357	\$ 63,042	\$ 52,674	\$ 194,935	\$ 534,235

NOTE 19 – FUND BALANCES (Continued)

(b) Retained Deficits

Internal Service Funds

The County's Employee Retirement Internal Service Fund has a retained deficit of \$528,580 at June 30, 2020. This fund is used to account for the County's pension related activities and includes the pension obligation bonds as well as the net pension liability. The County funds contributions to the pension plan and debt service payments for the pension obligation bonds with charges collected from departments through bi-weekly payroll. Collections from departments are sufficient to cover the annual contributions to the pension plan and debt service payments but are not intended to build an asset balance in this fund. Consequently, this fund is expected to have a retained deficit until the pension obligation bonds are repaid and the pension plan is fully funded.

The County's Other Postemployment Benefits (OPEB) Internal Service Fund has a retained deficit of \$204,490 at June 30, 2020. This fund is used to account for the County's other postemployment benefit related activities and includes the net OPEB liability. The County funds contributions to OPEB with charges collected from departments through bi-weekly payroll. Collections from departments are sufficient to cover the annual contributions to annual OPEB costs and contribute to the PARS OPEB trust to fund future OPEB payments. Consequently, this fund is expected to have a retained deficit until the OPEB obligation is fully funded.

Private Purpose Trust Fund

The Private Purpose Trust Fund has retained deficit of \$2,750 at June 30, 2020. This fund reports the assets and liabilities of the Sonoma County Redevelopment Successor Agency. Debt service payments for these bonds are funded with property tax revenues, which are allocated to the Private Purpose Trust Fund semi-annually in an amount based on a Recognized Obligation Payment Schedule. Property tax revenues allocated to the trust annually are sufficient to pay the annual debt service payments, but are not intended to build an asset balance in the trust. Therefore, this trust is expected to have a retained deficit until the tax allocation refunding bonds are repaid.

NOTE 20 – FUND BALANCE RESTATEMENT/ SPECIAL ITEM TRANSFER OF OPERATIONS

(a) Mandated Revenue/First 5

Effective July 1, 2019, First 5 Sonoma County Commission (First 5) and the County executed an agreement to the effect that First 5 is an independent legal entity separate from the County. The \$10,200 net position balance transferred from the County to the new First 5 legal entity was reported as a special item under Mandated Revenue. Mandated Revenue also reported a beginning balance restatement for that same amount \$10,200 for fiscal year end June 30, 2020.

(b) Special Districts

During the fiscal year ended June 30, 2020, the County consolidated Fire and Emergency Management operations with Special Districts. To this effect the Fire and Emergency Services fund balance of \$2,627 was transferred to Special Districts.

NOTE 21 – SUBSEQUENT EVENTS**(a) Palm Drive Health Care District**

July 1, 2020 Sonoma County assumed the role of successor Board of Director's to the Palm Drive Healthcare District (Palm Drive or the District). The County will continue taxing the District residents to pay the District's outstanding financial obligations. The District will be included the County's FY 2020-21 financial statements as a Fiduciary Fund.

(b) Tobacco Securitization 2020 Refunding Bonds

On September 30, 2020 the Sonoma County Securitization Corporation refunded tobacco settlement asset-backed bonds series 2005 in the amount of \$66,485, and received revenue in the amount of \$12,263 from the bonds sale.

(c) Community Development Commission

On July 7, 2020, the Board of Supervisors approved the issuance of a one-year note in the principal amount of \$1.68 million to finance the purchase of surplus real property from the County of Sonoma at 2150 W. College Ave in Santa Rosa. The initial purchase of the property from the County occurred in July of 2017. The balance of the loan is due June 15, 2021.

(d) PG&E Cash Settlement

In July 2020, the County received \$149.3 million net settlement from PG&E Corporation and Pacific Gas & Electric Company for damages related to the October 2017 fires in Sonoma County. The County's calculated losses include \$111.5 million in damages to roads, culverts and trees and ecosystem service losses, including watershed restoration and water quality protection, plus additional out-of-pocket expenses. The County Board of Supervisors is determining the allocation of the settlement funds and has requested input from the community as part of the fiscal year 2020-21 budget process.

(e) Coronavirus Aid, Relief, and Economic Security (CARES) Act

Since August 2020, the County has received multiple distributions from Federal CARES Emergency Funding and State COVID-19 disaster grant revenue in excess of \$50 million. The Federal funding is passed through the State to Sonoma County in order to support activities and expenses that promote public health and safety in response to the COVID-19 public health emergency.

REQUIRED SUPPLEMENTARY INFORMATION

(UNAUDITED)

COUNTY OF SONOMA, CALIFORNIA
Schedule of County's Proportionate Share of the Net Pension Liability
 Last Ten Fiscal Years *
 (Dollars in Thousands)

Measurement Date <u>Reporting Date</u>	12/31/2019 <u>FY 2020</u>	12/31/2018 <u>FY 2019</u>	12/31/2017 <u>FY 2018</u>	12/31/2016 <u>FY 2017</u>	12/31/2015 <u>FY 2016</u>	12/31/2014 <u>FY 2015</u>
Proportion of net pension liability	82.74%	84.64%	80.73%	84.27%	84.43%	81.66%
Proportionate share of net pension liability	\$ 187,359	\$ 418,350	\$ 136,291	\$ 330,831	\$ 348,556	\$ 177,023
Covered payroll	\$ 295,896	\$ 300,515	\$ 300,546	\$ 285,864	\$ 271,061	\$ 262,325
Proportionate share of net pension liability as a percentage of covered payroll	63.32%	139.21%	45.35%	115.73%	128.59%	67.48%
Plan fiduciary net position as a percentage of the total pension liability	92.80%	83.91%	94.21%	86.02%	84.68%	91.46%

Schedule of County Pension Contributions
 Last Ten Fiscal Years *
 (Dollars in Thousands)

Measurement Date <u>Reporting Date</u>	12/31/2019 <u>FY 2020</u>	12/31/2018 <u>FY 2019</u>	12/31/2017 <u>FY 2018</u>	12/31/2016 <u>FY 2017</u>	12/31/2015 <u>FY 2016</u>	12/31/2014 <u>FY 2015</u>
Actuarially determined contributions	\$ 55,829	\$ 57,797	\$ 55,480	\$ 52,981	\$ 56,663	\$ 55,981
Contributions in relation to the actuarially determined contribution	62,551	57,797	55,480	52,981	60,216	55,981
Contribution deficiency (excess)	\$ (6,722)	\$ -	\$ -	\$ -	\$ (3,553)	\$ -
Covered payroll	\$ 313,806	\$ 307,543	\$ 302,281	\$ 293,871	\$ 288,885	\$ 265,945
Contributions as a percentage of covered payroll	19.93%	18.79%	18.35%	18.03%	20.84%	21.05%

* The required supplementary Information is intended to show information for ten years. Additional years' information will be displayed as this information becomes available.

Notes:

The information presented includes the funds and blended component units identified in this CAFR as part of the County of Sonoma and does not include information of the discrete component units or other Sonoma County Employee Retirement Association employers.

COUNTY OF SONOMA, CALIFORNIA
Schedule of County's Net OPEB Plan Liability and Related Ratios
 Last Ten Fiscal Years *
 (Dollars in Thousands)

<u>Reporting/Measurement Date:</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2017</u>
Total OPEB liability	\$ 279,215	\$ 303,941	\$ 308,205	\$ 385,583
Plan's fiduciary net position	73,882	66,060	57,860	49,743
Net OPEB liability	<u>\$ 205,333</u>	<u>\$ 237,881</u>	<u>\$ 250,345</u>	<u>\$ 335,840</u>
Plan fiduciary net position as a percentage of the total OPEB liability	26.46%	21.73%	18.77%	12.90%
Covered payroll	\$ 334,716	\$ 327,816	\$ 330,039	\$ 321,401
Plan net OPEB liability as a percentage of covered payroll	61.35%	72.57%	75.85%	104.49%

Schedule of OPEB Plan Investment Returns
 Last Ten Fiscal Years *

<u>Reporting/Measurement Date:</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2017</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	3.69%	7.61%	7.45%	11.47%

Schedule of County OPEB Contributions
 Last Ten Fiscal Years *
 (Dollars in Thousands)

<u>Reporting/Measurement Date:</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2017</u>
Actuarial determined contributions	\$ 17,532	\$ 18,206	\$ 18,938	\$ 21,653
Contributions in relation to the actuarially determined contributions	<u>27,612</u>	<u>26,193</u>	<u>26,768</u>	<u>27,699</u>
Contribution deficiency (excess)	<u>\$ (10,080)</u>	<u>\$ (7,987)</u>	<u>\$ (7,830)</u>	<u>\$ (6,046)</u>
Covered payroll	\$ 334,716	\$ 327,816	\$ 330,039	\$ 321,401
Contributions as a percentage of covered employee payroll	8.25%	7.99%	8.11%	8.62%

* The required supplementary Information is intended to show information for ten years. Additional years' information will be displayed as this information becomes available.

Notes:

The schedules above may not agree to the basic financial statements due to the Sonoma County Fair reporting on a calendar year which is different from the OPEB plan's fiscal year.

COUNTY OF SONOMA, CALIFORNIA
OPEB Plan Trust
Schedule of Changes in Net OPEB Liability and Related Ratios
 Last Ten Fiscal Years *
 (Dollars in Thousands)

<u>Reporting/Measurement Date:</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2017</u>
Total OPEB Liability				
Service Cost	\$ 5,148	\$ 5,468	\$ 10,852	\$ 13,800
Interest	19,375	19,667	14,566	12,579
Changes of benefit terms	-	(245)	-	-
Differences between expected and actual experience	(17,044)	(557)	3,210	(1,547)
Change due to reflecting the excise tax	-	-	-	2,351
Changes of assumptions	(10,194)	(6,404)	(83,838)	(28,454)
Benefit payments	<u>(22,011)</u>	<u>(22,193)</u>	<u>(22,168)</u>	<u>(23,529)</u>
Net change in total OPEB Liability	(24,726)	(4,264)	(77,378)	(24,800)
Total OPEB liability - beginning of year	<u>303,941</u>	<u>308,205</u>	<u>385,583</u>	<u>410,383</u>
Total OPEB liability - end of year (a)	<u>\$ 279,215</u>	<u>\$ 303,941</u>	<u>\$ 308,205</u>	<u>\$ 385,583</u>
Plan fiduciary net position				
Contributions – PARS	\$ 5,600	\$ 4,000	\$ 4,600	\$ 3,000
Contributions – Premiums net of retiree contributions	20,870	20,960	21,031	22,377
Contributions – Administrative	1,142	1,233	1,137	1,152
Contributions – Legal	<u>-</u>	<u>-</u>	<u>-</u>	<u>217</u>
Contributions – Total employer	\$ 27,612	\$ 26,193	\$ 26,768	\$ 26,746
Net investment income	2,435	4,395	3,699	4,817
Benefit payments – Premiums	(22,012)	(22,193)	(22,168)	(23,530)
Legal expense	-	-	-	(217)
Administrative expense	<u>(213)</u>	<u>(195)</u>	<u>(182)</u>	<u>(153)</u>
Net change in plan fiduciary net position	7,822	8,200	8,117	7,663
Plan fiduciary net position - beginning of year	<u>66,060</u>	<u>57,860</u>	<u>49,743</u>	<u>42,080</u>
Plan fiduciary net position - end of year (b)	<u>73,882</u>	<u>66,060</u>	<u>57,860</u>	<u>49,743</u>
County net OPEB liability, ending (a-b)	<u>\$ 205,333</u>	<u>\$ 237,881</u>	<u>\$ 250,345</u>	<u>\$ 335,840</u>

* The required supplementary Information is intended to show information for ten years. Additional years' information will be displayed as this information becomes available.

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2020
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 290,996	\$ 298,835	\$ 304,404	\$ 5,569
Licenses, permits and franchised fees	23,317	24,621	21,813	(2,808)
Fines, forfeitures and penalties	10,922	10,994	14,283	3,289
Use of money and property	5,823	5,847	7,817	1,970
Intergovernmental	95,779	128,898	112,511	(16,387)
Charges for services	53,671	54,127	45,933	(8,194)
Other	4,076	4,660	4,101	(559)
Total revenues	<u>484,584</u>	<u>527,982</u>	<u>510,862</u>	<u>(17,120)</u>
Expenditures:				
General government				
Board of Supervisors / County Administrator				
County Administrator	6,252	6,838	5,521	1,317
Board of Supervisors	5,356	5,812	5,399	413
Disaster Recovery and Resiliency	1,811	2,181	1,730	451
Auditor-Controller-Treasurer-Tax Collector	18,619	18,649	17,630	1,019
Recorder-Assessor				
Assessor	12,717	12,759	11,683	1,076
Registrar of Voters	6,270	6,270	4,774	1,496
County Counsel	10,656	10,657	10,519	138
Human Resources	9,259	9,583	9,091	492
General Services				
Administration	2,131	2,185	2,163	22
Facilities Development	14,030	14,835	14,777	58
Special Funds	4,766	6,158	5,379	779
Support Services	18,260	18,082	17,767	315
Information Systems	40,406	39,609	33,578	6,031
Disaster Recovery Division	-	21,973	21,584	389
Other general government	20,288	30,134	21,544	8,590
Total general government	<u>170,821</u>	<u>205,725</u>	<u>183,139</u>	<u>22,586</u>
Public protection				
District Attorney	27,644	27,817	26,188	1,629
Public Defender	12,161	12,161	11,984	177
Court Support and Grand Jury	11,113	11,113	11,045	68
Probation	62,305	64,452	57,363	7,089
Permit & Resource Management				
Permit Sonoma	39,846	41,102	30,876	10,226
Resiliency Permit Center	5,412	6,716	4,586	2,130
Fire Prevention	170	252	182	70
Sheriff				
Law Enforcement	96,311	97,402	93,707	3,695
Detention	74,428	74,827	73,740	1,087

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule (Continued)
 General Fund
 For the Fiscal Year Ended June 30, 2020
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Protection (continued)				
Agriculture / Weights & Measures	7,214	7,332	6,747	585
County Clerk Operations	864	864	747	117
Emergency Management	4,101	5,732	4,434	1,298
Fire Services	4,690	6,206	6,098	108
Independent Office of Law Enforcement				
Review and Outreach	589	654	512	142
Total public protection	346,848	356,630	328,209	28,421
Public ways and facilities				
Transportation & Public Works	207	267	174	93
Total public ways and facilities	207	267	174	93
Education				
U.C. Cooperative Extension	1,273	1,303	1,187	116
Total education	1,273	1,303	1,187	116
Recreation and cultural services				
Regional Parks	25,941	26,230	22,903	3,327
General Services - Veterans Buildings	1,548	1,420	1,414	6
Total recreation and cultural services	27,489	27,650	24,317	3,333
Expenditures subtotal	546,638	591,575	537,026	54,549
Reimbursements	(121,121)	(120,916)	(103,342)	(17,574)
Total expenditures	425,517	470,659	433,684	36,975
Excess (deficiency) of revenues over (under) expenditures	59,067	57,323	77,178	19,855
Other financing sources (uses):				
Transfers in	50,196	62,923	54,145	(8,778)
Transfers out	(110,102)	(143,467)	(136,124)	7,343
Proceeds from sale of capital assets	385	385	459	74
Refunding to escrow agent	(15,903)	(8,745)	-	8,745
Total other financing sources (uses)	(75,424)	(88,904)	(81,520)	7,384
Special item:				
Special Item (Equity Transfer)	-	87	-	(87)
Net change in fund balances	\$ (16,357)	\$ (31,494)	\$ (4,342)	\$ 27,152
GAAP basis difference - encumbrances			7,710	
Fund balance, beginning of year			191,859	
Fund balance, end of year			\$ 195,227	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 Human Services Special Revenue Fund
 For the Fiscal Year Ended June 30, 2020
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 73	\$ 73	\$ 648	\$ 575
Intergovernmental	184,730	186,078	176,385	(9,693)
Charges for services	1,494	1,494	1,242	(252)
Other	<u>2,643</u>	<u>2,643</u>	<u>6,913</u>	<u>4,270</u>
Total revenues	<u>188,940</u>	<u>190,288</u>	<u>185,188</u>	<u>(5,100)</u>
Expenditures:				
Public assistance				
Human Services				
Program Administration	240,865	241,880	234,938	6,942
Special Revenue	<u>43,633</u>	<u>41,299</u>	<u>40,267</u>	<u>1,032</u>
Total Public assistance	<u>284,498</u>	<u>283,179</u>	<u>275,205</u>	<u>7,974</u>
Reimbursements	<u>(64,628)</u>	<u>(64,628)</u>	<u>(64,632)</u>	<u>4</u>
Total expenditures	<u>219,870</u>	<u>218,551</u>	<u>210,573</u>	<u>7,978</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(30,930)</u>	<u>(28,263)</u>	<u>(25,385)</u>	<u>2,878</u>
Other financing sources (uses):				
Transfers in	26,539	26,539	26,493	(46)
Transfers out	<u>(184)</u>	<u>(3,184)</u>	<u>(3,137)</u>	<u>47</u>
Total other financing sources (uses)	<u>26,355</u>	<u>23,355</u>	<u>23,356</u>	<u>1</u>
Net change in fund balances	<u>\$ (4,575)</u>	<u>\$ (4,908)</u>	\$ (2,029)	<u>\$ 2,879</u>
GAAP basis difference - encumbrances			-	
Fund balance, beginning of year			<u>30,386</u>	
Fund balance, end of year			<u>\$ 28,357</u>	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 Health and Sanitation Special Revenue Fund
 For the Fiscal Year Ended June 30, 2020
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses, permits and franchised fees	\$ 7,371	\$ 7,371	\$ 7,118	\$ (253)
Fines, forfeitures and penalties	1,358	1,358	1,007	(351)
Use of money and property	(150)	(150)	538	688
Intergovernmental	99,316	107,930	106,740	(1,190)
Charges for services	4,183	4,433	3,186	(1,247)
Other	5,438	5,539	2,956	(2,583)
Total revenues	117,516	126,481	121,545	(4,936)
Expenditures:				
Public protection				
Health Services - Animal Services	6,783	6,783	5,983	800
Health and sanitation				
Health Services				
Administration	21,374	27,079	21,753	5,326
Behavioral Health	97,278	103,943	90,210	13,733
Public Health	44,106	45,763	39,384	6,379
Special Revenue	60,339	67,086	54,185	12,901
Total Health and sanitation	223,097	243,871	205,532	38,339
Reimbursements	(89,802)	(96,088)	(78,700)	(17,388)
Total expenditures	140,078	154,566	132,815	21,751
Excess (deficiency) of revenues over (under) expenditures	(22,562)	(28,085)	(11,270)	16,815
Other financing sources (uses):				
Transfers in	17,939	27,957	26,170	(1,787)
Transfers out	(1,889)	(6,515)	(5,025)	1,490
Proceeds from sale of capital assets	-	-	4	4
Total other financing sources (uses)	16,050	21,442	21,149	(293)
Net change in fund balances	\$ (6,512)	\$ (6,643)	\$ 9,879	\$ 16,522
GAAP basis difference - encumbrances			-	
Fund balance, beginning of year as restated			53,163	
Fund balance, end of year			\$ 63,042	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 Open Space Special Tax Account Special Revenue Fund
 For the Fiscal Year Ended June 30, 2020
 (Dollars in Thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 25,254	\$ 25,254	\$ 24,469	\$ (785)
Use of money and property	500	500	934	434
Total revenues	<u>25,754</u>	<u>25,754</u>	<u>25,403</u>	<u>(351)</u>
Expenditures:				
Recreation and cultural services	40,632	40,632	18,671	21,961
Total Expenditures	<u>40,632</u>	<u>40,632</u>	<u>18,671</u>	<u>21,961</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,878)</u>	<u>(14,878)</u>	6,732	21,610
Other financing sources (uses):				
Transfers out	<u>(7,507)</u>	<u>(7,661)</u>	<u>(7,660)</u>	<u>1</u>
Total other financing sources (uses)	<u>(7,507)</u>	<u>(7,661)</u>	<u>(7,660)</u>	<u>1</u>
Net change in fund balances	<u>\$ (22,385)</u>	<u>\$ (22,539)</u>	\$ (928)	<u>\$ 21,611</u>
GAAP basis difference - encumbrances			-	
Fund balance, beginning of year			<u>53,602</u>	
Fund balance, end of year			<u>\$ 52,674</u>	

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2020

NOTE 1 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN

a) Change of Assumptions

OPEB Plan amounts reported for the net OPEB liability decreased due to the net effect of several factors; fewer than expected new retirees enrolled in health benefits, lower than expected per capita health costs, and valuation assumption changes.

b) Actuarial Methods and Assumptions

The methods and assumptions used to establish the actuarially determined contribution (ADC) through June 30, 2019 are noted below:

Valuation date	Actuarially Determined Contribution based on the beginning of the applicable period
Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	Level percent of payroll for total unfunded actuarial accrued liability
Remaining amortization period	
June 30, 2020 valuation	27 years (declining) for outstanding balance of the June 30, 2019 unfunded OPEB liability
June 30, 2019 valuation	28 years (declining) for outstanding balance of the June 30, 2018 unfunded OPEB liability
Asset valuation method	Market value of assets
Actuarial assumptions	
Discount rate	6.50% net of OPEB plan investment expense, including inflation
Payroll growth	3.25% (June 30, 2019); 3.50% (June 30, 2018)
Other assumptions	June 30, 2019 - Same as those used in the June 30, 2019 GAS 74 actuarial valuation dated October 24, 2019 June 30, 2018 - Same as those used in the June 30, 2018 GAS 74 actuarial valuation dated November 26, 2018

NOTE 2 – BUDGETARY AND LEGAL COMPLIANCE

The County adopts a budget for each fiscal year on or before October 2 in accordance with the provisions of Sections 29000 through 29144 and 30200 of the California Government Code and other statutory provisions, commonly known as the County Budget Act.

An operating budget is adopted each fiscal year for all Governmental Funds. The legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is controlled at the division level within fund level for the County. Appropriations at this level require a Board majority approval. Management may make adjustments below this level. State law prohibits expending governmental funds for which there is no legal appropriation except under court order, for an emergency as defined by statute, or as otherwise provided by law.

For the year ended June 30, 2020, no instances existed in which expenditures exceeded appropriations.

For purposes of budgetary presentation actual GAAP expenditures are typically adjusted to include current year encumbrances and interfund transfers. Encumbered appropriations are carried forward in the ensuing year's budget. Annual appropriations that have not been encumbered lapse at year-end. Reimbursements, which are included in actual GAAP expenditures, are separately stated for budgetary presentation.

OTHER SUPPLEMENTARY INFORMATION

(UNAUDITED)



NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUND

Accounts for financial resources used for the acquisition or construction of major capital facilities, other than those financed in the proprietary fund types.

DEBT SERVICE FUND

Accounts for the accumulation of resources for, and the payment of, long-term debt.

SPECIAL REVENUE FUNDS

Special revenue funds are authorized by statutory provisions and are financed by specific taxes or other revenues. The following funds are included in the Special Revenue classification:

COMMUNITY INVESTMENT

Established to account for revenues generated by the County Transient Occupancy Tax. The fund finances both the Economic Development Department and the Community Investment Fund pursuant to Government Code Section 26100. Tax revenues are derived from a tax on the rental revenue of hotel, motel, bed and breakfast, inn beds, vacation rentals, and campgrounds in unincorporated areas of the County.

AGRICULTURAL PRESERVATION AND OPEN SPACE DISTRICT

Formed in 1990 for the purpose of preserving agricultural land and open space in Sonoma County, and financed primarily through a quarter-cent sales tax. The District is a separate legal entity governed by its Board of Directors, which is the County Board of Supervisors, ex officio (California Public Resources Code 5506.5(b)).

ROADS SPECIAL REVENUE

Restricted for the planning, design, construction, maintenance and administration of County roads. The Roads Special Revenue Fund is reimbursed by highway user tax (gas tax) distributions from the state, federal and state reimbursement for road-related construction and improvement projects, and by billing other County departments and non-county entities for time and materials spent on activities not related to roads.

MANDATED REVENUE

Established for state programs that are required to be accounted for in a special fund. Revenues are primarily restricted.

2011 REALIGNMENT

Established as required by Assembly Bill 109 which transferred responsibility from the State to the County for supervision, custody and needs of certain realigned offenders. The State realigned certain revenues from sales tax and vehicle license fees to fund the program.

SPECIAL DISTRICTS

Special Districts are independent units of local government organized to perform a single government function or a restricted number of related functions, including Fire and Emergency Services. This fund is governed by the Board of Supervisors, and used to account for the activities of Special Districts operating within the unincorporated area of the County.

COUNTY OF SONOMA, CALIFORNIA

Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2020

(Dollars in Thousands)

	Special Revenue Funds	Capital Projects Fund	Debt Service Fund	Total
ASSETS				
Assets:				
Cash and investments	\$ 153,732	\$ 25,214	\$ -	\$ 178,946
Cash and investments with trustee	2	-	12,905	12,907
Receivables, net				
Accounts	903	-	-	903
Interest and other	1,898	-	-	1,898
Due from other funds	451	-	-	451
Inventories	742	-	-	742
Due from other governments	11,233	130	-	11,363
Prepaid expenses and deposits	151	-	-	151
Total assets	<u>\$ 169,112</u>	<u>\$ 25,344</u>	<u>\$ 12,905</u>	<u>\$ 207,361</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued salaries and benefits	7,967	923	-	8,890
Due to other funds	1,639	-	-	1,639
Due to other governments	356	-	-	356
Advances from grantors and third parties	477	-	-	477
Deposits from others	22	-	-	22
Other liabilities	494	-	-	494
Total liabilities	<u>10,955</u>	<u>923</u>	<u>-</u>	<u>11,878</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	427	121	-	548
Total deferred inflows of resources	<u>427</u>	<u>121</u>	<u>-</u>	<u>548</u>
FUND BALANCES				
Nonspendable	893	-	-	893
Restricted	135,042	-	12,905	147,947
Committed	6,847	-	-	6,847
Assigned	14,948	24,300	-	39,248
Total fund balances	<u>157,730</u>	<u>24,300</u>	<u>12,905</u>	<u>194,935</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 169,112</u>	<u>\$ 25,344</u>	<u>\$ 12,905</u>	<u>\$ 207,361</u>

COUNTY OF SONOMA, CALIFORNIA

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2020

(Dollars in Thousands)

	Special Revenue	Capital Projects	Debt Service	
	Funds	Fund	Fund	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenues:				
Taxes	\$ 24,387	\$ -	\$ -	\$ 24,387
Licenses, permits and franchise fees	4,767	-	-	4,767
Fines, forfeitures and penalties	1,661	-	-	1,661
Use of money and property	3,205	131	274	3,610
Intergovernmental	115,025	1,996	-	117,021
Charges for services	6,543	68	-	6,611
Other	10,875	317	4,759	15,951
Total revenues	<u>166,463</u>	<u>2,512</u>	<u>5,033</u>	<u>174,008</u>
Expenditures:				
Current:				
General government	7,619	3,001	55	10,675
Public protection	56,214	-	-	56,214
Public ways and facilities	47,479	-	-	47,479
Health and sanitation	10,370	-	-	10,370
Public assistance	24,324	-	-	24,324
Recreation and cultural services	8,603	-	-	8,603
Capital outlay	32,121	19,234	-	51,355
Debt service:				
Principal	59	-	7,520	7,579
Interest and other	11	-	4,977	4,988
Total expenditures	<u>186,800</u>	<u>22,235</u>	<u>12,552</u>	<u>221,587</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(20,337)</u>	<u>(19,723)</u>	<u>(7,519)</u>	<u>(47,579)</u>
Other financing sources (uses):				
Transfers in	42,500	31,116	7,660	81,276
Transfers out	(24,719)	(1,243)	-	(25,962)
Proceeds from sale of capital assets	23	-	-	23
Total other financing sources (uses)	<u>17,804</u>	<u>29,873</u>	<u>7,660</u>	<u>55,337</u>
Special item:				
Special item	<u>(10,287)</u>	<u>-</u>	<u>-</u>	<u>(10,287)</u>
Net change in fund balance	(12,820)	10,150	141	(2,529)
Fund balance, beginning of year	170,550	14,150	12,764	197,464
Fund balance, end of year	<u>\$ 157,730</u>	<u>\$ 24,300</u>	<u>\$ 12,905</u>	<u>\$ 194,935</u>

COUNTY OF SONOMA, CALIFORNIA
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2020
(Dollars in Thousands)

	Community Investment	Agricultural Preservation and Open Space District	Roads Special Revenue	Mandated Revenue	2011 Realignment	Special Districts	Total
ASSETS							
Assets:							
Cash and investments	\$ 4,055	\$ 13,981	\$ 34,748	\$ 49,979	\$ 32,058	\$ 18,911	\$ 153,732
Cash and investments with trustee	-	-	-	2	-	-	2
Receivables, net							
Accounts	581	-	-	322	-	-	903
Interest and other	1,036	-	650	131	-	81	1,898
Due from other funds	-	-	451	-	-	-	451
Inventories	-	-	730	-	-	12	742
Due from other governments	70	156	2,550	632	6,136	1,689	11,233
Prepaid items and deposits	12	2	28	109	-	-	151
Total assets	\$ 5,754	\$ 14,139	\$ 39,157	\$ 51,175	\$ 38,194	\$ 20,693	\$ 169,112
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued salaries and benefits	448	616	6,281	545	-	77	7,967
Due to other funds	-	-	-	511	1,128	-	1,639
Due to other governments	-	-	-	356	-	-	356
Advances from grantors and third parties	-	-	-	3	-	474	477
Deposits from others	-	-	12	10	-	-	22
Other liabilities	-	-	494	-	-	-	494
Total liabilities	448	616	6,787	1,425	1,128	551	10,955
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	199	10	218	-	-	-	427
Total deferred inflows of resources	199	10	218	-	-	-	427
FUND BALANCES							
Nonspendable	12	2	758	109	-	12	893
Restricted	-	13,511	14,694	49,641	37,066	20,130	135,042
Committed	5,095	-	1,752	-	-	-	6,847
Assigned	-	-	14,948	-	-	-	14,948
Total fund balances	5,107	13,513	32,152	49,750	37,066	20,142	157,730
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,754	\$ 14,139	\$ 39,157	\$ 51,175	\$ 38,194	\$ 20,693	\$ 169,112

COUNTY OF SONOMA, CALIFORNIA
 Nonmajor Special Revenue Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 For the Year Ended June 30, 2020
 (Dollars in Thousands)

	Community Investment	Agricultural Preservation and Open Space District	Roads Special Revenue	Mandated Revenue	2011 Realignment	Special Districts	Total
Revenues:							
Taxes	\$ 12,176	\$ -	\$ -	\$ -	\$ -	\$ 12,211	\$ 24,387
Licenses, permits and franchise fees	-	-	1,992	2,775	-	-	4,767
Fines, forfeitures and penalties	-	-	311	1,350	-	-	1,661
Use of money and property	160	212	514	1,226	817	276	3,205
Intergovernmental	170	441	33,520	19,598	59,515	1,781	115,025
Charges for services	-	-	1,843	3,804	-	896	6,543
Other	984	60	319	341	8,721	450	10,875
Total revenues	13,490	713	38,499	29,094	69,053	15,614	166,463
Expenditures:							
Current:							
General government	7,546	-	-	73	-	-	7,619
Public protection	-	-	-	23,068	28,859	4,287	56,214
Public ways and facilities	-	-	46,128	17	-	1,334	47,479
Health and sanitation	-	-	-	-	10,370	-	10,370
Public assistance	-	-	-	-	23,222	1,102	24,324
Recreation and cultural services	-	8,450	-	-	-	153	8,603
Capital outlay	-	8,606	23,374	30	-	111	32,121
Debt service:							
Principal	-	-	-	-	-	59	59
Interest and other	-	-	-	-	-	11	11
Total expenditures	7,546	17,056	69,502	23,188	62,451	7,057	186,800
(under) expenditures	5,944	(16,343)	(31,003)	5,906	6,602	8,557	(20,337)
Other financing sources (uses):							
Transfers in	759	18,676	21,102	450	-	1,513	42,500
Transfers out	(9,456)	(18)	(3,709)	(5,957)	-	(5,579)	(24,719)
Proceeds from sale of capital assets	-	8	-	-	-	15	23
Total other financing sources (uses)	(8,697)	18,666	17,393	(5,507)	-	(4,051)	17,804
Special item:							
Special item	-	-	-	(10,287)	-	-	(10,287)
Net change in fund balances	(2,753)	2,323	(13,610)	(9,888)	6,602	4,506	(12,820)
Fund balance, beginning of year, as restated	7,860	11,190	45,762	59,638	30,464	15,636	170,550
Fund balance, end of year	\$ 5,107	\$ 13,513	\$ 32,152	\$ 49,750	\$ 37,066	\$ 20,142	\$ 157,730

NONMAJOR ENTERPRISE FUNDS

FAIR

This fund was established to account for the activities of the Sonoma County Fair and Exposition, Inc. (the Fair), which operates through an agreement with the County to act as its agent with regard to the operation of the Sonoma County Fairgrounds.

MARINAS

The Marinas Enterprise Fund accounts for the operations of Spud Point Marina, Mason's Marina and the Sport Fishing Center located in Bodega Bay.

OTHER DISTRICTS

This fund was established to account for the activities of various small enterprise funds. Components of this fund are four small water systems within the County Service Area (CSA), including Fitch Mountain, Salmon Creek, Freestone, and Jenner, plus Sea Ranch Zone #2. The CSA zones provide water services and are under the control of the Board of Supervisors.

COUNTY OF SONOMA, CALIFORNIA
Nonmajor Enterprise Funds
Combining Statement of Net Position
June 30, 2020
(Dollars in Thousands)

	Fair	Marinas	Other Districts	Total
ASSETS				
Current assets:				
Cash and investments	\$ 31	\$ 1,008	\$ 1,703	\$ 2,742
Cash and investments with trustee	4,897	6	-	4,903
Restricted cash and investments	1,080	-	-	1,080
Accounts receivable, net	624	498	7	1,129
Inventories	-	45	-	45
Advances to other governments	-	-	17	17
Prepaid expenses and deposits	-	16	-	16
Total current assets	<u>6,632</u>	<u>1,573</u>	<u>1,727</u>	<u>9,932</u>
Noncurrent assets:				
Capital assets:				
Nondepreciable	1,297	2,850	274	4,421
Depreciable, net	<u>10,209</u>	<u>2,102</u>	<u>4,157</u>	<u>16,468</u>
Total noncurrent assets	<u>11,506</u>	<u>4,952</u>	<u>4,431</u>	<u>20,889</u>
Total assets	<u>18,138</u>	<u>6,525</u>	<u>6,158</u>	<u>30,821</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts related to pensions	1,345	82	-	1,427
Deferred amounts related to OPEB	<u>260</u>	<u>54</u>	<u>-</u>	<u>314</u>
Total deferred outflows of resources	<u>1,605</u>	<u>136</u>	<u>-</u>	<u>1,741</u>
LIABILITIES				
Current liabilities:				
Accounts payable	815	180	37	1,032
Due to other funds	-	-	12	12
Due to other governments	-	72	-	72
Deposits from others	207	163	-	370
Interest payable	-	42	10	52
Compensated absences	264	33	-	297
Advances from other governments	-	326	28	354
Notes payable	51	-	-	51
Loans payable	-	2	8	10
Other liabilities	<u>143</u>	<u>179</u>	<u>-</u>	<u>322</u>
Total current liabilities	<u>1,480</u>	<u>997</u>	<u>95</u>	<u>2,572</u>
Noncurrent portion of long-term liabilities:				
Advances from other funds	-	-	81	81
Advances from other governments	-	697	934	1,631
Notes payable	205	-	-	205
Loans payable	-	7	10	17
Net pension liabilities	2,606	228	-	2,834
Net OPEB liabilities	<u>1,447</u>	<u>273</u>	<u>-</u>	<u>1,720</u>
Total noncurrent liabilities	<u>4,258</u>	<u>1,205</u>	<u>1,025</u>	<u>6,488</u>
Total liabilities	<u>5,738</u>	<u>2,202</u>	<u>1,120</u>	<u>9,060</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts related to pensions	88	119	-	207
Deferred amounts related to OPEB	<u>429</u>	<u>30</u>	<u>-</u>	<u>459</u>
Total deferred inflows of resources	<u>517</u>	<u>149</u>	<u>-</u>	<u>666</u>
NET POSITION				
Net investment in capital assets	11,250	3,919	3,455	18,624
Restricted	1,250	-	54	1,304
Unrestricted	<u>988</u>	<u>391</u>	<u>1,529</u>	<u>2,908</u>
Total net position	<u>\$ 13,488</u>	<u>\$ 4,310</u>	<u>\$ 5,038</u>	<u>\$ 22,836</u>

COUNTY OF SONOMA, CALIFORNIA
Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2020
(Dollars in Thousands)

	Fair	Marinas	Other Districts	Total
Operating revenues:				
Charges for services	\$ -	\$ 1,081	\$ 1,102	\$ 2,183
Rents and concessions	11,230	1,167	-	12,397
Sales and miscellaneous	-	219	-	219
Total operating revenues	<u>11,230</u>	<u>2,467</u>	<u>1,102</u>	<u>14,799</u>
Operating expenses:				
Services and supplies	4,592	1,742	815	7,149
Salaries and employee benefits	5,769	766	-	6,535
Depreciation and amortization	852	123	205	1,180
Total operating expenses	<u>11,213</u>	<u>2,631</u>	<u>1,020</u>	<u>14,864</u>
Operating income (loss)	<u>17</u>	<u>(164)</u>	<u>82</u>	<u>(65)</u>
Nonoperating revenues (expenses):				
Investment income	34	16	29	79
Interest expense	(9)	(47)	(30)	(86)
Miscellaneous	261	-	-	261
Total nonoperating revenues (expenses)	<u>286</u>	<u>(31)</u>	<u>(1)</u>	<u>254</u>
Income (loss) before capital contributions and transfers	303	(195)	81	189
Transfers in	-	722	-	722
Transfers out	-	(101)	-	(101)
Total capital contributions and transfers	<u>-</u>	<u>621</u>	<u>-</u>	<u>621</u>
Change in net position	303	426	81	810
Net position, beginning of year	<u>13,185</u>	<u>3,884</u>	<u>4,957</u>	<u>22,026</u>
Net position, end of year	<u>\$ 13,488</u>	<u>\$ 4,310</u>	<u>\$ 5,038</u>	<u>\$ 22,836</u>

COUNTY OF SONOMA, CALIFORNIA
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2020
(Dollars in Thousands)

	Fair	Marinas	Other Districts	Total
Cash flows from operating activities:				
Received from customers	\$ 11,515	\$ 2,518	\$ 1,115	\$ 15,148
Payments to suppliers for goods and services	(4,458)	(2,091)	(816)	(7,365)
Payments to employees for services	(5,776)	(766)	-	(6,542)
Net cash provided (used) by operating activities	<u>1,281</u>	<u>(339)</u>	<u>299</u>	<u>1,241</u>
Cash flows from noncapital financing activities:				
Transfers in	-	722	-	722
Transfers out	-	(101)	-	(101)
Advances to other funds	-	-	(12)	(12)
Contributions	118	-	-	118
Net cash provided (used) by noncapital financing activities	<u>118</u>	<u>621</u>	<u>(12)</u>	<u>727</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(609)	(547)	1	(1,155)
Principal paid on capital debt	(64)	-	-	(64)
Interest paid on loans	-	(2)	(8)	(10)
Contracts paid	4	(20)	-	(16)
Due from other governments	-	7	-	7
Advances to other governments	-	(313)	(71)	(384)
Interest paid	(9)	(60)	(31)	(100)
Net cash (used) by capital and related financing activities	<u>(678)</u>	<u>(935)</u>	<u>(109)</u>	<u>(1,722)</u>
Cash flows from investing activities:				
Interest received on investments	177	16	29	222
Net cash provided by investing activities	<u>177</u>	<u>16</u>	<u>29</u>	<u>222</u>
Net increase (decrease) in cash and cash equivalents	898	(637)	207	468
Cash and cash equivalents, beginning of year	5,110	1,651	1,496	8,257
Cash and cash equivalents, end of year	<u>\$ 6,008</u>	<u>\$ 1,014</u>	<u>\$ 1,703</u>	<u>\$ 8,725</u>
Reconciliation of operating income (loss) to net cash provided (used)				
by operating activities:				
Operating income (loss)	\$ 17	\$ (164)	\$ 82	\$ (65)
Depreciation and amortization	852	123	205	1,180
Net pension activity	270	16	-	286
Net OPEB activity	(314)	(25)	-	(339)
Changes in assets and liabilities:				
Decrease (increase) in:				
Accounts receivable	424	47	13	484
Inventories	-	9	-	9
Other assets	-	(3)	-	(3)
Increase (decrease) in:				
Accounts payable	(4)	(345)	(1)	(350)
Compensated absences	36	-	-	36
Other liabilities	-	3	-	3
Net cash provided (used) by operating activities	<u>1,281</u>	<u>(339)</u>	<u>299</u>	<u>1,241</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position:				
Cash and investments	\$ 31	\$ 1,008	\$ 1,703	\$ 2,742
Cash and investments with trustee	5,977	6	-	5,983
Total cash and cash equivalents	<u>\$ 6,008</u>	<u>\$ 1,014</u>	<u>\$ 1,703</u>	<u>\$ 8,725</u>

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 Capital Projects Fund
 For the Fiscal Year Ended June 30, 2020
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ -	\$ -	\$ 131	\$ 131
Intergovernmental	59,626	60,974	1,996	(58,978)
Charges for services	-	-	68	68
Other	2,208	2,241	317	(1,924)
Total revenues	61,834	63,215	2,512	(60,703)
Expenditures:				
General government				
Administration Center	6,464	6,359	2,558	3,801
Hall of Justice	1,341	628	555	73
Main Adult Detention Facility	56,173	56,017	11,786	44,231
Memorial Buildings	994	2,776	910	1,866
Misc. Capital Projects	12,241	22,010	7,741	14,269
Regional Parks	22,889	25,753	8,541	17,212
Total expenditures	100,102	113,543	32,091	81,452
Excess (deficiency) of revenues over (under) expenditures	(38,268)	(50,328)	(29,579)	20,749
Other financing sources (uses):				
Transfers in	28,622	43,040	33,478	(9,562)
Transfers out	(2,635)	(4,205)	(3,605)	600
Other Financing Sources	530	530	-	(530)
Total other financing sources (uses)	26,517	39,365	29,873	(9,492)
Net change in fund balances	\$ (11,751)	\$ (10,963)	\$ 294	\$ 11,257
GAAP basis difference - encumbrances			9,856	
Fund balance, beginning of year			14,150	
Fund balance, end of year			\$ 24,300	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 Debt Service Fund
 For the Fiscal Year Ended June 30, 2020
 (Dollars in Thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ 230	\$ 230	\$ 274	\$ 44
Other	<u>5,052</u>	<u>5,052</u>	<u>4,759</u>	<u>(293)</u>
Total revenues	<u>5,282</u>	<u>5,282</u>	<u>5,033</u>	<u>(249)</u>
Expenditures:				
Debt Service				
Open Space Bonds	7,507	7,507	7,505	2
Tobacco Settlement Bonds	<u>5,282</u>	<u>5,282</u>	<u>5,047</u>	<u>235</u>
Total expenditures	<u>12,789</u>	<u>12,789</u>	<u>12,552</u>	<u>237</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,507)</u>	<u>(7,507)</u>	<u>(7,519)</u>	<u>(12)</u>
Other financing sources (uses):				
Transfers in	<u>7,507</u>	<u>7,661</u>	<u>7,660</u>	<u>(1)</u>
Total other financing sources (uses)	<u>7,507</u>	<u>7,661</u>	<u>7,660</u>	<u>(1)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 154</u>	\$ 141	<u>\$ (13)</u>
GAAP basis difference - encumbrances			-	
Fund balance, beginning of year			<u>12,764</u>	
Fund balance, end of year			<u>\$ 12,905</u>	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 Community Investment Special Revenue Fund
 For the Fiscal Year Ended June 30, 2020
 (Dollars in Thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 16,721	\$ 16,721	\$ 12,176	\$ (4,545)
Use of money and property	13	13	160	147
Intergovernmental	195	275	170	(105)
Other	141	141	984	843
Total revenues	<u>17,070</u>	<u>17,150</u>	<u>13,490</u>	<u>(3,660)</u>
Expenditures:				
General government				
Community Investment Fund	2,640	2,589	2,419	170
Economic Development Board	7,094	6,909	5,428	1,481
Reimbursements	(171)	(192)	(162)	(30)
Total expenditures	<u>9,563</u>	<u>9,306</u>	<u>7,685</u>	<u>1,621</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,507</u>	<u>7,844</u>	<u>5,805</u>	<u>(2,039)</u>
Other financing sources (uses):				
Transfers in	1,077	762	759	(3)
Transfers out	(9,540)	(9,591)	(9,456)	135
Total other financing sources (uses)	<u>(8,463)</u>	<u>(8,829)</u>	<u>(8,697)</u>	<u>132</u>
Net change in fund balances	<u>\$ (956)</u>	<u>\$ (985)</u>	\$ (2,892)	<u>\$ (1,907)</u>
GAAP basis difference - encumbrances			139	
Fund balance, beginning of year			<u>7,860</u>	
Fund balance, end of year			<u>\$ 5,107</u>	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 Agricultural Preservation and Open Space District Special Revenue Fund
 For the Fiscal Year Ended June 30, 2020
 (Dollars in Thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (Budgetary Basis)	<u>Variance with Final</u> <u>Budget Positive</u> (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ 90	\$ 90	\$ 212	\$ 122
Intergovernmental	48,382	48,367	19,112	(29,255)
Other	5,341	5,341	60	(5,281)
Total revenues	<u>53,813</u>	<u>53,798</u>	<u>19,384</u>	<u>(34,414)</u>
Expenditures:				
Recreation and cultural services	53,801	58,550	23,085	35,465
Reimbursements	-	-	(255)	255
Total expenditures	<u>53,801</u>	<u>58,550</u>	<u>22,830</u>	<u>35,720</u>
Excess (deficiency) of revenues over (under) expenditures	<u>12</u>	<u>(4,752)</u>	<u>(3,446)</u>	<u>1,306</u>
Other financing sources (uses):				
Transfers in	1,083	1,098	1,082	(16)
Transfers out	(1,033)	(1,110)	(1,094)	16
Proceeds from sale of capital assets	-	-	8	8
Total other financing sources (uses)	<u>50</u>	<u>(12)</u>	<u>(4)</u>	<u>8</u>
Net change in fund balances	<u>\$ 62</u>	<u>\$ (4,764)</u>	<u>\$ (3,450)</u>	<u>\$ 1,314</u>
GAAP basis difference - encumbrances			5,773	
Fund balance, beginning of year			<u>11,190</u>	
Fund balance, end of year			<u>\$ 13,513</u>	

COUNTY OF SONOMA, CALIFORNIA
Budgetary Comparison Schedule
Roads Special Revenue Fund
For the Fiscal Year Ended June 30, 2020
(Dollars in Thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with Final</u> <u>Budget Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Licenses, permits and franchised fees	\$ 1,125	\$ 1,125	\$ 1,992	\$ 867
Fines, forfeitures and penalties	410	410	311	(99)
Use of money and property	300	300	514	214
Intergovernmental	41,566	41,816	33,520	(8,296)
Charges for services	1,590	1,590	1,843	253
Other	615	615	319	(296)
Total revenues	<u>45,606</u>	<u>45,856</u>	<u>38,499</u>	<u>(7,357)</u>
Expenditures:				
Public ways and facilities				
Roads Division	81,685	84,174	82,388	1,786
Reimbursements	<u>(15,317)</u>	<u>(15,317)</u>	<u>(12,518)</u>	<u>(2,799)</u>
Total expenditures	<u>66,368</u>	<u>68,857</u>	<u>69,870</u>	<u>(1,013)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(20,762)</u>	<u>(23,001)</u>	<u>(31,371)</u>	<u>(8,370)</u>
Other financing sources (uses):				
Transfers in	22,331	22,391	21,642	(749)
Transfers out	<u>(4,354)</u>	<u>(5,129)</u>	<u>(4,249)</u>	<u>880</u>
Total other financing sources (uses)	<u>17,977</u>	<u>17,262</u>	<u>17,393</u>	<u>131</u>
Net change in fund balances	<u>\$ (2,785)</u>	<u>\$ (5,739)</u>	<u>\$ (13,978)</u>	<u>\$ (8,239)</u>
GAAP basis difference - encumbrances			368	
Fund balance, beginning of year			<u>45,762</u>	
Fund balance, end of year			<u>\$ 32,152</u>	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 Mandated Revenues Special Revenue Fund
 For the Fiscal Year Ended June 30, 2020
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses, permits and franchised fees	\$ 2,642	\$ 2,642	\$ 2,775	\$ 133
Fines, forfeitures and penalties	2,287	2,287	1,350	(937)
Use of money and property	713	770	1,226	456
Intergovernmental	17,240	19,232	19,598	366
Charges for services	3,022	3,022	3,804	782
Other	284	284	341	57
Total revenues	26,188	28,237	29,094	857
Expenditures:				
General government				
County Clerk-Recorder-Assessor - Assessor	106	106	30	76
General Services - Tidelands Leases	206	228	43	185
Total general government	312	334	73	261
Public protection				
County Clerk-Recorder-Assessor				
Recorder	3,023	3,074	2,696	378
Agriculture / Weights & Measures	49	49	40	9
Child Support Services	14,728	14,728	13,214	1,514
Court Support and Grand Jury	74	74	43	31
District Attorney	3,252	3,692	2,630	1,062
Fire Prevention	2,128	1,937	1,424	513
Permit & Resource Management	631	1,157	916	241
Probation	1,889	2,056	1,394	662
Sheriff				
Detention	120	122	110	12
Law Enforcement	1,542	2,451	833	1,618
Total public protection	27,436	29,340	23,300	6,040
Public ways and facilities				
Transportation & Public Works Special				
Projects	-	20	17	3
Reimbursements	(314)	(314)	(160)	(154)
Total expenditures	27,434	29,380	23,230	6,150
Excess (deficiency) of revenues over (under) expenditures	(1,246)	(1,143)	5,864	7,007
Other financing sources (uses):				
Transfers in	412	538	509	(29)
Transfers out	(15,452)	(14,508)	(6,016)	8,492
Total other financing sources (uses)	(15,040)	(13,970)	(5,507)	8,463
Special Item				
Special Item (Equity Transfer)	(500)	(587)	(10,287)	(9,700)
Net change in fund balances	\$ (16,786)	\$ (15,700)	\$ (9,930)	\$ 5,770
GAAP basis difference - encumbrances			42	
Fund balance, beginning of year as restated			59,638	
Fund balance, end of year			\$ 49,750	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 2011 Realignment Special Revenue Fund
 For the Fiscal Year Ended June 30, 2020
 (Dollars in Thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (Budgetary Basis)	Variance with Final
	<u>Original</u>	<u>Final</u>		<u>Budget Positive</u> (Negative)
Revenues:				
Use of money and property	\$ 329	\$ 329	\$ 817	\$ 488
Intergovernmental	64,781	65,231	59,515	(5,716)
Other	<u>2,245</u>	<u>2,245</u>	<u>8,721</u>	<u>6,476</u>
Total revenues	<u>67,355</u>	<u>67,805</u>	<u>69,053</u>	<u>1,248</u>
Expenditures:				
Public protection				
District Attorney	376	376	192	184
Probation	22,777	22,449	19,712	2,737
Public Defender	223	223	186	37
Sheriff				
Law Enforcement	9,150	9,150	7,796	1,354
Detention	<u>973</u>	<u>973</u>	<u>973</u>	<u>-</u>
Total public protection	<u>33,499</u>	<u>33,171</u>	<u>28,859</u>	<u>4,312</u>
Health and sanitation				
Health Services - Special revenue	10,277	10,370	10,370	-
Public assistance				
Human Services - Special revenue	<u>27,275</u>	<u>27,275</u>	<u>23,222</u>	<u>4,053</u>
Total expenditures	<u>71,051</u>	<u>70,816</u>	<u>62,451</u>	<u>8,365</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,696)</u>	<u>(3,011)</u>	<u>6,602</u>	<u>9,613</u>
Net change in fund balances	<u>\$ (3,696)</u>	<u>\$ (3,011)</u>	\$ 6,602	<u>\$ 9,613</u>
GAAP basis difference - encumbrances			-	
Fund balance, beginning of year			<u>30,464</u>	
Fund balance, end of year			<u>\$ 37,066</u>	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 Special Districts Special Revenue Fund
 For the Fiscal Year Ended June 30, 2020
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 11,564	\$ 11,564	\$ 12,211	\$ 647
Use of money and property	178	178	276	98
Intergovernmental	2,046	2,127	1,781	(346)
Charges for services	1,252	1,252	896	(356)
Other	10	10	450	440
Total revenues	15,050	15,131	15,614	483
Expenditures:				
Public protection				
CSA #40 Fire Services District	2,453	3,695	3,542	153
PRMD - Fire Prevention	2,191	2,698	1,630	1,068
Fire & Emergency Services - County Facility	266	973	967	6
Rio Nido Geo Haz Abatement District	10	10	-	10
Total Public Protection	4,920	7,376	6,139	1,237
Public ways and facilities				
County Services Area #41				
Countywide Lighting	2,114	2,114	1,287	827
Airport Business Center	58	58	-	58
Permanent Road Districts	95	130	67	63
Total Public Ways and facilities	2,267	2,302	1,354	948
Public assistance				
In Home Support Services Public Authority	1,383	1,383	1,102	281
Recreation and cultural services:				
CSA #41 District Parks	156	156	153	3
Total expenditures	8,726	11,217	8,748	2,469
Excess (deficiency) of revenues over (under) expenditures	6,324	3,914	6,866	2,952
Other financing sources (uses):				
Transfers in	1,376	1,403	1,513	110
Transfers out	(7,298)	(7,667)	(5,579)	2,088
Proceeds from sale of capital assets	-	-	15	15
Total other financing sources (uses)	(5,922)	(6,264)	(4,051)	2,213
Net change in fund balances	\$ 402	\$ (2,350)	\$ 2,815	\$ 5,165
GAAP basis difference - encumbrances			1,691	
Fund balance, beginning of year as restated			15,636	
Fund balance, end of year			\$ 20,142	

INTERNAL SERVICE FUNDS

These funds account for the financing of goods or services provided by one department or agency to other departments or agencies within the County and to various other governmental agencies. They are exempt from legal compliance for budgetary control and follow commercial accounting principles for a determination of operating, rather than budgetary, results. Their major source of revenue consists of charges to user departments for services rendered. These charges are based upon standard rates calculated on an estimated cost recovery basis. A more detailed description of the funds established and used by the County follows:

INSURANCE

This fund was established to account for the operations of the County's self-insurance programs, which cover general liability, medical malpractice, workers' compensation, health, long-term disability, and unemployment insurance.

HEAVY EQUIPMENT REPLACEMENT

This fund was established for the dual purposes of (1) paying General Services Fleet Operations for the cost of heavy equipment maintenance and operations based on usage, and (2) accumulating funds for the future replacement of heavy equipment. Revenue is primarily derived from equipment rental charges to the Road Department, which utilizes the heavy equipment.

ENTERPRISE RESOURCE PLANNING SYSTEM

This fund was established to provide funding for the administration of the County's Human Resources Management and Enterprise Financial Systems. Costs associated with the administration of these global systems are allocated to departments that utilize the systems.

EMPLOYEE RETIREMENT

This fund was established to account for pension related activities. It is used to collect charges from departments through bi-weekly payroll which are disbursed as contributions to the pension plan and debt service payments for the pension obligation bonds.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

This fund was established to account for other postemployment related activities. It is used to collect charges from departments through bi-weekly payroll which are disbursed as contributions to the OPEB plan.

COUNTY OF SONOMA, CALIFORNIA
Internal Service Funds
Combining Statement of Net Position
June 30, 2020
(Dollars in Thousands)

	Heavy Equipment			Employee Retirement	Other Postemployment Benefits (OPEB)		Total
	Insurance	Replacement	ERP System				
ASSETS							
Current assets:							
Cash and investments	\$ 70,987	\$ 3,938	\$ 8,270	\$ 4,624	\$ 3,435		\$ 91,254
Cash and investments with trustee	1,069	-	-	1	-		1,070
Accounts receivable	464	19	16	33	7		539
Due from other funds	12,511	-	-	-	-		12,511
Due from other governments	196	-	-	-	-		196
Prepaid expenses	-	-	199	-	-		199
Total current assets	<u>85,227</u>	<u>3,957</u>	<u>8,485</u>	<u>4,658</u>	<u>3,442</u>		<u>105,769</u>
Noncurrent assets:							
Capital assets:							
Nondepreciable	-	209	76	-	-		285
Depreciable, net	-	3,579	6,964	-	-		10,543
Total noncurrent assets	<u>-</u>	<u>3,788</u>	<u>7,040</u>	<u>-</u>	<u>-</u>		<u>10,828</u>
Total assets	<u>85,227</u>	<u>7,745</u>	<u>15,525</u>	<u>4,658</u>	<u>3,442</u>		<u>116,597</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred amounts related to pensions	547	-	-	86,737	-		87,284
Deferred amounts related to OPEB	329	-	-	-	26,106		26,435
Total deferred outflows of resources	<u>876</u>	<u>-</u>	<u>-</u>	<u>86,737</u>	<u>26,106</u>		<u>113,719</u>
LIABILITIES							
Current liabilities:							
Accounts payable	391	311	54	3,514	18		4,288
Due to other funds	150	-	1,620	-	-		1,770
Due to other governments	50	-	-	-	-		50
Interest payable	-	-	-	1,547	-		1,547
Compensated absences	224	-	-	-	-		224
Self-funded insurance	12,724	-	-	-	-		12,724
Bonds payable	-	-	-	34,725	-		34,725
Other liabilities	398	-	-	-	-		398
Total current liabilities	<u>13,937</u>	<u>311</u>	<u>1,674</u>	<u>39,786</u>	<u>18</u>		<u>55,726</u>
Noncurrent portion of long-term liabilities:							
Self-funded insurance	40,146	-	-	-	-		40,146
Compensated absences	79	-	-	-	-		79
Advances from other funds	-	-	6,828	-	-		6,828
Bonds payable	-	-	-	286,690	-		286,690
Net pension liabilities	1,625	-	-	180,019	-		181,644
Net OPEB liabilities	1,909	-	-	-	209,665		211,574
Total noncurrent liabilities	<u>43,759</u>	<u>-</u>	<u>6,828</u>	<u>466,709</u>	<u>209,665</u>		<u>726,961</u>
Total liabilities	<u>57,696</u>	<u>311</u>	<u>8,502</u>	<u>506,495</u>	<u>209,683</u>		<u>782,687</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred amounts related to pensions	912	-	-	113,480	-		114,392
Deferred amounts related to OPEB	212	-	-	-	24,355		24,567
Total deferred inflows of resources	<u>1,124</u>	<u>-</u>	<u>-</u>	<u>113,480</u>	<u>24,355</u>		<u>138,959</u>
NET POSITION							
Net investment in capital assets	-	3,788	7,040	-	-		10,828
Unrestricted (deficit)	27,283	3,646	(17)	(528,580)	(204,490)		(702,158)
Total net position (deficit)	<u>\$ 27,283</u>	<u>\$ 7,434</u>	<u>\$ 7,023</u>	<u>\$ (528,580)</u>	<u>\$ (204,490)</u>		<u>\$ (691,330)</u>

COUNTY OF SONOMA, CALIFORNIA
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2020
(Dollars in Thousands)

	Heavy Equipment Insurance	Replacement	ERP System	Employee Retirement	Other Postemployment Benefits (OPEB)	Total
Operating revenues:						
Charges for services	\$ 32,685	\$ -	\$ 10,673	\$ 109,397	\$ 28,976	\$ 181,731
Rents and concessions	-	2,576	-	-	-	2,576
Sales and miscellaneous	3,010	20	-	-	-	3,030
Total operating revenues	<u>35,695</u>	<u>2,596</u>	<u>10,673</u>	<u>109,397</u>	<u>28,976</u>	<u>187,337</u>
Operating expenses:						
Services and supplies	17,760	1,807	8,678	-	-	28,245
Salaries and employee benefits	4,520	-	-	62,740	(15,814)	51,446
Claim expenses	20,535	-	-	-	-	20,535
Depreciation and amortization	-	568	1,641	-	-	2,209
Total operating expenses	<u>42,815</u>	<u>2,375</u>	<u>10,319</u>	<u>62,740</u>	<u>(15,814)</u>	<u>102,435</u>
Operating income (loss)	<u>(7,120)</u>	<u>221</u>	<u>354</u>	<u>46,657</u>	<u>44,790</u>	<u>84,902</u>
Nonoperating revenues (expenses):						
Investment income	1,328	77	114	258	78	1,855
Interest expense	-	-	-	(19,261)	-	(19,261)
Gain (Loss) on disposal of capital assets	-	26	(2)	-	-	24
Total nonoperating revenues (expenses)	<u>1,328</u>	<u>103</u>	<u>112</u>	<u>(19,003)</u>	<u>78</u>	<u>(17,382)</u>
Income (loss) before capital contributions and transfers	(5,792)	324	466	27,654	44,868	67,520
Capital contributions	-	77	-	-	-	77
Transfers in	1	3,000	501	5,000	-	8,502
Transfers out	(1,289)	(111)	(206)	-	-	(1,606)
Total capital contributions and transfers	<u>(1,288)</u>	<u>2,966</u>	<u>295</u>	<u>5,000</u>	<u>-</u>	<u>6,973</u>
Special item						
Special item	-	-	-	(453)	(547)	(1,000)
Change in net position	(7,080)	3,290	761	32,201	44,321	73,493
Net position, beginning of year	<u>34,363</u>	<u>4,144</u>	<u>6,262</u>	<u>(560,781)</u>	<u>(248,811)</u>	<u>(764,823)</u>
Net position, end of year	<u>\$ 27,283</u>	<u>\$ 7,434</u>	<u>\$ 7,023</u>	<u>\$ (528,580)</u>	<u>\$ (204,490)</u>	<u>\$ (691,330)</u>

COUNTY OF SONOMA, CALIFORNIA
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2020
(Dollars in Thousands)

	Heavy			Other		Total
	Insurance	Equipment Replacement	ERP System	Employee Retirement	Postemployment Benefits (OPEB)	
Cash flows from operating activities:						
Receipts from interfund services provided	\$ 35,222	\$ 2,577	\$ 10,670	\$ 104,824	\$ (12,789)	\$ 140,504
Payments to suppliers for goods and services	(38,969)	(1,504)	(8,858)	1,441	(236)	(48,126)
Payments to employees for services	4,101	-	-	(62,740)	15,814	(42,825)
Net cash provided by operating activities	<u>354</u>	<u>1,073</u>	<u>1,812</u>	<u>43,525</u>	<u>2,789</u>	<u>49,553</u>
Cash flows from noncapital financing activities:						
Transfers in	1	3,000	501	5,000	-	8,502
Transfers out	(1,289)	(111)	(206)	-	-	(1,606)
Due from other funds	(12,011)	-	-	-	-	(12,011)
Due to other funds	150	-	(12)	-	-	138
Advances to other funds	-	-	(1,620)	(453)	(547)	(2,620)
Due to other governments	105	-	-	-	-	105
Principal paid on bonds	-	-	-	(30,955)	-	(30,955)
Interest paid	-	-	-	(19,261)	-	(19,261)
Net cash provided (used) by noncapital financing activities	<u>(13,044)</u>	<u>2,889</u>	<u>(1,337)</u>	<u>(45,669)</u>	<u>(547)</u>	<u>(57,708)</u>
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	-	(1,042)	(76)	-	-	(1,118)
Interest paid	-	-	-	(139)	-	(139)
Net cash (used) by capital and related financing activities	<u>-</u>	<u>(1,042)</u>	<u>(76)</u>	<u>(139)</u>	<u>-</u>	<u>(1,257)</u>
Cash flows from investing activities:						
Interest received on investments	1,328	77	114	258	78	1,855
Net cash provided by investing activities	<u>1,328</u>	<u>77</u>	<u>114</u>	<u>258</u>	<u>78</u>	<u>1,855</u>
Net increase (decrease) in cash and cash equivalents	(11,362)	2,997	513	(2,025)	2,320	(7,557)
Cash and cash equivalents, beginning of year	83,418	941	7,757	6,650	1,115	99,881
Cash and cash equivalents, end of year	<u>\$ 72,056</u>	<u>\$ 3,938</u>	<u>\$ 8,270</u>	<u>\$ 4,625</u>	<u>\$ 3,435</u>	<u>\$ 92,324</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ (7,120)	\$ 221	\$ 354	\$ 46,657	\$ 44,790	\$ 84,902
Depreciation and amortization	-	568	1,641	-	-	2,209
Net pension activity	50	-	-	(4,570)	-	(4,520)
Net OPEB activity	(370)	-	-	-	(41,758)	(42,128)
Changes in assets and liabilities:						
Decrease (increase) in:						
Accounts receivable	(153)	(19)	(3)	(3)	(7)	(185)
Prepaid expenses	2	-	(197)	-	7	(188)
Increase (decrease) in:						
Accounts payable	(140)	303	17	1,441	7	1,628
Compensated absences	19	-	-	-	-	19
Self-funded insurance	8,602	-	-	-	-	8,602
Other liabilities	(536)	-	-	-	(250)	(786)
Net cash provided (used) by operating activities	<u>\$ 354</u>	<u>\$ 1,073</u>	<u>\$ 1,812</u>	<u>\$ 43,525</u>	<u>\$ 2,789</u>	<u>\$ 49,553</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position:						
Cash and investments	\$ 70,987	\$ 3,938	\$ 8,270	\$ 4,624	\$ 3,435	\$ 91,254
Cash and investments with trustee	1,069	-	-	1	-	1,070
Total cash and cash equivalents	<u>\$ 72,056</u>	<u>\$ 3,938</u>	<u>\$ 8,270</u>	<u>\$ 4,625</u>	<u>\$ 3,435</u>	<u>\$ 92,324</u>

AGENCY FUND

This fund accounts for assets held by the County in an agency capacity for individuals or other government units. The Agency Fund is custodial in nature and does not involve the measurement of results of operations. This fund has no equity account since all assets are due to individuals or entities at some future time.

COUNTY OF SONOMA, CALIFORNIA
 Agency Fund
 Statement of Changes in Fiduciary Assets and Liabilities
 For the Fiscal Year Ended June 30, 2020
 (Dollars in Thousands)

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
ASSETS:				
Current assets:				
Cash and investments	\$ 405,215	\$ 2,574,670	\$ (2,517,807)	\$ 462,078
Receivables:				
Taxes	15,805	13,495	(8,267)	21,033
Interest and other	13,127	55,763	(54,877)	14,013
Due from other agencies	4,059	4,301	4,059	12,419
Total assets	<u>\$ 438,206</u>	<u>\$ 2,648,229</u>	<u>\$ (2,576,892)</u>	<u>\$ 509,543</u>
LIABILITIES:				
Due to other agencies	<u>\$ 438,206</u>	<u>\$ 2,515,827</u>	<u>\$ (2,444,490)</u>	<u>\$ 509,543</u>
Total liabilities	<u>\$ 438,206</u>	<u>\$ 2,515,827</u>	<u>\$ (2,444,490)</u>	<u>\$ 509,543</u>

NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS

These nonmajor discretely presented component units account for the goods and services provided by these component units. See also Note 1 of the Basic Financial Statements:

SONOMA VALLEY COUNTY SANITATION DISTRICT

RUSSIAN RIVER COUNTY SANITATION DISTRICT

SOUTH PARK COUNTY SANITATION DISTRICT

OCCIDENTAL COUNTY SANITATION DISTRICT

COUNTY OF SONOMA, CALIFORNIA
Discretely Presented Nonmajor Component Units
Combining Statement of Net Position
June 30, 2020
(Dollars in Thousands)

	Sonoma Valley County Sanitation District	Russian River County Sanitation District	South Park County Sanitation District	Occidental County Sanitation District	Total
ASSETS					
Cash and investments	\$ 17,306	\$ 3,804	\$ 9,266	\$ 746	\$ 31,122
Restricted cash and investments	5,447	378	437	-	6,262
Receivables, net	758	374	155	51	1,338
Due from other governments	7	171	-	-	178
Capital assets:					
Nondepreciable	21,947	610	124	251	22,932
Depreciable, net	56,646	20,135	19,452	4,373	100,606
Total assets	<u>102,111</u>	<u>25,472</u>	<u>29,434</u>	<u>5,421</u>	<u>162,438</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	<u>19</u>	<u>-</u>	<u>76</u>	<u>-</u>	<u>95</u>
Total deferred outflows of resources	<u>19</u>	<u>-</u>	<u>76</u>	<u>-</u>	<u>95</u>
LIABILITIES					
Accounts payable and accrued liabilities	1,348	112	-	14	1,474
Interest payable	78	25	8	-	111
Long-term liabilities:					
Due within one year	1,870	307	183	-	2,360
Due in more than one year	16,251	2,092	2,932	-	21,275
Total liabilities	<u>19,547</u>	<u>2,536</u>	<u>3,123</u>	<u>14</u>	<u>25,220</u>
NET POSITION					
Net investment in capital assets	61,695	18,347	18,262	4,624	102,928
Restricted	4,041	377	429	783	5,630
Unrestricted	16,847	4,212	7,696	-	28,755
Total net position	<u>\$ 82,583</u>	<u>\$ 22,936</u>	<u>\$ 26,387</u>	<u>\$ 5,407</u>	<u>\$ 137,313</u>

COUNTY OF SONOMA, CALIFORNIA

Discretely Presented Nonmajor Component Units
 Combining Statement of Activities
 For the Year Ended June 30, 2020
 (Dollars in Thousands)

	Program Revenues			
	Expenses	Services	Operating Grants and Contributions	Contributions
FUNCTION/PROGRAM ACTIVITIES:				
Component units:				
Sonoma Valley Sanitation District	\$ 14,058	\$ 17,000	\$ 1,055	\$ 4
Russian River Sanitation District	5,665	5,251	-	501
South Park Sanitation District	2,981	4,074	42	-
Occidental Sanitation District	1,371	650	2	493
Total component units	\$ 24,075	\$ 26,975	\$ 1,099	\$ 998

GENERAL REVENUES:

Unrestricted investment earnings
 Total general revenues and transfers

 Change in net position
 Net position, beginning of year
 Net position, end of year

Net (Expense) Revenue and Changes in Net Position

Nonmajor Discrete Component Units				
Sonoma Valley County Sanitation District	Russian River County Sanitation District	South Park County Sanitation District	Occidental County Sanitation District	Total
\$ 4,001	\$ -	\$ -	\$ -	\$ 4,001
	87	-	-	87
-	-	1,135	-	1,135
-	-	-	(226)	(226)
<u>4,001</u>	<u>87</u>	<u>1,135</u>	<u>(226)</u>	<u>4,997</u>
<u>369</u>	<u>83</u>	<u>162</u>	<u>16</u>	<u>630</u>
<u>369</u>	<u>83</u>	<u>162</u>	<u>16</u>	<u>630</u>
4,370	170	1,297	(210)	5,627
<u>78,213</u>	<u>22,766</u>	<u>25,090</u>	<u>5,617</u>	<u>131,686</u>
<u>\$ 82,583</u>	<u>\$ 22,936</u>	<u>\$ 26,387</u>	<u>\$ 5,407</u>	<u>\$ 137,313</u>

FUNCTION/PROGRAM ACTIVITIES:

Component units:

Sonoma Valley Sanitation District
 Russian River Sanitation District
 South Park Sanitation District
 Occidental Sanitation District

Total component units

GENERAL REVENUES:

Unrestricted investment earnings
 Total general revenues and transfers

Change in net position

Net position, beginning of year

Net position, end of year



STATISTICAL SECTION

(UNAUDITED)

This section of the County's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

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COUNTY OF SONOMA, CALIFORNIA
 Net Position By Category (Unaudited)
 Last Ten Fiscal Years
 (Dollar Amounts in Thousands)
 (Accrual Basis of Accounting)

	<u>2010-11</u>	<u>2011-12 (1)</u> as restated	<u>2012-13 (2)</u> as restated	<u>2013-14 (3)</u> as restated	<u>2014-15 (4)</u> as restated
Governmental activities					
Net investment in capital assets	\$ 759,723	\$ 1,025,895	\$ 1,040,466	\$ 1,088,783	\$ 1,113,783
Restricted	319,824	232,061	234,551	243,497	223,011
Unrestricted	57,518	7,420	55,683	(524,188)	(481,556)
Total governmental activities net position	<u>\$ 1,137,065</u>	<u>\$ 1,265,376</u>	<u>\$ 1,330,700</u>	<u>\$ 808,092</u>	<u>\$ 855,238</u>
Business-type activities					
Net investment in capital assets	329,814	96,064	99,990	113,075	137,860
Restricted	13,259	737	883	412	1,038
Unrestricted	31,018	(14,689)	(16,116)	11,585	8,695
Total business-type activities net position	<u>\$ 374,091</u>	<u>\$ 82,112</u>	<u>\$ 84,757</u>	<u>\$ 125,072</u>	<u>\$ 147,593</u>
Total government					
Net investment in capital assets	1,089,537	1,121,959	1,140,456	1,201,858	1,251,643
Restricted	333,083	232,798	235,434	243,909	224,049
Unrestricted	88,536	(7,269)	39,567	(512,603)	(472,861)
Total primary government net position	<u>\$ 1,511,156</u>	<u>\$ 1,347,488</u>	<u>\$ 1,415,457</u>	<u>\$ 933,164</u>	<u>\$ 1,002,831</u>

Notes:

- (1) FY 2011-12 net position was restated for the implementation of GASB 61 and restatement of capital assets.
- (2) FY 2012-13 net position was restated for the implementation of GASB 65.
- (3) FY 2013-14 net position was restated primarily for the implementation of GASB 68 related to pension.
- (4) FY 2014-15 Business-type activities net position was restated for SCEIP consolidation with Public Financing Authority Trust Funds (PFA)
- (5) FY 2016-17 net position was restated for the implementation of GASB 75 related to OPEB for the County
- (6) FY2017-18 net position was restated for the implementation of GASB 75 related to OPEB for the Sonoma County Fair

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector

2016-17	2016-17 (5) as restated	2017-18 (6) as restated	2018-19	2019-20	
\$ 1,163,262	\$ 1,192,407	\$ 1,208,423	\$ 1,251,617	\$ 1,293,820	Governmental activities
210,531	209,960	227,882	265,519	281,953	Net investment in capital assets
(456,299)	(457,536)	(649,958)	(594,644)	(522,223)	Restricted
\$ 917,494	\$ 944,831	\$ 786,347	\$ 922,492	\$ 1,053,550	Unrestricted
					Total governmental activities net position
145,735	155,959	162,020	150,286	149,934	Business-type activities
4,265	7,440	10,390	11,715	16,654	Net investment in capital assets
7,058	(2,806)	(7,695)	6,541	8,109	Restricted
\$ 157,058	\$ 160,593	\$ 164,715	\$ 168,542	\$ 174,697	Unrestricted
					Total business-type activities net position
1,308,997	1,348,366	1,370,443	\$ 1,401,903	\$ 1,443,754	Total government
214,796	217,400	238,272	277,234	298,607	Net investment in capital assets
(449,241)	(460,342)	(657,653)	(588,103)	(514,114)	Restricted
\$ 1,074,552	\$ 1,105,424	\$ 951,062	\$ 1,091,034	\$ 1,228,247	Unrestricted
					Total primary government net position

COUNTY OF SONOMA, CALIFORNIA
 Expenses By Function (Unaudited)
 Last Ten Fiscal Years
 (Dollar Amounts in Thousands)
 (Accrual Basis of Accounting)

	2010-11	2011-12	2012-13	2013-14 (1) as restated	2014-15
Expenses					
Governmental activities					
General government	\$ 98,919	\$ 73,075	\$ 87,504	\$ 89,881	\$ 95,094
Public protection	238,008	229,093	241,671	243,619	272,963
Public ways and facilities	37,790	32,421	33,573	47,887	36,868
Health and sanitation	125,551	111,819	116,742	118,391	118,085
Public assistance	223,126	173,641	186,547	200,026	201,913
Education	16,642	870	605	840	1,020
Recreation and cultural services	13,191	12,560	12,465	13,147	14,482
Interest on long-term debt	47,045	43,675	43,801	37,978	37,598
Total governmental activities expenses	<u>\$ 800,272</u>	<u>\$ 677,154</u>	<u>\$ 722,908</u>	<u>\$ 751,769</u>	<u>\$ 778,023</u>
Business-type activities					
Refuse	32,712	33,169	32,803	32,532	26,492
Airport	-	3,985	4,283	4,223	4,743
Energy Independence Program	-	4,487	3,681	2,723	2,566
Transit	-	15,617	15,967	17,484	16,762
Fair	-	10,901	10,743	10,072	13,645
Marinas	1,933	2,482	2,284	2,214	2,708
Sonoma Water	50,720	-	-	-	-
Sonoma Valley County Sanitation District	12,063	-	-	-	-
Other business-type activities	41,754	1,769	1,885	1,789	1,235
Total business-type activities expenses	<u>\$ 139,182</u>	<u>\$ 72,410</u>	<u>\$ 71,646</u>	<u>\$ 71,037</u>	<u>\$ 68,151</u>
Total primary government	<u><u>\$ 939,454</u></u>	<u><u>\$ 677,226</u></u>	<u><u>\$ 722,980</u></u>	<u><u>\$ 751,840</u></u>	<u><u>\$ 778,091</u></u>

Notes:

(1) FY 2013-14 Refuse restated expenses for adjustment to closure/post closure liability and abandonment of capital asset.

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector

2015-16	2016-17	2017-18	2018-19	2019-20	
					Expenses
					Governmental activities
\$ 109,637	\$ 104,166	\$ 112,173	\$ 93,172	\$ 120,051	General government
281,574	310,466	306,078	331,051	326,507	Public protection
38,964	47,670	52,302	43,324	52,321	Public ways and facilities
132,071	135,564	136,228	134,918	124,539	Health and sanitation
212,754	220,772	208,901	220,590	213,416	Public assistance
1,056	1,118	1,122	1,182	1,237	Education
16,004	33,174	33,943	27,355	28,405	Recreation and cultural services
35,344	29,136	28,219	26,295	24,259	Interest on long-term debt
<u>\$ 827,404</u>	<u>\$ 882,066</u>	<u>\$ 878,966</u>	<u>\$ 877,887</u>	<u>\$ 890,735</u>	Total governmental activities expenses
					Business-type activities
5,494	9,935	4,331	6,706	4,971	Refuse
5,330	7,596	8,821	9,941	10,844	Airport
2,581	2,458	2,253	2,299	2,306	Energy Independence Program
17,923	18,816	19,309	20,252	20,410	Transit
10,661	7,199	11,495	10,818	11,222	Fair
2,213	2,497	2,332	2,734	2,678	Marinas
-	-	-	-	-	Sonoma Water
-	-	-	-	-	Sonoma Valley County Sanitation District
1,035	1,238	1,092	1,135	1,050	Other business-type activities
<u>\$ 45,237</u>	<u>\$ 49,739</u>	<u>\$ 49,633</u>	<u>\$ 53,885</u>	<u>\$ 53,481</u>	Total business-type activities expenses
<u>\$ 872,641</u>	<u>\$ 931,805</u>	<u>\$ 928,599</u>	<u>\$ 931,772</u>	<u>\$ 944,216</u>	Total primary government

COUNTY OF SONOMA, CALIFORNIA
Changes in Net Position (Unaudited)
 Last Ten Fiscal Years
 (Dollar Amounts in Thousands)
 (Accrual Basis of Accounting)

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
Program Revenue					
Governmental activities					
Charges for services					
General government	\$ 43,331	\$ 34,924	\$ 53,062	\$ 46,308	\$ 41,223
Public protection	31,505	27,092	32,987	29,345	32,776
Public ways and facilities	1,883	7,260	59	43	371
Health and sanitation	23,004	24,611	8,055	6,275	6,780
Public assistance	1,377	1,256	12,938	18,021	8,190
Education	556	62	-	-	-
Recreation and cultural services	3,337	3,555	4,011	4,329	4,640
Total charges for services	<u>104,993</u>	<u>98,760</u>	<u>111,112</u>	<u>104,321</u>	<u>93,980</u>
Operating grants and contributions	417,770	395,426	406,152	437,904	426,888
Capital grants and contributions	15,293	4,617	11,116	4,832	7,754
Total governmental activities	<u>538,056</u>	<u>498,803</u>	<u>528,380</u>	<u>547,057</u>	<u>528,622</u>
Business - type activities					
Charges for services					
Refuse	32,640	34,234	34,930	37,993	29,343
Airport	-	3,650	4,056	4,285	4,589
Energy Independence Program	-	1,892	2,110	1,957	3,000
Transit	-	2,157	2,193	2,165	2,000
Fair	-	9,671	9,455	9,597	12,353
Marinas	1,747	2,172	2,241	2,312	2,858
Sonoma Water	49,296	-	-	-	-
Sonoma Valley County Sanitation District	11,529	-	-	-	-
Other business-type activities	25,698	1,226	1,904	1,711	1,106
Total charges for services	<u>120,910</u>	<u>55,002</u>	<u>56,889</u>	<u>60,020</u>	<u>55,249</u>
Operating grants and contributions	12,611	12,686	10,584	12,253	12,238
Capital grants and contributions	4,771	7,332	2,340	31,828	21,369
Total business - type activities program revenues	<u>138,292</u>	<u>75,020</u>	<u>69,813</u>	<u>104,101</u>	<u>88,856</u>
Total primary government program revenues	<u>\$ 676,348</u>	<u>\$ 573,823</u>	<u>\$ 598,193</u>	<u>\$ 651,158</u>	<u>\$ 617,478</u>
Net (Expense) Revenue					
Governmental activities	\$ (262,216)	\$ (178,351)	\$ (194,528)	\$ (204,172)	\$ (249,401)
Business - type activities	(890)	2,610	(1,833)	28,182	20,705
Total primary government net expenses	<u>\$ (263,106)</u>	<u>\$ (175,741)</u>	<u>\$ (196,361)</u>	<u>\$ (175,990)</u>	<u>\$ (228,696)</u>

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector

	2015-16	2016-17	2017-18	2018-19	2019-20	
						Program Revenue
						Governmental activities
						Charges for services
\$	52,021	\$ 40,057	\$ 38,026	\$ 40,737	\$ 43,365	General government
	34,737	35,029	37,181	45,579	43,133	Public protection
	395	407	4,025	3,766	4,503	Public ways and facilities
	6,501	13,938	12,583	10,842	9,925	Health and sanitation
	9,173	3,499	1,544	1,421	1,242	Public assistance
	-	-	-	-	-	Education
	5,193	5,763	5,577	5,992	5,453	Recreation and cultural services
	108,020	98,693	98,936	108,337	107,621	Total charges for services
	471,383	464,039	514,968	501,263	510,514	Operating grants and contributions
	3,102	4,013	3,071	3,318	2,143	Capital grants and contributions
	582,505	566,745	616,975	612,918	620,278	Total governmental activities
						Business - type activities
						Charges for services
	7,380	6,661	7,223	7,619	7,950	Refuse
	4,935	5,764	7,053	6,888	5,054	Airport
	2,845	2,658	2,313	2,033	1,937	Energy Independence Program
	2,035	1,825	1,957	1,804	1,180	Transit
	11,520	9,204	11,268	12,260	11,230	Fair
	2,145	2,343	2,264	2,396	2,467	Marinas
	-	-	-	-	-	Sonoma Water
	-	-	-	-	-	Sonoma Valley County Sanitation District
	1,078	1,158	1,233	803	1,102	Other business-type activities
	31,938	29,613	33,311	33,803	30,920	Total charges for services
	13,232	13,937	15,335	16,960	18,729	Operating grants and contributions
	7,712	10,467	2,868	3,255	5,357	Capital grants and contributions
	52,882	54,017	51,514	54,018	55,006	Total business - type activities program revenues
\$	635,387	\$ 620,762	\$ 668,489	\$ 666,936	\$ 675,284	Total primary government program revenues
						Net (Expense) Revenue
\$	(244,899)	\$ (315,321)	\$ (261,991)	\$ (264,969)	\$ (270,457)	Governmental activities
	7,645	4,278	1,881	133	1,525	Business - type activities
\$	(237,254)	\$ (311,043)	\$ (260,110)	\$ (264,836)	\$ (268,932)	Total primary government net expenses

COUNTY OF SONOMA, CALIFORNIA
 Net Expense By Function (Unaudited)
 Last Ten Fiscal Years
 (Dollar Amounts in Thousands)
 (Accrual Basis of Accounting)

	2010-11	2011-12	2012-13	2013-14	2014-15
Net (expense) revenue					
Governmental activities	\$ (262,216)	\$ (178,351)	\$ (194,528)	\$ (204,712)	\$ (249,401)
Business-type activities	(890)	2,610	(1,833)	28,182	20,705
Total primary government net expense	(263,106)	(175,741)	(196,361)	(176,530)	(228,696)
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property	210,717	171,431	183,429	193,221	208,316
Documentary transfer	2,960	3,390	4,301	4,439	4,953
Transient occupancy	7,929	8,757	9,705	11,037	16,759
Grants and other governmental revenues not restricted to specific programs	15,928	33,028	34,360	38,474	39,153
Unrestricted investment earnings	13,883	14,249	8,068	11,305	6,157
Other	25,850	23,765	20,875	16,808	22,561
Transfers	(3,998)	2,338	(886)	(1,163)	(1,464)
Special/Extraordinary item	55,033	15,455	-	-	-
Total governmental activities	328,302	272,413	259,852	274,121	296,435
Business-type activities:					
Property tax	206	-	-	-	-
Unrestricted investment earnings	961	1,697	1,681	2,186	25
Other	578	529	568	548	70
Gain on sale of capital assets	20	-	-	-	-
Transfers	3,998	(2,338)	886	1,163	1,464
Special item	-	-	1,343	-	-
Total business-type activities	5,763	(112)	4,478	3,897	1,559
Total primary government	\$ 334,065	\$ 272,301	\$ 264,330	\$ 278,018	\$ 297,994
Changes in net position:					
Governmental activities	66,086	94,062	65,324	69,409	47,034
Business-type activities	4,873	2,498	2,645	32,079	22,264
Total primary government	\$ 70,959	\$ 96,560	\$ 67,969	\$ 101,488	\$ 69,298

Source:
 Sonoma County Auditor-Controller-Treasurer-Tax Collector

2015-16	2016-17	2017-18	2018-19	2019-20
\$ (244,899)	\$ (315,321)	\$ (261,991)	\$ (264,969)	\$ (270,457)
<u>7,645</u>	<u>4,278</u>	<u>1,881</u>	<u>133</u>	<u>1,525</u>
(237,254)	(311,043)	(260,110)	(264,836)	(268,932)
222,211	233,256	245,274	259,239	274,643
5,541	6,047	6,201	5,585	6,817
14,188	17,701	22,237	22,377	16,234
40,686	42,813	48,721	53,018	55,566
8,331	7,778	10,907	22,758	15,402
17,583	36,532	38,688	39,617	44,753
(1,385)	(1,469)	(1,328)	(1,480)	(1,599)
-	-	(1,367)	-	(10,301)
<u>307,155</u>	<u>342,658</u>	<u>369,333</u>	<u>401,114</u>	<u>411,816</u>
-	-	-	-	-
370	367	868	2,283	1,592
65	(25)	45	2,066	1,439
-	-	-	-	-
1,385	1,469	1,328	1,480	1,599
-	-	-	-	-
<u>1,820</u>	<u>1,811</u>	<u>2,241</u>	<u>5,829</u>	<u>4,630</u>
<u>\$ 308,975</u>	<u>\$ 344,469</u>	<u>\$ 372,941</u>	<u>\$ 406,943</u>	<u>\$ 416,446</u>
62,256	27,337	107,342	136,145	131,058
9,465	6,089	4,122	5,962	6,155
<u>\$ 71,721</u>	<u>\$ 33,426</u>	<u>\$ 111,464</u>	<u>\$ 142,107</u>	<u>\$ 137,213</u>

Net (expense) revenue

Governmental activities
 Business-type activities
 Total primary government net expense

General revenues and other changes in net position:

Governmental activities:

Taxes:
 Property
 Documentary transfer
 Transient occupancy
 Grants and other governmental revenues not restricted to specific programs
 Unrestricted investment earnings
 Other
 Transfers
 Special/Extraordinary item
 Total governmental activities

Business-type activities:

Property tax
 Unrestricted investment earnings
 Other
 Gain on sale of capital assets
 Transfers
 Special item
 Total business-type activities
 Total primary government

Changes in net position:

Governmental activities
 Business-type activities
 Total primary government

COUNTY OF SONOMA, CALIFORNIA
Fund Balances of Governmental Funds (Unaudited)
 Last Ten Fiscal Years
 (Dollar Amounts in Thousands)
 (Accrual Basis of Accounting)

	2010-11	2011-12 (1) as restated	2012-13	2013-14 (2) as restated	2014-15
General Fund					
Nonspendable	\$ 30,642	\$ 3,451	\$ 5,179	\$ 13,023	\$ 12,074
Restricted	188	-	-	-	-
Committed	656	243	240	153	90
Assigned	35,980	35,655	45,743	50,694	64,400
Unassigned	41,710	48,496	48,479	47,658	55,325
Subtotal General Fund	<u>109,176</u>	<u>87,845</u>	<u>99,641</u>	<u>111,528</u>	<u>131,889</u>
All Other Governmental Funds					
Nonspendable	11,962	2,280	2,566	4,045	5,456
Restricted	338,298	235,047	242,054	239,446	235,532
Committed	9,330	2,868	3,217	3,806	6,873
Assigned	24,894	15,775	28,429	34,065	31,309
Unassigned	(1,271)	(1,329)	(609)	-	(412)
Subtotal all other governmental funds	<u>383,213</u>	<u>254,641</u>	<u>275,657</u>	<u>281,362</u>	<u>278,758</u>
Total governmental fund balance	<u>\$ 492,389</u>	<u>\$ 342,486</u>	<u>\$ 375,298</u>	<u>\$ 392,890</u>	<u>\$ 410,647</u>

Notes:

- (1) FY 2011-12 fund balance was restated for the implementation of GASB 61 and restatement of capital assets.
- (2) FY 2013-14 fund balance was restated due to misclassified business-type activity of \$112

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector

	2015-16	2016-17	2017-18	2018-19	2019-20	
\$	14,673	\$ 12,974	\$ 11,306	\$ 8,966	\$ 11,037	General Fund
	-	-	-	-	-	Nonspendable
	3	3	5	15	14	Restricted
	73,592	76,290	86,444	111,584	146,306	Committed
	57,497	60,403	53,224	71,294	37,870	Assigned
	<u>145,765</u>	<u>149,670</u>	<u>150,979</u>	<u>191,859</u>	<u>195,227</u>	Unassigned
						Subtotal general fund
	4,326	3,973	3,771	3,763	3,687	All Other Governmental Funds
	222,475	221,115	237,938	275,209	289,226	Nonspendable
	7,024	5,373	8,860	9,152	6,847	Restricted
	48,785	42,193	46,980	46,491	39,248	Committed
	-	-	-	-	-	Assigned
	<u>282,610</u>	<u>272,654</u>	<u>297,549</u>	<u>334,615</u>	<u>339,008</u>	Unassigned
	<u>\$ 428,375</u>	<u>\$ 422,324</u>	<u>\$ 448,528</u>	<u>\$ 526,474</u>	<u>\$ 534,235</u>	Subtotal all other governmental funds
						Total governmental fund balance

COUNTY OF SONOMA, CALIFORNIA
 Changes in Fund Balances of Governmental Funds (Unaudited)
 Last Ten Fiscal Years
 (Dollar Amounts in Thousands)
 (Accrual Basis of Accounting)

	2010-11	2011-12 (1) as restated	2012-13	2013-14 (2) as restated	2014-15
Revenues (by source):					
Taxes	\$ 238,234	\$ 216,720	\$ 231,920	\$ 247,203	\$ 269,220
Licenses, permits and franchise fees	17,245	22,053	21,962	23,360	24,315
Fines, forfeitures and penalties	21,872	16,110	24,978	13,312	17,182
Use of money and property	13,706	13,940	7,276	9,919	5,954
Intergovernmental	420,612	388,607	401,810	440,438	432,396
Charges for services	65,293	61,135	74,580	67,657	52,483
Other	28,285	24,122	20,422	16,782	21,495
Total revenues	<u>805,247</u>	<u>742,687</u>	<u>782,948</u>	<u>818,671</u>	<u>823,045</u>
Expenditures (by function):					
Current:					
General government	367,407	72,306	85,869	91,087	97,029
Public protection	226,418	233,356	243,245	249,862	268,532
Public ways and facilities	30,048	27,922	25,991	41,824	29,197
Health and sanitation	120,960	116,802	122,133	123,730	122,444
Public assistance	217,900	181,425	195,708	210,568	210,166
Education	16,019	606	611	837	836
Recreation and cultural services	12,078	12,284	12,037	12,812	14,309
Capital outlay	41,569	37,105	32,643	46,142	39,679
Debt service:					
Principal	30,771	10,683	12,149	20,573	8,509
Interest	45,749	16,714	17,838	13,169	13,178
Total expenditures	<u>1,108,919</u>	<u>709,203</u>	<u>748,224</u>	<u>810,604</u>	<u>803,879</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(303,672)</u>	<u>33,484</u>	<u>34,724</u>	<u>8,067</u>	<u>19,166</u>
Other financing sources (uses):					
Transfers in	116,232	98,435	79,641	82,821	86,587
Transfers out	(120,483)	(95,189)	(80,543)	(84,445)	(88,797)
Issuance of long-term debt	294,410	107	594	10,640	299
Premium on long term debt issuance	-	-	-	-	-
Proceeds from sale of capital assets	-	5,124	125	509	390
Other financing sources/(uses)	-	-	-	-	-
Total other financing sources and uses	<u>290,159</u>	<u>8,477</u>	<u>(183)</u>	<u>9,525</u>	<u>(1,521)</u>
Special/Extraordinary item	55,033	15,455	-	-	-
Net change in fund balances	<u>41,520</u>	<u>57,416</u>	<u>34,541</u>	<u>17,592</u>	<u>17,645</u>
Fund balances, beginning of year, as restated	<u>450,869</u>	<u>285,070</u>	<u>340,757</u>	<u>375,298</u>	<u>393,002</u>
Fund balances, end of year	<u>\$ 492,389</u>	<u>\$ 342,486</u>	<u>\$ 375,298</u>	<u>\$ 392,890</u>	<u>\$ 410,647</u>
Debt service as a percentage of noncapital expenditures	7.17%	4.08%	4.19%	4.41%	2.84%

Notes:

- (1) FY 2011-12 fund balance was restated for the implementation of GASB 61 and restatement of capital assets.
- (2) FY 2013-14 fund balance was restated due to misclassified business-type activity

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector

	2015-16	2016-17	2017-18	2018-19	2019-20	
						Revenues (by source):
\$	282,665	\$ 299,817	\$ 322,433	\$ 340,219	\$ 353,260	Taxes
	28,577	29,169	29,509	34,078	33,698	Licenses, permits and franchise fees
	24,836	12,995	13,129	16,247	16,951	Fines, forfeitures and penalties
	7,561	7,130	9,632	19,058	13,547	Use of money and property
	469,363	468,052	518,038	504,581	512,657	Intergovernmental
	54,607	56,529	56,299	58,012	56,972	Charges for services
	29,495	32,061	35,267	46,826	29,921	Other
	<u>897,104</u>	<u>905,753</u>	<u>984,307</u>	<u>1,019,021</u>	<u>1,017,006</u>	Total revenues
						Expenditures (by function):
						Current:
	108,126	99,429	114,791	88,279	117,547	General government
	281,466	307,874	322,852	340,814	350,655	Public protection
	30,496	39,023	33,607	35,228	47,653	Public ways and facilities
	135,081	137,342	146,623	141,141	136,668	Health and sanitation
	218,413	224,976	225,460	231,592	234,557	Public assistance
	1,032	1,087	1,161	1,132	1,187	Education
	15,231	32,276	35,279	27,188	28,505	Recreation and cultural services
	39,986	52,458	59,425	58,318	58,918	Capital outlay
						Debt service:
	82,754	9,957	11,473	9,368	9,753	Principal
	18,697	6,981	6,338	6,008	5,506	Interest
	<u>931,282</u>	<u>911,403</u>	<u>957,009</u>	<u>939,068</u>	<u>990,949</u>	Total expenditures
						Excess (deficiency) of revenues over (under) expenditures
	<u>(34,178)</u>	<u>(5,650)</u>	<u>27,298</u>	<u>79,953</u>	<u>26,057</u>	
						Other financing sources (uses):
	143,129	80,486	97,898	121,415	148,265	Transfers in
	(141,950)	(81,597)	(98,866)	(124,507)	(156,760)	Transfers out
	43,335	17,225	2,300	654	-	Issuance of long-term debt
	7,044	-	-	-	-	Premium on long term debt issuance
	348	551	1,080	431	486	Proceeds from sale of capital assets
	-	(17,066)	-	-	-	Other financing sources/(uses)
	<u>51,906</u>	<u>(401)</u>	<u>2,412</u>	<u>(2,007)</u>	<u>(8,009)</u>	Total other financing sources and uses
						Special/Extraordinary item
	-	-	(3,506)	-	(10,287)	
	<u>17,728</u>	<u>(6,051)</u>	<u>26,204</u>	<u>77,946</u>	<u>7,761</u>	Net change in fund balances
	<u>410,647</u>	<u>428,375</u>	<u>422,324</u>	<u>448,528</u>	<u>526,474</u>	Fund balances, beginning of year, as restated
\$	<u>428,375</u>	<u>422,324</u>	<u>448,528</u>	<u>526,474</u>	<u>534,235</u>	Fund balances, end of year
						Debt service as a percentage of noncapital expenditures
	11.38%	1.97%	1.98%	1.75%	1.64%	

COUNTY OF SONOMA, CALIFORNIA
 Assessed Value of Taxable Property (Unaudited)
 Last Ten Fiscal Years
 (Dollar Amounts in Thousands)

Fiscal Year	Secured (1)	Unsecured (2)	Exempt (3)	Total Taxable Assessed Value (4)	Total Direct Tax Rate (4)
2010-11	\$ 66,227,140	\$ 2,515,625	\$ (2,382,686)	\$ 66,360,079	1.00%
2011-12	65,715,029	2,550,892	(2,437,205)	65,828,716	1.00
2012-13	65,424,659	2,394,378	(2,514,061)	65,304,976	1.00
2013-14	68,023,890	2,402,413	(2,740,545)	67,685,758	1.00
2014-15	73,289,559	2,476,588	(2,916,461)	72,849,686	1.00
2015-16	78,257,731	2,681,992	(3,116,014)	77,823,709	1.00
2016-17	82,727,351	2,659,027	(3,171,082)	82,215,296	1.00
2017-18	85,835,554	2,758,806	(3,139,460)	85,454,900	1.00
2018-19	90,472,427	2,908,430	(3,212,531)	90,168,326	1.00
2019-20	96,098,191	3,241,273	(3,502,462)	95,837,002	1.00

Notes:

(1) Secured property is generally real property, defined as land, mines, minerals, timber, and improvements such as buildings, structures, crops, trees, and vines.

(2) Unsecured property is generally personal property including machinery, equipment, office tools, and supplies.

(3) Exempt properties include numerous full and partial exclusions/exemptions provided by the State Constitution and the legislature that relieve certain taxpayers from the burden of paying property taxes.

(4) Due to the 1978 passage of the property tax initiative Proposition 13 (Prop 13) the County does not track the estimated actual value of all County properties. Under Prop 13 property is assessed at the 1978 market value with an annual increase limited to the lesser of 2%, the CPI on properties not involved in a change of ownership, or properties that did not undergo new construction. Newly acquired property is assessed at its new market value (usually the purchase price) and the value of any new construction is added to the existing base value of a parcel. As a result, similar properties can have substantially different assessed values based on the date of purchase. Additionally, Prop 13 limits the property tax rate to 1% of assessed value plus the rate necessary to fund local voter-approved bonds and special assessments.

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector

COUNTY OF SONOMA, CALIFORNIA
 Property Tax Rates - Direct and Overlapping Governments (Unaudited)
 Last Ten Fiscal Years

Fiscal Year	County Direct Rates (1)			Overlapping Rates (1)			Total
	County	Other	County Direct Rate	Cities (2)	School Districts (3)	Special Districts	
2010-11	0.21353	0.78647	1.0000	0.07500	0.02571	0.01442	1.11513
2011-12	0.21313	0.78687	1.0000	0.07500	0.02607	0.01266	1.11373
2012-13	0.21326	0.78674	1.0000	0.06500	0.02597	0.01174	1.10271
2013-14	0.21332	0.78668	1.0000	0.05200	0.02603	0.01259	1.09061
2014-15	0.21282	0.78718	1.0000	0.05700	0.02561	0.01170	1.09431
2015-16	0.21305	0.78695	1.0000	0.10700	0.02440	0.01263	1.14403
2016-17	0.21333	0.78667	1.0000	0.10700	0.02440	0.02440	1.15580
2017-18	0.21352	0.78648	1.0000	0.10700	0.02438	0.01152	1.14290
2018-19	0.21416	0.78584	1.0000	0.10700	0.02395	0.01298	1.14393
2019-20	0.21460	0.78540	1.0000	0.10700	0.02343	0.01317	1.14360

Notes:

(1) County Direct Rates are ad valorem taxes levied by the County as authorized by Article 13A of the Constitution of the state of California. Overlapping rates are taxes levied to service voter-approved debt of overlapping jurisdictions such as a school district or local city.

(2) Rates represent the weighted average of the nine incorporated cities within the County of Sonoma.

(3) Rates represent the weighted average of the various school district tax rate areas within the County of Sonoma.

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector

COUNTY OF SONOMA, CALIFORNIA
 Principal Revenue Taxpayers (Unaudited)
 June 30, 2020 and June 30, 2011
 (Dollar Amounts in Thousands)

Taxpayer	June 30, 2020:			June 30, 2011:		
	Total Taxes (1)	Rank	Percentage of Total County Taxes	Total Taxes (1)	Rank	Percentage of Total County Taxes
Pacific Gas & Electric Co.	\$ 16,246	1	1.41%	\$ 7,904	2	1.00%
Geysers Power Co. LLC	16,061	2	1.39	13,949	1	1.77
Keysight Technologies Inc.	3,086	3	0.27	1,392	4	0.18
Lytton Rancheria of California	1,786	4	0.15			
Enclave Apartments LLC	1,685	5	0.15			
Pacific Bell Telephone Co.	1,607	6	0.14	1,639	3	0.21
Ferrari-Carano Vineyards & Winery	1,471	7	0.13			
Jackson Family Investments LLC	1,360	8	0.12			
Gallo Vineyards Inc.	1,226	9	0.11			
Foley Family Wines Inc.	1,177	10	0.10			
SMI Real Estate LLC	-		0.00	953	5	0.18
SC Sonoma Development LLC	-		0.00	875	6	0.11
EMI Santa Rosa LTD	-		0.00	866	7	0.11
Varenna at Fountaingrove LLC	-		0.00	853	8	0.11
Silverado Sonoma Vineyards LLC	-		0.00	842	9	0.11
Constellation Wines US Inc.	-		0.00	821	10	0.10
Total	<u>\$ 45,705</u>		<u>3.96%</u>	<u>\$ 30,094</u>		<u>3.82%</u>
Total taxes of all taxpayers (2)	<u>\$ 1,153,030</u>			<u>\$ 788,486</u>		

Notes:

- (1) Taxable Assessed Secured amounts.
- (2) Obtained from Property Tax Statistics Summary.

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector
 Sonoma County Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2010

COUNTY OF SONOMA, CALIFORNIA
 Property Tax Levies and Collections (Unaudited)
 Last Ten Fiscal Years
 (Dollar Amounts in Thousands)

Fiscal Year	Taxes Levied (1)	Collections within the Fiscal Year of the Levy (2)		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2010-11	\$ 663,601	\$ 645,684	97.3%	\$ 17,320	\$ 663,004	99.9%
2011-12	658,287	642,641	97.6%	15,042	657,683	99.9%
2012-13	653,050	641,750	98.3%	10,760	652,510	99.9%
2013-14	676,858	667,922	98.7%	8,357	676,279	99.9%
2014-15	728,497	721,075	99.0%	6,670	727,745	99.9%
2015-16	778,237	770,592	99.0%	6,567	777,159	99.9%
2016-17	822,153	815,344	99.2%	5,419	820,763	99.8%
2017-18	852,241	844,872	99.1%	7,772	852,644	100.0%
2018-19	901,683	893,578	99.1%	4,929	898,507	99.6%
2019-20	958,370	946,295	98.7%	-	946,295	98.7%

Notes:

- (1) Secured and unsecured tax levy for the County itself, school districts, cities, and special districts under the supervision of their own governing boards.
- (2) Included are amounts collected by the County on behalf of itself, school districts, cities, and special districts under the supervision of their own governing boards.

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector

COUNTY OF SONOMA, CALIFORNIA
 Ratios of Outstanding Debt (Unaudited)
 Last Ten Fiscal Years
 (Dollars Amounts in Thousands)

Governmental Activities							
Fiscal Year	Pension Obligation Bonds	Certificates of Participation	Long-Term Contract Payable (4)	Loans Payable	Notes Payable	Bonds Payable	
2010-11	\$ 515,455	\$ 42,082	\$ 103,916	\$ 77,860	\$ 4,350	\$ 111,195	
2011-12	495,220	36,990	100,981	77,356	3,525	93,845	
2012-13	472,255	32,471	-	75,856	1,925	90,700	
2013-14	459,165	28,264	-	75,513	875	87,425	
2014-15	443,565	25,384	-	76,246	-	84,020	
2015-16	425,250	22,356	-	74,490	-	48,865	
2016-17	404,185	20,212	-	72,423	-	43,645	
2017-18	379,925	16,538	5,958	69,633	3,360	38,180	
2018-19	352,370	14,929	5,296	67,974	-	32,440	
2019-20	321,415	13,170	-	66,485	-	26,406	

Business-Type Activities							
Fiscal Year	Certificates of Participation	Sewer Bonds	Water Bonds	Capital Leases	Notes and Loans Payable	Energy Independence Bonds	
2010-11	6,135	23,350	23,895	15,125	1,441	44,295	
2011-12	4,700	21,995	23,295	13,812	1,391	46,614	
2012-13	3,200	-	-	669	810	47,648	
2013-14	1,635	-	-	266	15,700	45,988	
2014-15	-	-	-	-	8,419	42,449	
2015-16	-	-	-	-	7,217	38,250	
2016-17	-	-	-	-	4,215	33,556	
2017-18	-	-	-	-	448	30,307	
2018-19	-	-	-	-	17,357	28,311	
2019-20	-	-	-	-	16,857	25,128	

Ratios based on Total Primary Debt				
Fiscal Year	Population (1)	Percentage of Assessed Value (2)	Percentage of Personal Income	Per Capita (3)
2010-11	487,125	1.61%	4.98%	2,191
2011-12	487,011	1.55%	4.62%	2,082
2012-13	490,423	1.22%	3.39%	1,628
2013-14	490,486	1.08%	2.98%	1,479
2014-15	496,253	0.96%	2.59%	1,388
2015-16	501,959	0.82%	2.37%	1,266
2016-17	505,120	0.73%	2.12%	1,200
2017-18	503,332	0.67%	2.00%	1,132
2018-19	500,675	0.60%	1.79%	1,076
2019-20	492,980	0.50%	1.45%	971

Notes:

- (1) Population Estimate as of January 1, 2019
- (2) See the "Assessed Value of Taxable Property and Actual Value of Property" table for total taxable assessed value. Assessed value does not include tax exempt property.
- (3) See the "Demographic and Economic Statistics" table for population figures. Ratio is calculated using population for the latest calendar year for each corresponding fiscal year.
- (4) FY2019-20 long-term contract payable and Land fill closure and postclosure determined to be misclassified as debt, going forward reported as a long-term liability.

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector

Governmental Activities						
Special Assessment		Unamortized				
Bonds	Capital Leases	Premiums	Subtotal		Fiscal Year	
\$ 4,428	\$ 5,493	\$ 4,026	\$ 868,805		2010-11	
4,130	4,641	3,828	820,516		2011-12	
-	4,315	3,630	681,152		2012-13	
-	3,728	3,432	658,402		2013-14	
-	3,390	3,234	635,839		2014-15	
-	2,862	6,550	580,373		2015-16	
-	2,419	5,623	548,507		2016-17	
-	4,113	4,696	522,403		2017-18	
-	4,407	3,913	481,329		2018-19	
-	3,937	3,130	434,543		2019-20	

Business-Type Activities						
Landfill Closure and Postclosure (4)	Advances From Other Governments	Unamortized Loss	Subtotal	Total Primary Government	Fiscal Year	
51,237	34,124	(1,135)	198,467	1,067,272	2010-11	
51,979	37,966	(995)	200,757	1,021,273	2011-12	
52,778	12,358	(100)	117,363	798,515	2012-13	
-	12,066	-	75,655	734,057	2013-14	
-	9,817	-	60,685	696,524	2014-15	
4,834	8,799	-	59,100	639,473	2015-16	
9,993	7,829	-	55,593	604,100	2016-17	
9,831	6,595	-	47,181	569,584	2017-18	
9,508	2,369	-	57,545	538,874	2018-19	
-	1,985	-	43,970	478,513	2019-20	

COUNTY OF SONOMA, CALIFORNIA
 Computation of Legal Debt Margin (Unaudited)
 Last Ten Fiscal Years
 (Dollar Amounts in Thousands)

Fiscal Year	Assessed Value (1)	Legal Debt Limit (2)	Debt Applicable to Limit (3)	Legal Debt Margin (4)	Legal Debt Margin/Debt Limit
2010-11	66,360,079	1,327,202	-	1,327,202	100%
2011-12	65,828,716	1,316,574	-	1,316,574	100%
2012-13	65,304,976	1,306,100	-	1,306,100	100%
2013-14	67,685,758	1,353,715	-	1,353,715	100%
2014-15	72,849,686	1,456,994	-	1,456,994	100%
2015-16	77,823,709	1,556,474	-	1,556,474	100%
2016-17	82,215,296	1,644,306	-	1,644,306	100%
2017-18	85,454,900	1,709,098	-	1,709,098	100%
2018-19	90,168,326	1,803,367	-	1,803,367	100%
2019-20	95,837,002	1,916,740	-	1,916,740	100%

Notes:

- (1) Assessed Value does not include tax exempt property. Property value data is located in the "Assessed Value of Taxable Property and Actual Value of Property" schedule.
- (2) Legal debt limit is 2.00% of assessed value.
- (3) Debt applicable to limit only includes general obligation bonds, of which the County has none.
- (4) Legal debt margin is the County's available borrowing authority under state finance statutes, and is calculated by subtracting the debt applicable to the legal debt limit from the legal debt limit.

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector

COUNTY OF SONOMA, CALIFORNIA
 Schedule of Direct And Overlapping Debt (Unaudited)
 June 30, 2020
 (Dollar Amounts in Thousands)

2019-20 Taxable Assessed Valuation: **\$ 95,837,002**

<u>Overlapping Debt and Tax Assessment Debt (1)</u>	<u>Percentage Applicable to Sonoma County Taxable Assessed Valuation</u>	<u>Debt Outstanding</u>
High School Districts	100%	\$ 251,317
Unified School Districts	100%	580,759
Elementary Districts	100%	326,146
Santa Rosa Junior College	100%	388,355
Sonoma County Water Agency	100%	73,830
Total Overlapping Debt and Tax Assessment Debt		\$ 1,620,407

<u>Direct Debt (1)</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to Sonoma County Taxable Assessed Valuation</u>	<u>Debt Outstanding applicable to taxable assessed valuation</u>
Sonoma County Certificates of Participation	\$ 13,170	100%	\$ 13,170
Sonoma County Bonds Payable (2)	29,536	100%	29,536
Sonoma County Pension Obligation Bonds	321,415	100%	321,415
Sonoma County Loans Payable (3)	66,485	100%	66,485
Sonoma County Capital Leases	3,937	100%	3,937
Total Direct Debt	\$ 434,543		\$ 434,543
Total Combined Overlapping and Direct Debt			\$ 2,054,950

Ratio of 2018-19 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.69%
Total Direct Debt	0.45%
Total Combined Overlapping and Direct Debt	2.14%

Notes:

- (1) Direct debt is an obligation of the County whereas overlapping debt is an obligation of other governments within the geographic boundary of the County. Excludes tax and revenue anticipation notes.
 (2) Open Space bonds payable from Measure F sales tax revenue. Amount includes unamortized
 (3) Tobacco securitization payable from settlement revenue.

Source:

Sonoma County Water Agency Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2019
 Sonoma County Auditor-Controller-Treasurer-Tax Collector

COUNTY OF SONOMA, CALIFORNIA
 Demographics and Economic Statistics (Unaudited)
 Last Ten Fiscal Years

Calendar Year	Estimated Population	Personal Income (1)	Per Capita Personal Income	School Enrollment	Unemployment Rate
2011	487,125	\$ 21,142,471	\$ 43,403	70,666	10.1%
2012	487,011	21,417,425	43,977	70,688	9.0%
2013	490,423	22,126,957	45,118	70,637	7.1%
2014	490,486	23,548,182	48,010	70,932	5.7%
2015	496,253	24,606,709	49,585	71,096	4.3%
2016	501,959	26,874,652	53,540	71,131	4.1%
2017	505,120	27,034,022	53,520	70,940	3.6%
2018	503,332	28,457,348	56,538	70,449	2.4%
2019	500,675	30,183,693	60,286	69,734	2.8%
2020	492,980	32,972,432	66,884	68,194	11.6%

Incorporated Cities Population:

Cloverdale	9,213
Cotati	7,533
Healdsburg	12,089
Petaluma	61,873
Rohnert Park	43,069
Santa Rosa	173,628
Sebastopol	7,745
Sonoma	11,050
Town of Windsor	28,248
Total Incorporated	354,448
Total Unincorporated Areas	138,532
Total Population	492,980

Notes:

(1) Personal Income of all County residents in thousands and estimated as of March 2018.

Sources:

California Department of Finance, E-1 Population Estimates for Cities, Counties, and the State - January 1, 2019

US Department of Commerce, Bureau of Economic Analysis - Regional Data of GDP and Personal Income (BEARFACTS); estimates based on March 2018

California Department of Education; Data Enrollment by Grade report for 2017-18

California Employment Development Department: Labor Force Statistics

Economic Development Dept. -Local Area Unemployment Map for Counties, as of June 2019

COUNTY OF SONOMA, CALIFORNIA
Major Employers (Unaudited)
June 30, 2020 and June 30, 2011

Employer	June 30, 2020			June 30, 2011		
	Number of Employees	Rank	Percent of Total County Employment	Number of Employees	Rank	Percent of Total County Employment
County of Sonoma (1)	4,061	1	1.80%	3,085	1	1.70%
Kaiser Permanente	3,088	2	1.40	2,686	2	1.20
Santa Rosa Junior College (1)	2,776	3	1.20			
St. Joseph Health	1,640	4	0.70	2,310	3	1.00
Santa Rosa City Schools	1,621	5	0.70			
Keysight Technologies	1,500	6	0.70	1,100	6	0.50
Sonoma State University	1,391	7	0.60			
City of Santa Rosa (1)	1,307	8	0.60			
State of California	1,243	9	0.50			
Jackson Family Wines	1,098	10	0.50			
Safeway	-		0.00	1,200	4	0.50
Sutter Santa Rosa Regional Hospital	-		0.00	1,197	5	0.50
Amy's Kitchen	-		0.00	900	7	0.40
Medtronic Cardiovascular	-		0.00	800	8	0.40
River Rock Casino	-		0.00	660	9	0.30
Wal-Mart Stores	-		0.00	650	10	0.30
Ten largest Employer's	19,725		8.70%	14,588		6.80%
All other employer's	208,575		91.30%	212,412		93.20%
Total Employers	228,300		100.00%	227,000		100.00%

Notes:

(1) Governmental entities were not factored into the 2011 schedule

Source:

Sonoma County Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2011

Sonoma County Economic Development Board

State of California Employment Development Department: Labor Force Statistics Total Employment Oct-2018

City of Santa Rosa

Santa Rosa Junior College

COUNTY OF SONOMA, CALIFORNIA
 County Employees By Function (Unaudited)
 Last Ten Fiscal Years

FTE'S:	2010-11	2011-12	2012-13	2013-14	2014-15
General Government					
Board of Supervisors / County Administrator	33	28	32	35	37
General Services	119	114	116	119	119
County Clerk-Assessor-Recorder-PA	112	111	114	118	109
Auditor-Controller / Treasurer-Tax Collector	105	93	97	96	92
County Counsel	37	36	36	38	38
Human Resources	56	47	50	56	57
Information Systems	123	107	107	107	117
Economic Development	8	8	11	12	10
Public Protection					
District Attorney	124	113	114	120	121
Public Defender	54	50	52	52	49
Sheriff	660	624	634	648	635
Probation	301	279	278	285	286
Permit and Resource Management	121	101	102	101	108
Emergency Services	25	25	27	27	24
Child Support Services	115	108	102	99	98
Agricultural Commissioner	37	43	37	41	32
Northern Sonoma County Air Pollution Control	6	6	6	6	6
Public Assistance					
Human Services and IHSS	671	666	698	784	836
Health Services					
H.S.-Administration and other	48	56	59	69	75
Public Health	211	211	202	200	206
Mental Health	158	172	190	196	212
Alcohol, Drug & Tobacco	40	39	41	44	38
Special Revenue Funds	6	6	7	25	26
County Medical Services Program	-	-	26	35	39
Public Ways & Facilities					
Roads	128	128	128	137	124
Cultural & Recreational					
Regional Parks (1)	134	126	117	127	79
Agricultural Preservation and Open Space District	29	29	28	29	27
Education					
U.C. Cooperative Extension	6	5	5	5	5
Enterprise Funds					
Integrated Waste Enterprise Fund (2)	39	40	41	41	40
Airport Enterprise Fund	13	15	15	15	14
Transit	7	7	7	6	6
Fairgrounds	38	37	34	34	36
Discrete Component Units					
Community Development Commission	41	43	34	35	36
Sonoma Water	231	230	243	250	212
Library (3)	138	138	138	138	-
	<u>3,974</u>	<u>3,841</u>	<u>3,928</u>	<u>4,130</u>	<u>3,949</u>

Notes:

- (1) Regional Parks extra help employees excluded after FY 2013-14.
- (2) Integrated Waste Enterprise Fund operation of the Refuse landfill transferred to third party effective April 2016.
- (3) Library excluded from the Sonoma County CAFR after FY 2013-14 .

Source:

Sonoma County Auditor Controller Treasurer Tax-Collector

<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	FTE'S:
					General Government
39	38	45	57	64	Board of Supervisors / County Administrator
111	110	107	102	103	General Services
102	103	105	107	101	County Clerk-Assessor-Recorder-PA
88	90	93	99	94	Auditor-Controller / Treasurer-Tax Collector
39	41	44	43	41	County Counsel
55	56	59	67	66	Human Resources
100	102	99	99	100	Information Systems
12	12	12	12	21	Economic Development
					Public Protection
115	122	126	125	121	District Attorney
49	51	51	50	52	Public Defender
603	625	624	611	608	Sheriff
291	267	262	262	269	Probation
105	112	133	151	139	Permit and Resource Management
23	21	17	9	12	Emergency Services
85	85	87	84	79	Child Support Services
32	37	36	36	35	Agricultural Commissioner
6	6	6	-	-	Northern Sonoma County Air Pollution Control
891	877	834	847	852	Public Assistance Human Services and IHSS
					Health Services
66	65	82	76	77	H.S.-Administration and other
213	210	193	197	200	Public Health
201	226	205	190	208	Mental Health
35	39	45	14	14	Alcohol, Drug & Tobacco
25	20	22	9	10	Special Revenue Funds
31	30	17	20	19	County Medical Services Program
118	113	117	121	124	Public Ways & Facilities Roads
					Cultural & Recreational
81	79	88	88	107	Regional Parks (1)
24	25	25	25	27	Agricultural Preservation and Open Space District
					Education
5	5	4	5	5	U.C. Cooperative Extension
					Enterprise Funds
9	10	8	9	10	Integrated Waste Enterprise Fund (2)
15	16	16	18	18	Airport Enterprise Fund
5	5	5	5	6	Transit
27	25	27	27	24	Fairgrounds
					Discrete Component Units
39	43	41	46	44	Community Development Commission
215	228	222	224	222	Sonoma Water
-	-	-	-	-	Library (3)
<u>3,855</u>	<u>3,894</u>	<u>3,857</u>	<u>3,835</u>	<u>3,872</u>	

COUNTY OF SONOMA, CALIFORNIA
 Operating Indicators by Function/Program (Unaudited)
 Last Ten Fiscal Years

Function/Program	2010-11	2011-12	2012-13	2013-14	2014-15
Law & Justice					
Filed Felonies/New Cases/New VOPs - DA/PD	2,196	2,066	2,321	2,511	2,706
Misdemeanor/Felony Court Appearances - DA/PD	139,428	124,854	123,008	130,135	–
Public Safety					
Dispatch Calls - Sheriff	124,158	126,882	126,959	125,149	115,351
Adult Detention Facility Bookings - Sheriff	17,903	18,000	17,773	17,703	16,881
Juvenile Hall Average Daily Population	90	84	80	76	72
Health & Public Assistance					
Birth Certificates Registered - Health Services	5,532	5,188	5,058	5,166	5,224
Emergency Medical Responses - Health Services	53,417	43,278	45,980	50,634	55,157
Total Collections - Child Support Enforcement (4)	\$ 30,363	\$ 28,574	\$ 28,372	\$ 28,699	\$ 29,038
Community Resources & Public Facilities					
Permit & Resource Management:					
Code Enforcement Cases	870	850	877	899	931
Building Permits Issued	16,340	16,690	–	16,517	5,450
Integrated Waste					
Tonnage - Transportation & Public Works (2)	240,000	240,000	230,837	267,251	266,913
Diverted Tonnage - Transportation & Public Works	107,356	110,000	110,000	109,000	119,566
Regional Parks					
Park Visitors	4,605,999	4,064,068	5,383,600	5,843,143	5,545,143
Veterans/Community Center (3):					
Events	4,145	4,397	3,655	4,788	1,910
Attendance	387,500	319,317	280,885	312,570	199,883

Notes:

- (1) Fire Prevention Inspections added as an operating indicator FY 2014-15
- (2) Tonnage - Transportation & Public Works substantially higher due to October 2017 (FY 2017-18) fire damage waste collection
- (3) Veterans/Community Center only tracking Veteran buildings in Cotati, Guerneville, Petaluma, and Sonoma. All other buildings are operated by 3rd party organizations without County involvement.
- (4) In thousands
- Long dash Indicates historical data not available at time of reporting, changed operating indicator, or statistics no longer available

Source:

Sonoma County Departments

2015-16	2016-17	2017-18	2018-19	2019-20	Function/Program
2,229	2,370	2,553	–	–	Law & Justice
149,121	99,714	30,572	–	–	Filed Felonies/New Cases/New VOPs - DA/PD
					Misdemeanor/Felony Court Appearances - DA/PD
					Public Safety
114,980	111,568	114,599	105,357	96,478	Dispatch Calls - Sheriff
15,953	15,987	16,516	18,498	14,546	Adult Detention Facility Bookings - Sheriff
60	54	41	–	38	Juvenile Hall Average Daily Population
					Health & Public Assistance
5,380	4,997	4,715	4,642	4,559	Birth Certificates Registered - Health Services
50,567	66,680	70,310	75,000	–	Emergency Medical Responses - Health Services
\$ 31,063	\$ 34,120	\$ 35,220	\$ 34,421	–	Total Collections - Child Support Enforcement (4)
					Community Resources & Public Facilities
					Permit & Resource Management:
1,075	994	1,890	1,821	1,687	Code Enforcement Cases
6,004	5,933	8,625	9,094	8,445	Building Permits Issued
					Integrated Waste
292,867	297,282	1,216,047	361,092	323,030	Tonnage - Transportation & Public Works (2)
102,302	85,696	85,365	92,507	101,275	Diverted Tonnage - Transportation & Public Works
					Regional Parks
5,084,152	5,376,723	5,317,133	5,506,506	5,359,420	Park Visitors
					Veterans/Community Center (3):
2,912	3,793	1,583	2,078	1,357	Events
255,018	343,136	135,182	207,640	123,681	Attendance

COUNTY OF SONOMA, CALIFORNIA
 Capital Assets Statistics By Function (Unaudited)
 Last Ten Fiscal Years

Function	2010-11	2011-12	2012-13	2013-14	2014-15
Sheriff:					
Stations	3	3	3	3	3
Sub-Stations (2)	5	5	5	5	5
Patrol Units	132	155	179	186	161
Helicopter	1	1	1	1	1
Marine Craft	4	5	5	5	5
Streets And Highways:					
Streets (miles)	1,382	1,382	1,382	1,382	1,382
Bridges (longer then 20 feet)	326	332	330	332	332
Traffic Lights:					
Traffic Lights - County Only	35	35	37	38	38
Traffic Lights - Shared With Cities	3	3	3	3	3
Traffic Lights - Shared With State	24	24	26	27	30
Total Traffic Lights	<u>62</u>	<u>62</u>	<u>66</u>	<u>68</u>	<u>71</u>
Parks And Recreation:					
Acreage Open to Public (1)	8,855	49,882	57,980	11,372	9,403
Sonoma Water:					
Water Mains (miles)	110	90	90	90	90
Chlorination Facilities	3	3	3	3	3
Pumping Plants/Booster Stations	21	21	21	21	21
Production Wells	9	9	9	9	9
Tank Storage Capacity (thousands of gallons)	128,800	133,000	128,800	128,800	128,800
Sanitation:					
Sanitary Sewers (miles)	250	250	252	230	230
Treatment Capacity (thousands of gallons)	13,439	13,439	13,439	13,439	13,439
Treatment Capacity (Avg. Daily Dry Weather Flow, MGD) (3)	-	-	-	-	-
Transit:					
Fleet (including buses and vans)	76	82	81	81	80

Notes:

(1) 2011-12 Sonoma County Regional Parks assumed the management of Annadel State Park from the State of California.

In 2013-14 the State of California reassumed management back from the County.

(2) 2017-18 Roseland, Larkfield, and Amarosa sub-stations were closed

(3) In 2017-18, changed measurement from "thousands of gallons" to "millions of gallons per day"

- Long dash Indicates historical data not available at time of reporting, changed operating indicator, or statistics no longer available

Source:

Sonoma County Departments

2015-16	2016-17	2017-18	2018-19	2019-20	Function
					Sheriff:
3	3	3	3	3	Stations
5	5	2	2	2	Sub-Stations (2)
157	159	146	148	–	Patrol Units
1	1	1	1	1	Helicopter
5	5	5	5	5	Marine Craft
					Streets And Highways:
1,379	1,379	1,368	1,368	1,368	Streets (miles)
328	328	328	328	328	Bridges (longer then 20 feet)
					Traffic Lights:
38	40	38	38	38	Traffic Lights - County Only
3	3	3	1	1	Traffic Lights - Shared With Cities
30	30	30	31	32	Traffic Lights - Shared With State
<u>71</u>	<u>73</u>	<u>71</u>	<u>70</u>	<u>71</u>	Total Traffic Lights
					Parks And Recreation:
11,037	11,036	11,071	12,556	8,976	Acreage Open to Public (1)
					Sonoma Water:
90	85	85	85	85	Water Mains (miles)
3	3	3	3	3	Chlorination Facilities
21	21	21	21	21	Pumping Plants/Booster Stations
9	9	9	9	9	Production Wells
128,800	129,000	129,000	129,000	129,000	Tank Storage Capacity (thousands of gallons)
					Sanitation:
230	230	230	230	273	Sanitary Sewers (miles)
13,439	13,439	13,439	–	–	Treatment Capacity (millions of gallons per day)
–	–	5.362	4.862	4.939	Treatment Capacity (Avg. Daily Dry Weather Flow, MGD) (3)
					Transit:
83	80	83	83	86	Fleet (including buses and vans)



GLOSSARY



ACCRUAL BASIS OF ACCOUNTING. Recording of revenues when earned and expenses at the time incurred regardless of when the cash is exchanged.

ACTUARIAL ACCRUED LIABILITY. The present value of projected future benefits earned by employees to date.

ACTUARIAL VALUATION. The determination, as of a point in time (the actuarial valuation date), of the service cost, total pension liability or OPEB liability, and related actuarial present value of projected benefit payments performed in conformity with Actuarial Standards of Practice unless otherwise specified by the GASB.

AGENCY FUND. Fund used to account for assets held by a government as an agent for individuals, private organizations or other governments.

AMORTIZATION. (1) The portion of the cost of a limited-life or intangible asset charged as an expense (2) The reduction of debt by regular payments of principal and interest sufficient to retire the debt by maturity.

APPROPRIATION. Legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes usually limited in amount and the time it may be expended.

ASSESSED VALUATION. A valuation set upon real estate or other property by a government as a basis for levying taxes.

ASSIGNED FUND BALANCE. Amounts constrained by the County's intent to be used for specific purposes, established at either the highest level of decision making, or by a body or an official designated for that purpose.

BASIC FINANCIAL STATEMENTS. Minimum combination of financial statements and note disclosures required for fair presentation in conformity with GAAP.

BASIS OF ACCOUNTING. Term used to refer to *when* revenues, expenditures, expenses, and transfers, and the related assets and liabilities, are recognized in the accounts and reported in the financial statements. Specifically, it relates to the *timing* of the measurements made, regardless of the nature of the measurement, on either the cash or the accrual method.

BUSINESS-TYPE ACTIVITIES. One of two classes of activities reported in the government-wide financial statements. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services. These activities are usually reported in enterprise funds.

CAPITAL ASSETS. Land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art, historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.

CAPITAL PROJECTS FUND. Fund created to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

CASH BASIS OF ACCOUNTING. Basis of accounting under which transactions are recognized only when cash is received or disbursed.

CASH EQUIVALENT. Short-term, liquid investments that are both (1) readily convertible to known amounts of cash and (2) so near their maturity that they present insignificant risk of changes in value due to changes in interest rates.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING PROGRAM. Program sponsored by the GFOA to encourage governments to publish CAFRs consistent with GFOA guidelines.

COMMITTED FUND BALANCE. Amounts that can only be used for specific purposes determined by formal action of the County's highest level of decision-making authority (the Board of Supervisors) and that remain binding unless removed in the same manner.

COMPONENT UNIT. Legally separate organization for which the elected officials of the primary government are financially accountable.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR). Financial report that encompasses all funds and component units of the government. Includes three sections: 1) introductory 2) financial and 3) statistical, plus information on each individual fund and component unit. It is the County's official annual report and complies with finance-related legal and contractual provisions.

COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN. A Plan in which a single actuarial valuation and contribution rate apply to all participating employees.

COVERED PAYROLL. The payroll on which contributions to a pension or OPEB plan are based.

DEBT SERVICE FUND. Fund established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

DEFERRED INFLOWS OF RESOURCES. An acquisition of net position applicable to a future reporting period.

DEFERRED OUTFLOWS OF RESOURCES. A consumption of net position applicable to a future reporting period.

DEFINED BENEFIT PLAN. Plan having terms that specify the amount of benefits to be provided at or after separation from employment.

DISCOUNT RATE. The single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments.

ENCUMBRANCES. Commitments related to unperformed contracts for goods or services.

ENTERPRISE FUND. Proprietary fund type used to report an activity for which a fee is charged to external users for goods and services.

EXPENDITURES. Decreases in net financial resources. Expenditures include current operating expenses requiring the present or future use of net position, debt service and capital outlays, intergovernmental grants, entitlements, and shared revenues.

EXTERNAL INVESTMENT POOL. An arrangement that commingles (pools) the moneys of more than one legally separate entity and invests, on the participants' behalf, in an investment portfolio.

FAIR VALUE. The amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

FIDUCIARY FUNDS. Category of funds used to report assets held in trustee or agency capacity for others and therefore cannot be used to support the government's own programs.

FINANCIAL RESOURCES. Resources that are or will become available for spending, including cash and resources ordinarily expected to be converted to cash (e.g. receivables, investments).

FUND. A fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources, all related liabilities and residual equities, or balances, and changes therein, are recorded and segregated to carry on specific activities or attain certain

objectives in accordance with special regulations, restrictions, or limitations.

FUND BALANCE. Net position of a governmental fund (difference between fund assets, and fund liabilities of governmental and similar trust funds).

FUND FINANCIAL STATEMENTS. Basic financial statements presented for funds, in contrast to government-wide financial statements.

GENERAL FUND. One of five governmental fund types and typically serves as the chief operating fund of the government. The general fund is used to account for all financial resources not accounted for in some other fund.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP). The conventions, rules, and procedures that serve as the norm for the fair presentation of financial statements.

GOVERNMENT FINANCE OFFICERS ASSOCIATION (GFOA). Association of public finance professionals founded in 1906 as the Municipal Finance Officers Association. Sponsors the Certificate of Achievement for Excellence in Financial Reporting Program.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB). Ultimate authoritative accounting and financial reporting standard setting body for state and local governments.

GOVERNMENTAL ACTIVITIES. Activities generally financed through taxes, intergovernmental revenues, and other non-exchange revenues. These activities are usually reported in governmental funds and internal service funds.

GOVERNMENTAL FUNDS. Funds generally used to account for tax-supported activities. There are five different types of government funds: the general fund, special revenue fund, debt service funds, capital projects funds, and permanent funds.

GOVERNMENT-WIDE FINANCIAL STATEMENTS. Financial statements that incorporate all of a government's governmental and business-type activities, as well as its non-fiduciary component units. There are two basic government-wide financial statements: the statement of net position and the statement of activities.

IMPROVEMENT. An addition made to, or change made in a capital asset, other than maintenance, to prolong its life or to increase its efficiency or capacity. The cost of the addition or change is added to the book value of the asset.

INFRASTRUCTURE. Long-lived capital assets normally stationary in nature and preserved for significantly more years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems.

INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT. One of three components of net position reported in both government-wide and proprietary fund financial statements. Related debt, for this purpose, includes outstanding balances of bonds, notes, or other borrowings attributable to the acquisition, construction, or improvement of capital assets.

INTERFUND RECEIVABLE/PAYABLE. Short-term loans made by one fund to another or the current portion of an advance to or from another fund.

INTERFUND TRANSFERS. Flow of assets (such as cash or goods) between funds and blended component units of the primary government without equivalent flows of assets in return and without a requirement for payment.

INTERNAL SERVICE FUND. A fund used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost-reimbursement basis.

MAJOR FUND. A governmental fund or enterprise fund reported as a separate column in the basic fund financial statements and subject to a separate opinion in the Independent Auditors' Report.

MANAGEMENT'S DISCUSSION AND ANALYSIS. Required supplementary information that introduces the basic financial statements and provides an analytical overview of the government's financial activities.

MEASUREMENT FOCUS. Types of balances and related changes reported in a given set of financial statements.

NET POSITION. The residual of all other elements presented in a statement of financial position.

NONSPENDABLE FUND BALANCE. Amounts that cannot be spent because they are either not spendable in form; or legally contractually required to be maintained intact.

OPERATING TRANSFERS. All interfund transfers other than residual equity transfers (e.g., legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended).

OTHER FINANCING SOURCES. Current financial resources increase reported separately from revenue to avoid distorting revenue trends, such as long-term debt proceeds, proceeds from the sale of general fixed assets, and operating transfers in.

OTHER FINANCING USES. Current financial resources decrease reported separately from expenditures to avoid distorting expenditure trends, such as operating transfers out, and the amount of refunding bond proceeds deposited with the escrow agent.

OVERLAPPING DEBT. The proportionate share that property within a government must bear of the debts of all local governments located wholly or in part within the geographic boundaries of the reporting government.

PROPRIETARY FUND. Funds that focus on the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. There are two different types of proprietary funds: enterprise funds and internal service funds.

REPORTING ENTITY. The oversight unit and all of its component units, if any, that are combined in the CAFR.

REQUIRED SUPPLEMENTARY INFORMATION. Consists of statements, schedules, statistical data or other information, which, according to the GASB, is necessary to supplement, although not required to be a part of, the general-purpose financial statements.

RESTRICTED ASSETS. Assets whose use is subject to constraints that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

RESTRICTED FUND BALANCE or RESTRICTED NET POSITION. Amounts with constraints placed on use by creditors, grantors, contributors or laws or other governments regulations; or restrictions imposed by law through constitutional provisions or enabling legislation.

REVENUE BONDS. Bonds whose principal and interest are payable exclusively from earnings of an enterprise fund. In addition to a pledge of revenues, such bonds sometimes contain a mortgage on the enterprise fund's property.

REVENUES. Increases in the net current assets of a governmental fund type from other than expenditure refunds and residual equity transfers.

SINGLE AUDIT. An audit performed in accordance with the Single Audit Act of 1996 and Office of Management and Budget (Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*). The Single Audit Act sets forth standards for the audit of non-Federal entities expending Federal awards.

SPECIAL DISTRICT. An independent unit of local government organized to perform a single government function or a restricted number of related functions.

SPECIAL REVENUE FUND. A fund used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes. GAAP only require the use of special revenue funds when legally mandated.

TRUST FUNDS. Funds used to account for assets held by a government in a trustee capacity for individuals, private organizations, other governments, or other funds.

UNASSIGNED FUND BALANCE. The residual classification for the County's General Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

UNRESTRICTED NET POSITION. That portion of net position that is neither restricted nor invested in capital assets (net of related debt).