



COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED JUNE 30, 2019

SONOMA COUNTY
CALIFORNIA

Cover Photo

"The Petaluma Turning Basin"

Eric Tobias, Petaluma, California

"I grew up in the Southern California coastal community of Venice Beach. Here, my first influences, water and an eclectic urban landscape, taught me the power of capturing a moment. Life's motion paused, preserving a feeling or memory, and setting the stage for the next moment. Venice is a place I'll always return to, for nostalgia as well as a fresh look.

In 2006 I moved to Colorado. My photography focused on the Rocky Mountains and the surprising effects real weather and the passing of time has on a place and its artifacts. I didn't see degradation but instead, beautification as objects aged and landscapes transformed under the effects of seasonal transitions.

In the Fall of 2011 I relocated for a brief stay to the state of Wisconsin. Exploring new surroundings influenced me to examine, document and interpret rural Midwestern farm life. Old barns have a story of their own and I have always been drawn to them.

In the summer of 2013 I headed back west to my home state of California. I now reside in Petaluma, a small town just north of San Francisco in the heart of the wine country.

I learned early and often in life, nothing rests for very long. One thing leads to the other and each part is crucial. I use the latest technologies to capture, interpret and share the details of life as it happens."

Creative Sonoma County

Kristen Madsen, Director

COUNTY OF SONOMA
STATE OF CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

*For The Fiscal Year Ended
June 30, 2019*



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

Erick Roeser
Auditor-Controller-Treasurer-Tax Collector



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INTRODUCTORY SECTION



ERICK ROESER
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TREASURER-TAX COLLECTOR

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TREASURER-TAX COLLECTOR

AMANDA RUCH
ASSISTANT AUDITOR-CONTROLLER
TREASURER-TAX COLLECTOR

December 10, 2019

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, 2019, 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, 2019.

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 500,675. 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 3,835 full-time equivalent employees (including extra-help) in fiscal year 2018-19 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 make adjustments 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

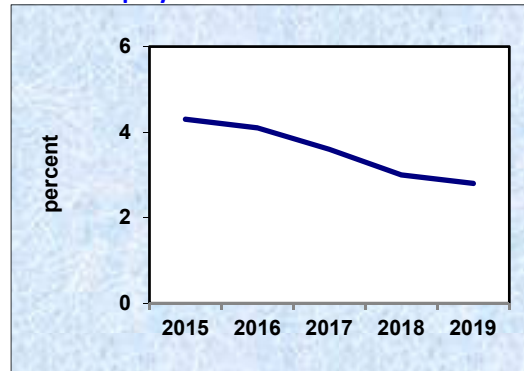
Requests for additional financial information should be addressed to the Sonoma County Auditor-Controller-Treasurer-Tax Collector, 585 Fiscal Drive, Suite 100, Santa Rosa, California 95403.

FACTORS AFFECTING ECONOMIC CONDITION

Economy

- During fiscal year 2018-19 Sonoma County continued to see positive signs in economic conditions, including decreased unemployment and increased retail sales.
- The median home price decreased as housing has stabilized after the Sonoma County Fires of 2017. Sonoma County remains one of the more affordable Bay Area counties.

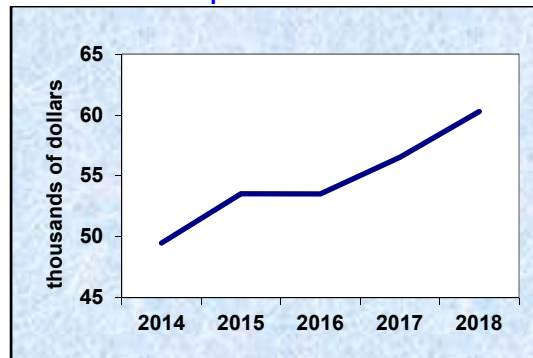
Unemployment Rate as of June 30



Unemployment

- The County's unemployment rate decreased to 2.8% as of June 2019 from 3.0% as of June 2018. This is lower than the California unemployment rate of 4.2% and the national unemployment rate of 3.7%.
- As of September 2019, the County unemployment rate decreased to 2.2%, and continues to be lower than both the California and national rates of 3.5% and 3.5%, respectively.

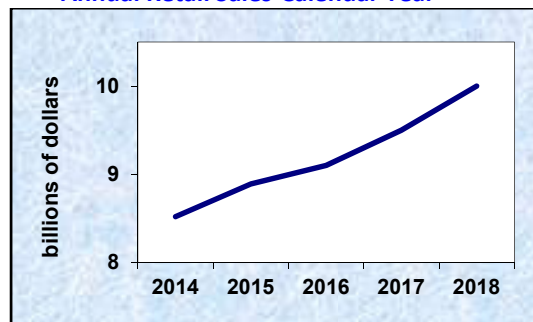
Annual Per Capita Income-Calendar Year



Income

- County per capita personal income increased to \$60,286 for the 2018 calendar year, from \$56,538 for the 2017 calendar year.

Annual Retail Sales-Calendar Year



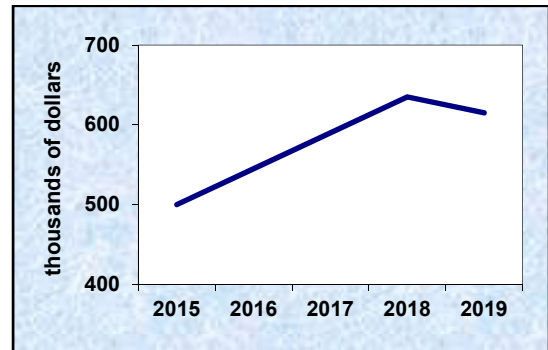
Retail Sales

- Retail sales county-wide increased 7.4% to \$10.2 billion for the 2018 calendar year, from \$9.5 billion for the 2017 calendar year.
- County unincorporated area retail sales increased 5.3% to \$2.0 billion in 2018 calendar year, from \$1.9 billion in the 2017 calendar year.

Real Estate

- As of June 2019 the median home price decreased to \$615,000 from \$635,000 in June 2018, a decrease of 3.1%.
- Certified valuation of secured and unsecured property, including residential and non-residential, increased 5.5% to \$90.2 billion for fiscal year 2018-19 from \$85.5 billion for fiscal year 2017-18.
- Certified valuation of residential property increased 4.5% to \$62.1 billion for fiscal year 2018-19 from \$59.5 billion for fiscal year 2017-18.
- Certified valuation of non-residential property increased 8.1% to \$28.1 billion for fiscal year 2018-19 from \$26.0 billion for fiscal year 2017-18.

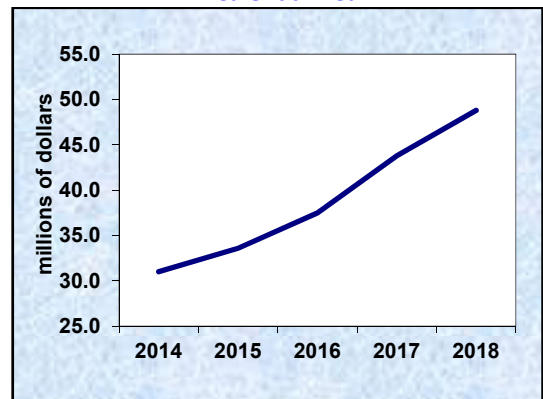
Median Home Price as of June 30



Tourism

- Preliminary results for calendar year 2019 indicate Sonoma County's lodging industry annual average occupancy increased to 78.3% in 2018 from 77.1% in 2017.
- County-wide transient occupancy tax (TOT) collections increased 11.4% to \$48.8 million in 2018 compared to \$43.8 million in 2017. TOT increased 6.6% to \$22.5 million for the first two quarters of 2019, compared to \$21.1 million for the first two quarters of 2018.

Annual Transient Occupancy Tax-
Calendar Year



ECONOMIC INDICATORS

The County's General Fund forecast predicts slowing growth in future years. With the possibility of a coming recession, the County needs to build reserves while the economy is strong to prepare for future shortfalls. Funding challenges as a result of the October 2017 fires, February 2019 flood and the October 2019 Kincadee fire will require the County to control costs as it strives to enrich our residents' quality of life through superior services.

FINANCIAL INDICATORS

Tax revenues increased in fiscal year 2018-19 for the County and other governmental agencies. Transient occupancy tax increased by 0.9%, local sales tax increased by 10.0%, and the County's largest revenue source, secured property taxes, increased by 5.9%. The County General Fund's share of secured property tax revenue increased by 5.8%.

California's 2019 Budget Act maintains a budget that continues to be positive. The budget allocates discretionary resources for ongoing spending and one-time programmatic spending and debt-related repayments. The State Assembly Budget Committee reports a warning that a recession is looming and recommends strengthening reserves in preparation for the future.

MAJOR INITIATIVES

The County completed many major initiatives in fiscal year 2018-19 including the consideration of strategic investments to support recovery and build increased community resiliency in the aftermath of the October 2017 fires. The following highlights only represent a partial list of the many accomplishments of the Sonoma County organization in fiscal year 2018-19:

Fire Recovery and Resiliency:

- Adopted the Board of Supervisor's Recovery and Resiliency Framework, incorporating *Living in a Fire Adapted Landscape: Priorities for Resiliency, Sonoma County Natural and Working Lands*.
- Completed a live trial of 280,700 landlines and SoCo Alert subscribers testing the Wireless Emergency Alerts (WEA) system, which forces warnings onto cellphones in designated areas.
- Negotiated agreements with U.C. San Diego and Scripps for donation, installation, and operation of fire cameras at Sonoma Mountain, Mt. Barham, and Sleepy Mountain.
- Established funding to develop and implement disaster mitigation plans to safeguard data systems and to support disaster resiliency efforts per the adopted Sonoma County Recovery and Resiliency Framework.
- Worked with County departments to maximize the County's reimbursement from State and Federal sources for disaster response and recovery costs from the October 2017 wildfires. During FY 2018-19 the County received \$10.4 million of the total estimated \$36 million in disaster related costs that will ultimately be reimbursed.
- Implemented key recommendations from the October 2017 Wildfires After Action Report including conducting Emergency Operations Center (EOC) Leadership Team meetings, reforming the EOC organization, delivering quarterly Disaster Workshops for the Board of Supervisors, and developing the County Supervisor's Guide to Emergency Operations.
- Partnered with local Fire Protection Districts to implement a Vegetation Management Inspection Program in coordination with CAL FIRE to increase access and reduce susceptibility to fires.

Other Initiatives:

- Acquired, implemented and secured matching funds from the State of California to provide \$1.7 million toward the purchase of a modern voting system which debuted during the March 2019 Special Election. With the acquisition of this new voting system, Sonoma County met the mandate by the Secretary of State for all counties to employ voting systems certified to California Voting System Standards.
- Implemented a new automated Board agenda countywide system to create legislative process efficiencies.
- Secured “Parks for All” funding through Measure M, a 1/8 cent sales tax funding county and city parks, supported by 72.6% of voters.
- Implemented Naloxone Program for Field Services to effectively treat and reduce fatal opiate/opioid overdoses in the field and provide additional safety for staff who may be accidentally exposed.
- Secured \$12 million in new, one-time funding from the State of California, three times the usual annual funding which will inject substantial new resources into local efforts to end homelessness.
- Developed new housing programs and an Area Agency on Aging (AAA) Housing Committee to support seniors and people with disabilities to secure stable housing in response to the housing crisis in Sonoma County.
- Started a streamlined enrollment process into the Housing & Disability Advocacy Program (HDAP) for disabled, homeless individuals coming in for services at the Paulin Office.
- Formed the Renewal Enterprise District (RED) Joint Powers Authority between the County and the City of Santa Rosa that will accelerate the pace of housing development for all income levels by pooling and leveraging financing, publicly-owned land, and other assets.
- Launched development of ACCESS Sonoma County, a coordinated, client-centered service delivery model that is a collaboration of multiple agencies. The system is intended to enroll high need homeless individual with co-occurring mental health and physical health issues to provide intensive case management.
- Formed a joint powers authority with the City of Santa Rosa to regionalize housing production, leverage funding, and share risks and benefits of development.
- Removed vacated easements impeding the Behavioral Health Housing Unit \$40 million construction award authorization by State Department of Finance.
- Repaired sixty-seven miles of roads as part of the fiscal year 2018-19 Pavement Preservation Program. A total of 309 miles of County roads have been repaired since the Board began allocating funds to this program in 2012.
- Utilized Criminal Justice Construction Fund revenues for ongoing safety and security improvements at the Main Adult Detention Facility.
- Improved family engagement strategies for all youth who enter the juvenile justice system, including: strengthening reentry services for youth in our Camp program; implementing protocols for Child and Family Teams (CFT) meetings for youth in placement; and creating a Probation handbook for both adult and juvenile clients to establish expectations, and help set clients up for success.

- Provided support to adult specialty courts by adding a Probation Officer as a “floater” position for programs such as the ACCESS Sonoma County collaborative, Drug Court, DUI Court, and FACT (forensic mental health) Court to serve a back-up role for coverage in each of these collaborative courts.
- Victim Services expanded outreach and provided various services to 3,669 individuals, including: safety planning, court accompaniment, counseling referrals, victim claims assistance, restitution, and emotional support.
- Completed several key facility improvement projects which included Americans with Disabilities Act (ADA) upgrades to inmate housing units, improvements to the exercise yards, physical security enhancements, and redesigning and rebuilding the Inmate Dental Office to modernize and increase the functional space as well as adding new safety features.
- IOLERO staff and CAC members participated in numerous community outreach events, such as the annual Roseland Cinco de Mayo Celebration, “A Day On, Not A Day Off” Martin Luther King Jr. event at Community Baptist Church, and the Santa Rosa Juneteenth Festival.
- Reorganized Fire and Emergency Services and contracted with Fire Protection Agencies to manage volunteer fire companies.
- Developed and implemented the Sonoma County Operational Area Electrical System De-Energization Response Plan in response to potential and actual Pacific Gas & Electric utility electrical system shutoffs.
- Staffed the Emergency Operations and Local Assistance Centers for the February 2019 flood, as well as conducted Rapid Evaluation Safety Assessment field operations for 2,000+ flood affected properties and provided expedited permitting for flood recovery.
- Updated weather forecasts for the U.S. Army Corps of Engineers saving up to 11,650 acre-feet at Lake Mendocino, allowing up to 17 percent more water to be potentially stored, exemplifying how atmospheric river research and science help save water and improve flood management.
- Completed the Board’s Pension Ad Hoc report and annual pension report.
- Implemented the County’s Cannabis Ordinance, issuing zoning permits for the outdoor cultivation of cannabis, conducting numerous site monitoring inspections. Entered into a contract with the California Department of Food and Agriculture’s (CDFA) CalCannabis Cultivation Licensing Division to perform local enforcement of the new state licensing regulations.

LONG-TERM FISCAL OUTLOOK

The October 2017 Sonoma Complex Fire was one of the worst disasters in California History. The County experienced another major disaster with the February 2019 flood events that further exemplified the need to become resilient and be prepared. The County continues to make recovery a priority, approving the Recovery and Resiliency Framework. Pursuing externally funded grants is viewed as a primary mechanism to finance the Sonoma County Recovery and Resiliency Framework.

The County's General Fund forecast predicts slowing growth in future years but does not try to predict when the next recession will hit. During the last recession, County's General Fund Revenues fell by 9% over a three-year period between fiscal year 2008-09 and fiscal year 2011-12. A major component of fiscal sustainability is a healthy reserve. The County needs to build reserves while the economy is strong to prepare for future shortfalls. The current financial policy follows the best practice to fund General Fund Reserves at two months of operating revenues, or approximately \$80 million in fiscal year 2019-20. The current balance of General Fund Reserves is \$40.7 million as the \$2.7 million transfer programmed to fill the fiscal year 2018-19 operational gap was not necessary due to increased fiscal year 2017-18 tax rolls, vacancies, and the hiring freeze implemented by the Board on December 11, 2018 that helped close the gap. The County is also continuing to assess the ongoing impact to revenues and expenditures from fires and floods, as well as unfunded liabilities.

Financial impacts to revenues and expenses for fiscal year 2018-19 are noted in the Management, Discussion and Analysis section of the CAFR.

Although the entire impact of the fires and flood on the County's fiscal position will not be known for several years, the following strategies were implemented to present a structurally balanced budget in the fiscal year 2019-20 while preparing the County for recovery, resiliency, and fiscal sustainability:

- Aligning ongoing uses with ongoing sources, distributing only available ongoing revenues rather than budgeting year-end savings for ongoing uses and controlling costs in our financially challenging post disaster environment.
- Addressing the County total unfunded liabilities with a \$6.8 million prepayment, the single largest pension liability prepayment in the history of the County of Sonoma. This prepayment is estimated to avoid interest costs of at least \$10 million over 20 years.
- Implementing a community preparedness plan to educate and empower Sonoma County residents to prepare for, respond to, and mitigate emergencies, and dedicate \$4.9 million for local match requirements to bring in over \$33 million in federal funds for Hazard Mitigation projects.
- Maintaining important infrastructure services, such as roads, public safety and mental health safety net services, appropriating \$19.9 million for roads services and pavement preservation projects and \$6.4 million for Safety Net departments to support the most vulnerable populations in our community.

The County holds preparedness, recovery and resiliency, and fiscal sustainability as its pillars. This focus provides a structurally balanced budget with strategic investments that will help strengthen our community resiliency and plan for economic uncertainty.

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

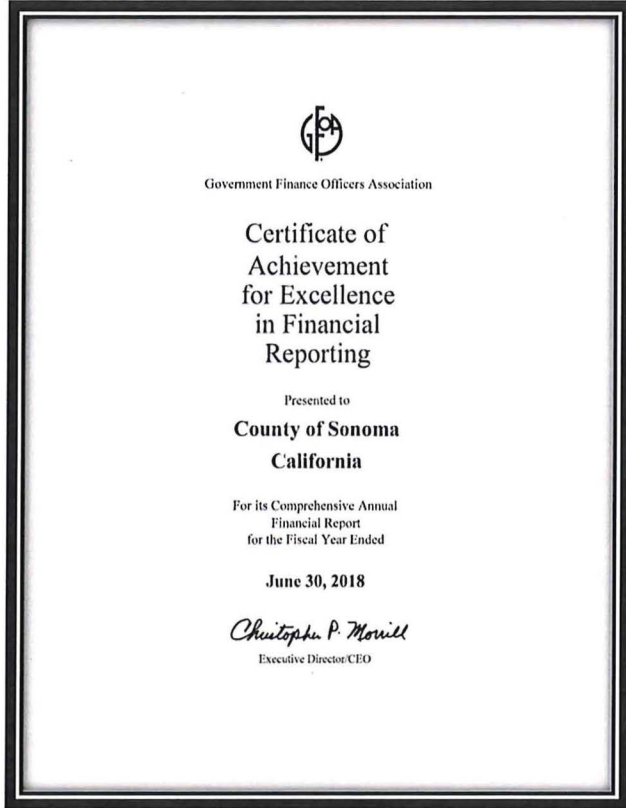
The County has a Debt Advisory Committee (DAC) to provide guidance and support related to all County debt issuance and management. The DAC provides the County Administrator and the Board of Supervisors a review process to ensure that all potential debt obligations are evaluated for cost effectiveness, 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, 2018. This was the twenty-seventh 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, 2018. This was the twenty-fourth 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, 2018. The County has received this prestigious award twenty-one 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..... Tony Linegar
Agricultural Preservation & Open Space District General Manager..... Bill Keene
Child Support Services Director Jennifer Traumann
Community Development Commission Executive Director..... Geoffrey Ross
County Administrator Sheryl Bratton
County Counsel Bruce Goldstein
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 Karen Fies
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

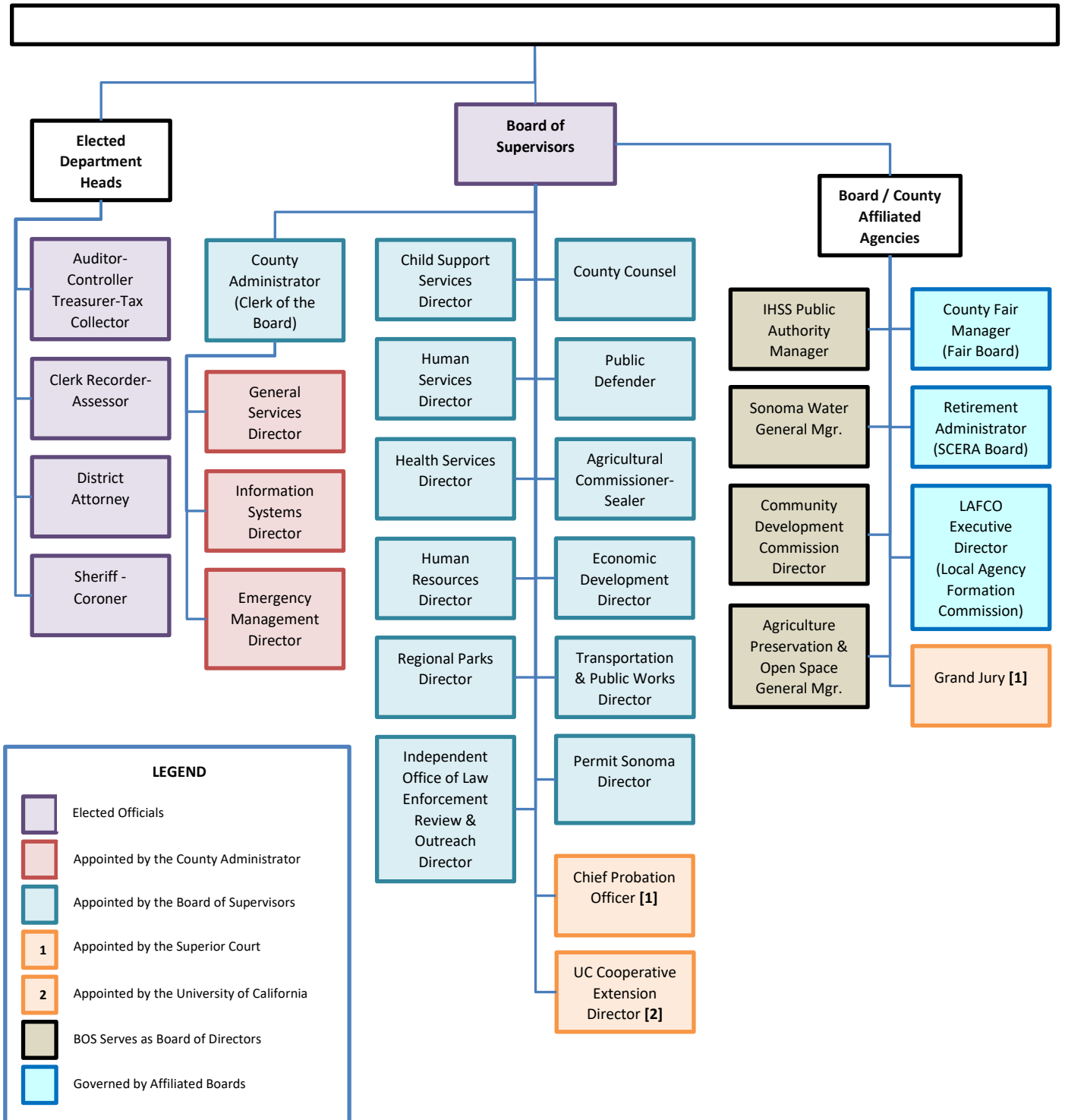
DIRECTORY OF APPOINTED AND ELECTED OFFICIALS

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, 2019, 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), First 5 Sonoma County Commission (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	22%	47%	3%
Business-Type Activities	96%	95%	94%
Aggregate remaining fund information	2%	4%	1%
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, 2019, 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 the management's discussion and analysis on pages 7 through 22, the schedules for the Sonoma County Employees' Retirement Association (SCERA) plan and the Sonoma County Other Postemployment Healthcare plan on pages 101 through 103, and the budgetary comparison information on pages 104 through 109, 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 10, 2019, 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 10, 2019



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, 2019. 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 \$1.1 billion at June 30, 2019, an increase from prior year of \$140.0 million.
- The County's net position included \$1.4 billion net investment in capital assets, \$277.2 million in restricted net position offset by a \$588.1 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 \$526.5 million, an increase of \$77.9 million over prior year. Amounts available for spending include restricted, committed, assigned, and unassigned fund balances and total 97.6% of ending fund balance. Of this amount, \$275.2 million is restricted by law or externally imposed requirements, \$9.2 million is committed for specific purposes, \$158.1 million is assigned to specific purposes determined by the Board of Supervisors and the County Administrator's Office, and \$71.3 million is unassigned. \$12.7 million is nonspendable.
- The General Fund unassigned fund balance was \$71.3 million, or 18.5% 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 (identified herein as 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

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 five major funds: General Fund, Human Services Special Revenue Fund, Health and Sanitation Special Revenue Fund, Open Space Special Tax Account Special Revenue Fund, and Roads 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 \$1.1 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	
	2019	2018	2019	2018	2019	2018	Dollar Change	Percent Change
Assets:								
Current and other assets	\$ 712,041	\$ 644,313	\$ 112,361	\$ 94,650	\$ 824,402	\$ 738,963	\$ 85,439	11.6%
Capital assets, net of depreciation	1,307,306	1,277,246	165,454	169,326	1,472,760	1,446,572	26,188	1.8%
Total assets	2,019,347	1,921,559	277,815	263,976	2,297,162	2,185,535	111,627	5.1%
Deferred outflows of resources	235,384	110,069	2,477	1,850	237,861	111,919	125,942	112.5%
Liabilities:								
Current and other liabilities	154,974	163,310	10,801	11,522	165,775	174,832	(9,057)	(5.2%)
Long-term liabilities	1,114,946	949,637	63,185	50,573	1,178,131	1,000,210	177,921	17.8%
Total liabilities	1,269,920	1,112,947	73,986	62,095	1,343,906	1,175,042	168,864	14.4%
Deferred inflows of resources	62,319	132,334	37,764	39,016	100,083	171,350	(71,267)	(41.6%)
Net position:								
Net investment in capital assets	1,251,617	1,208,423	150,286	162,020	1,401,903	1,370,443	31,460	2.3%
Restricted	265,519	227,882	11,715	10,390	277,234	238,272	38,962	16.4%
Unrestricted	(594,644)	(649,958)	6,541	(7,695)	(588,103)	(657,653)	69,550	(10.6%)
Total net position	\$ 922,492	\$ 786,347	\$ 168,542	\$ 164,715	\$ 1,091,034	\$ 951,062	\$ 139,972	14.7%

Analysis of Net Position

The County’s total net position increased 14.7% 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 \$1,401,903 at fiscal year-end, and consists of investment in capital assets (net of accumulated depreciation) of \$1,472,760, less related debt of \$70,857, an increase of \$31,460, or 2.3%.

Restricted Net Position

Restricted net position of \$277,234 represents resources that are subject to external restrictions on their use, or by enabling legislation.

Restricted net position increased \$38,962 or 16.4%. The primary changes to restricted net position, by function, include:

- Health Services net position increased \$23,076 largely due to Mental Health Services Act annual adjustment funding; Behavioral Health services funding for FY19-20 received in FY 18-19 and decrease in salaries and benefits due to vacant positions during FY 18-19
- Public Assistance increased by \$8,633 due to increases in sales tax and vehicles license fees received from the state to support economic assistance, foster care and adoption programs and additional funding for In Home Supportive Services; Economic Assistance Division; and Employment & Training Division
- Public protection increased by \$4,275, due to revenue increases for October 2017 fire related construction and Cannabis activity

Unrestricted Net Position

The County's unrestricted net position deficit of \$657.7 million decreased \$69.6 million to a deficit of \$588.1 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) increased 27.5% to \$142,107 from \$111,464 in prior year.

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

	Governmental Activities		Business-Type Activities		Total		Total	
	2019	2018	2019	2018	2019	2018	Dollar Change	Percent Change
Revenues:								
Program revenues:								
Charges for services	\$ 108,337	\$ 98,936	\$ 33,803	\$ 33,311	\$ 142,140	\$ 132,247	\$ 9,893	7.5%
Operating grants and contributions	501,263	514,968	16,960	15,335	518,223	530,303	(12,080)	(2.3%)
Capital grants and contributions	3,318	3,071	3,255	2,868	6,573	5,939	634	10.7%
General revenues:								
Property taxes	259,239	245,274	-	-	259,239	245,274	13,965	5.7%
Documentary transfer taxes	5,585	6,201	-	-	5,585	6,201	(616)	(9.9%)
Transient occupancy taxes	22,377	22,237	-	-	22,377	22,237	140	0.6%
Grants and other unrestricted governmental revenues	53,018	48,721	-	-	53,018	48,721	4,297	8.8%
Unrestricted investment earnings	22,758	10,907	2,283	868	25,041	11,775	13,266	112.7%
Other	39,617	38,688	2,066	45	41,683	38,733	2,950	7.6%
Total operating revenues	<u>1,015,512</u>	<u>989,003</u>	<u>58,367</u>	<u>52,427</u>	<u>1,073,879</u>	<u>1,041,430</u>	<u>32,449</u>	<u>3.1%</u>
Expenses:								
General government	93,172	112,173	-	-	93,172	112,173	(19,001)	(16.9%)
Public protection	331,051	306,078	-	-	331,051	306,078	24,973	8.2%
Public ways and facilities	43,324	52,302	-	-	43,324	52,302	(8,978)	(17.2%)
Health and sanitation	134,918	136,228	-	-	134,918	136,228	(1,310)	(1.0%)
Public assistance	220,590	208,901	-	-	220,590	208,901	11,689	5.6%
Education	1,182	1,122	-	-	1,182	1,122	60	5.3%
Recreation and cultural services	27,355	33,943	-	-	27,355	33,943	(6,588)	(19.4%)
Interest on long-term debt	26,295	28,219	-	-	26,295	28,219	(1,924)	(6.8%)
Refuse	-	-	6,706	4,331	6,706	4,331	2,375	54.8%
Airport	-	-	9,941	8,821	9,941	8,821	1,120	12.7%
Energy Independence Program	-	-	2,299	2,253	2,299	2,253	46	2.0%
Transit	-	-	20,252	19,309	20,252	19,309	943	4.9%
Fair	-	-	10,818	11,495	10,818	11,495	(677)	(5.9%)
Marinas	-	-	2,734	2,332	2,734	2,332	402	17.2%
Other	-	-	1,135	1,092	1,135	1,092	43	3.9%
Total operating expenses	<u>877,887</u>	<u>878,966</u>	<u>53,885</u>	<u>49,633</u>	<u>931,772</u>	<u>928,599</u>	<u>3,173</u>	<u>0.3%</u>
Excess before transfers	137,625	110,037	4,482	2,794	142,107	112,831	29,276	25.9%
Transfers / special item	(1,480)	(2,695)	1,480	1,328	-	(1,367)	1,367	(100.0%)
Change in net position	136,145	107,342	5,962	4,122	142,107	111,464	30,643	27.5%
Net position - beginning	786,347	154,528	164,715	163,147	951,062	317,675	633,387	199.4%
Prior period adjustment	-	(265,826)	(2,135)	(2,554)	(2,135)	(268,380)	266,245	(99.2%)
Net position - beginning as restated	<u>786,347</u>	<u>679,005</u>	<u>162,580</u>	<u>160,593</u>	<u>948,927</u>	<u>839,598</u>	<u>109,329</u>	<u>13.0%</u>
Net position, end of year	<u>\$ 922,492</u>	<u>\$ 786,347</u>	<u>\$ 168,542</u>	<u>\$ 164,715</u>	<u>\$ 1,091,034</u>	<u>\$ 951,062</u>	<u>\$ 139,972</u>	<u>14.7%</u>

Analysis of Governmental Activities

Governmental activities increased the County's net position \$136,145 accounting for 97.3% of the County's total increase in net position from current year activities. Governmental activities operating revenues exceeded operating expenses by \$137,625. Transfers to business-type activities, decreased net position by \$1,480.

Revenues:

Operating revenues for the County's governmental activities increased 2.7% from the prior year amount of \$989,003 to \$1,015,512. Revenues are divided into two categories: program revenues and general revenues.

Program Revenues:

Program revenues decreased \$4,057 or 0.7%, from the prior year to \$612,918. 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 60.4% of the County's funding for governmental activities.

- Net charges for services increased by \$9,401, or, 9.5%, from the prior year to \$108,337 due mainly to the October 2017 fire rebuilding and other service charges
- Operating grants and contributions decreased by \$13,705 or 2.7% to \$501,263 due primarily to:
 - General government decrease of \$17,500
 - \$8,755 increase due to State reimbursement for FY 17-18 and FY 18-19 property tax revenue losses related to the October 2017 fires
 - \$3,066 increase in tribal casino mitigation payments
 - \$1,955 increased state allocations for fire services
 - \$15,244 decrease in contributions to the Agricultural Preservation and Open Space District
 - \$12,304 decrease in Federal Emergency Management Agency (FEMA) and California Governor's Office of Emergency Services (CalOES) disaster reimbursements
 - Public protection increase of \$2,826 primarily due to an increase in Sonoma County's pro-rata sales tax allocation to law enforcement and fire services
 - Health and sanitation decrease of \$9,712 primarily due to:
 - \$6,807 increase in Mental Health Services Act annual adjustment, Whole Person Care grant funding and other program funding
 - \$13,333 decrease in intergovernmental program revenue over prior year, primarily related to a two year intergovernmental program transfer received in FY 17-18, offset with a one-time FY 18-19 decrease in the Substance Abuse Block Grant funding
 - \$2,194 decrease disaster revenue related to prior year costs incurred in response to the October 2017 fires
 - Public assistance increase of \$9,894 due to increased state allocations for In Home Supportive Services, Economic Assistance Division, Employment & Training Division, Innovation & Opportunity Act, and other program funding

General Revenues:

General revenues had an overall increase of \$30,566, or 8.2%, to \$402,594 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 \$13,965 increase attributable to strong growth in assessed values
- Other governmental revenues not restricted for specific programs increased \$4,297 in most part due to a one time refund of penalty paid to IRS of \$3.9 million
- Investment earnings increased \$11,851 due to higher average yield over prior year and corresponding increase in asset base

Expenses:

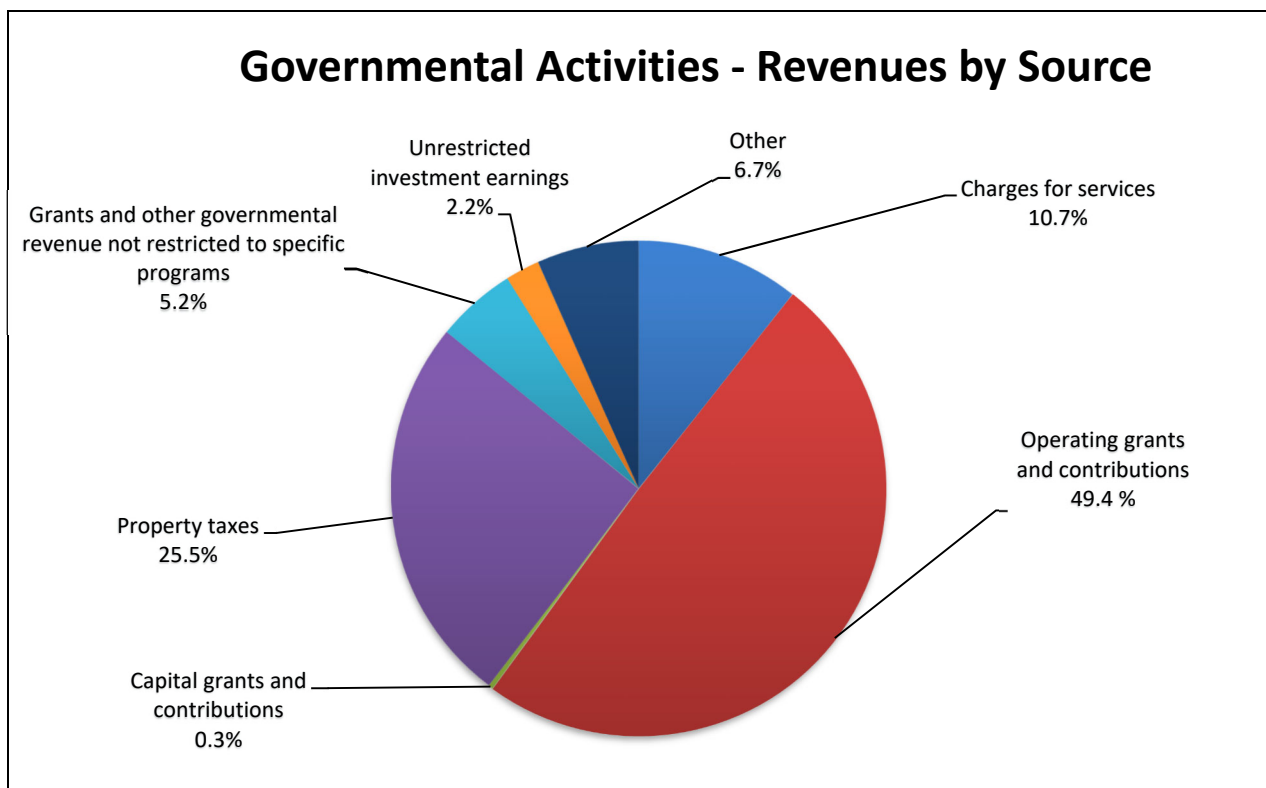
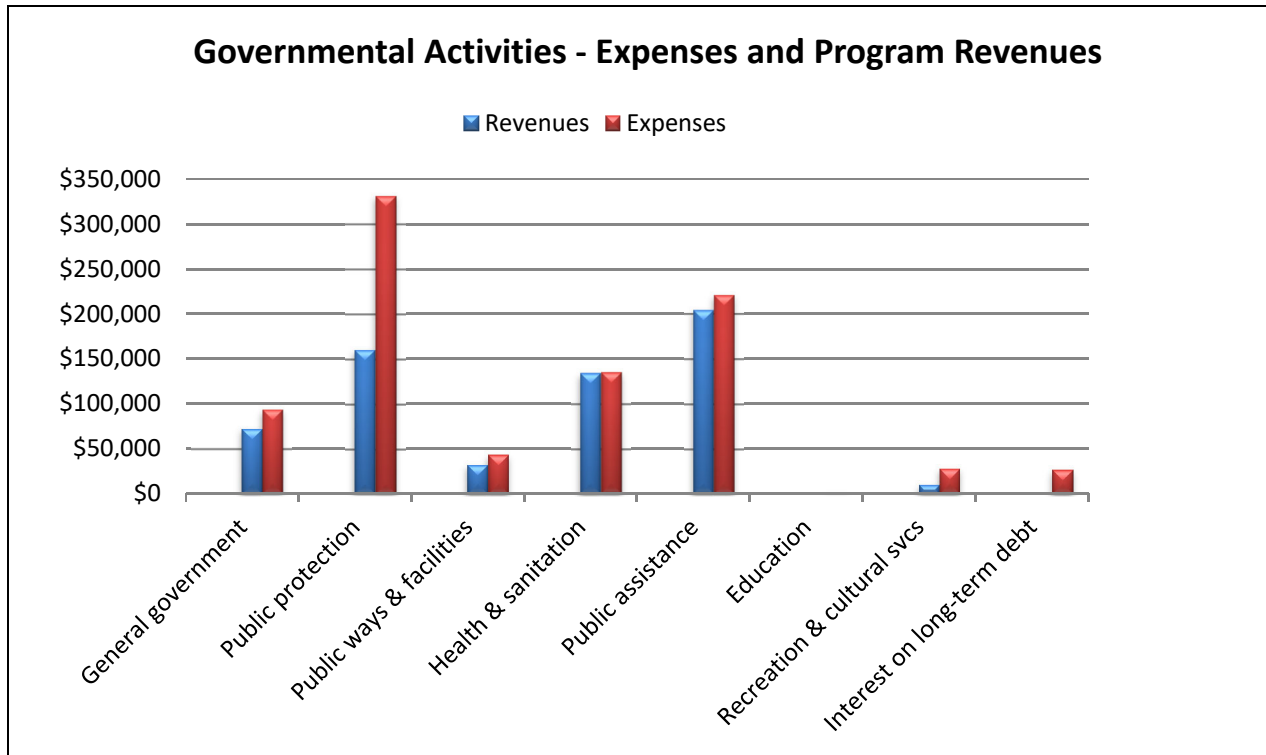
Total expenses for governmental activities decreased \$1,079 from the prior year to \$877,887.

- The largest component of the variance is the \$21,682 employee benefit expense increase (Pension and OPEB) resulting from the FY 18-19 lower than expected rate of return on pension plan assets partially offset with OPEB decrease due in most part to a change in actuarial assumptions.

The increase in employee benefit expense was offset by other governmental expense decreases totaling \$22,761 as follows:

- General government expenses decreased by \$23,428, or 19.4% due in the most part to:
 - Decrease in services and supplies related to prior year costs of responding to the October 2017 fires
 - Increase in expenses offset by reimbursements
- Public protection function expenses increased \$17,774, or 5.4% primarily due to an increase in services and supplies related to the October 2017 fires rebuild projects
- Public ways and facilities expenses decreased \$9,801 or 17.9% due to:
 - Services, supplies and reimbursements related to reduction in non-disaster work
 - Decrease in FY 18-19 over FY 17-18 related to Roseland Annexation and related restoration and operational costs
- Health and sanitation expenses decreased \$5,537 largely related to decrease in salaries and benefits due to position vacancies during FY 18-19

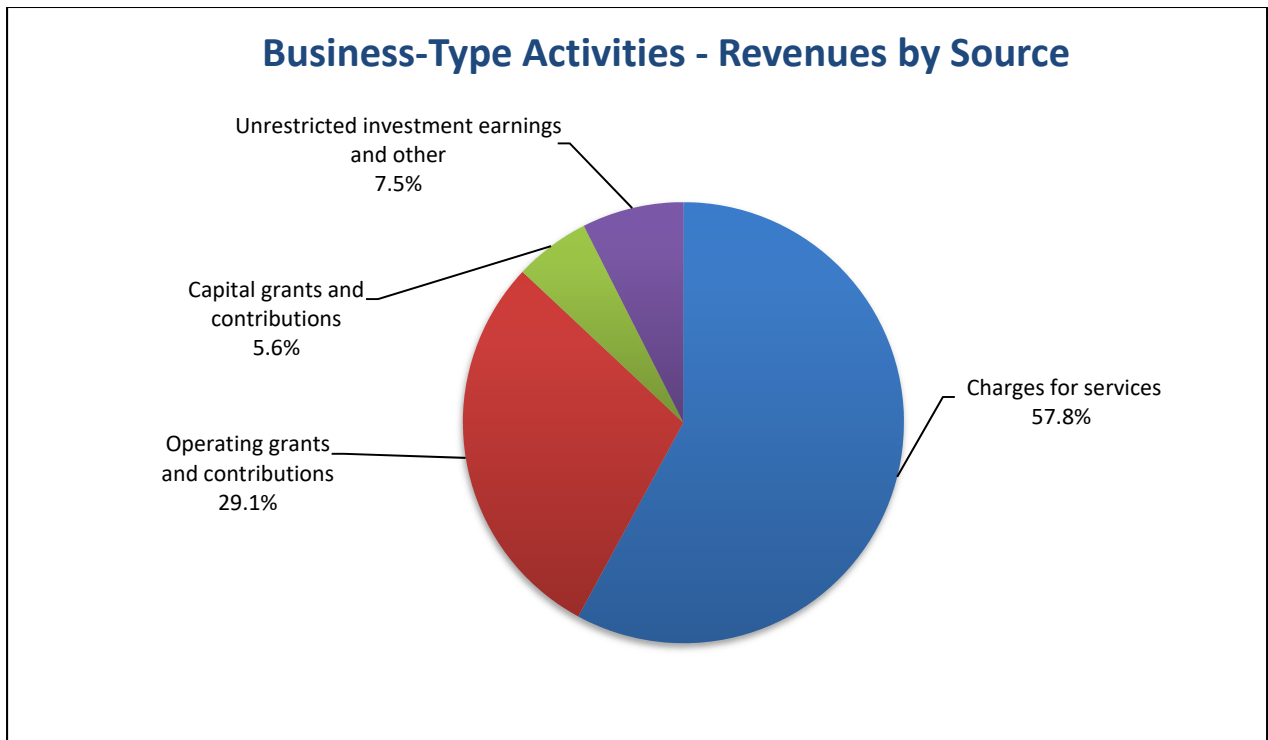
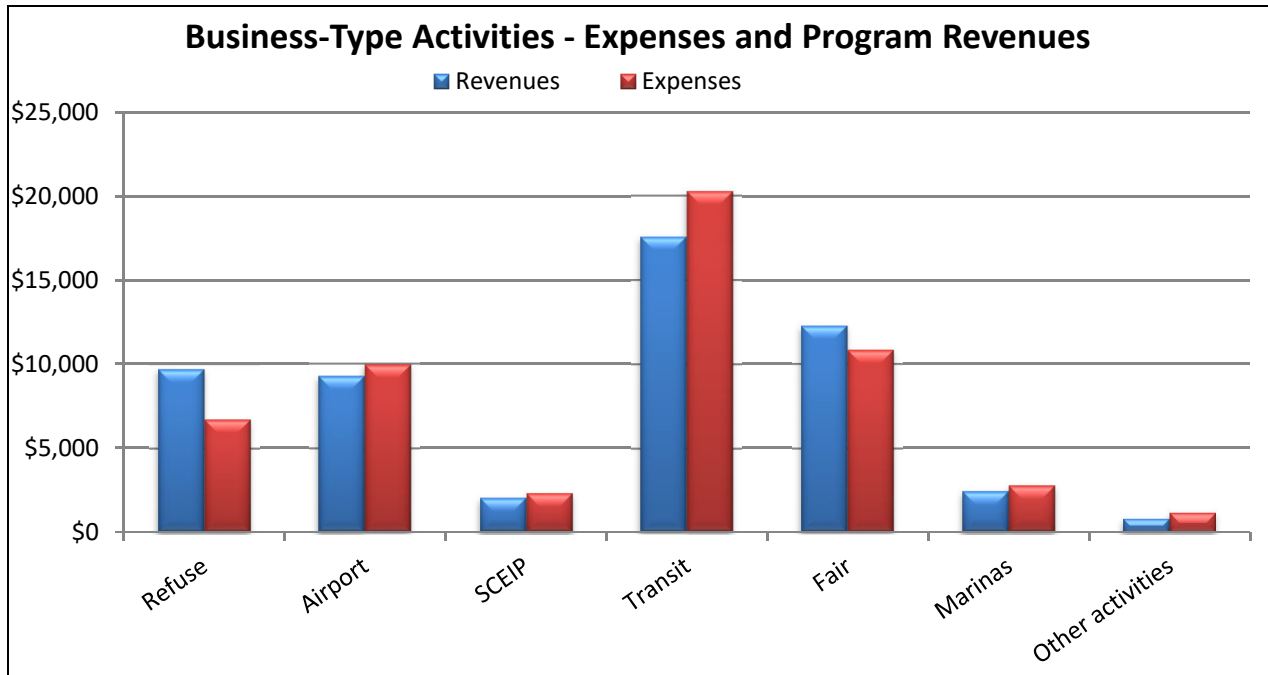
Governmental Activities Comparisons



Business-Type Activities Comparison

Business-type activities net position increased by \$3,827, from \$164,715 to \$168,542 for the year ended June 30, 2019.

Revenues for the County’s business-type activities had a slight increase from the prior year of \$5,940 or 0.6% to \$58,367.



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, 2019, the County's governmental funds reported combined fund balances of \$526,474, an increase of \$77,946 compared to 2018. 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 12 – Net Position/Fund Balances):

- Nonspendable fund balance, \$12,729, consists of amounts that are not spendable in form or are legally or contractually required to be maintained intact and primarily consists of advances of \$8,541, prepaid items and deposits of \$3,370 and inventories of \$818
- Restricted fund balance, \$275,209, 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 - \$64,791
 - Capital projects and equipment replacement - \$36,158
 - First 5 Children and Families Commission - \$10,200
 - Debt service - \$12,764
 - Parks donations, mitigation and operations - \$2,361
 - Courthouse/Criminal Justice Construction - \$1,881
 - Health services programs - \$55,423
 - Fire and emergency services - \$2,627
 - Public assistance - \$27,568
 - Lighting districts - \$8,788
 - Public protection - \$44,080
 - Clerk, Recorder, Assessor operations - \$3,587
 - Other - \$4,981
- Committed fund balance, \$9,167, consists of amounts that have been committed to specific purposes by the Board of Supervisors and consists of amounts committed to:
 - Community investment - \$7,848
 - Road activities and other- \$1,319
- Assigned fund balance, \$158,075, 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 - \$51,569
 - Tribal development impact mitigation - \$27,873
 - Redevelopment agencies - \$13,726
 - General services - \$9,682
 - Public protection - \$5,977
 - Road maintenance - \$11,164
 - Contract negotiations - \$10,386
 - October 2017 fires - \$5,759
 - Cannabis program - \$3,278
 - Encumbrances and other programs - \$18,661

- Unassigned fund balance of \$71,294 represents the residual classification for the General Fund

Approximately 97.6%, or \$513,745, 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 27.1%, or \$40,880, to \$191,859 at June 30, 2019. The nonspendable portion of fund balance was \$8,966. The spendable portion was \$182,893, an increase of \$43,220, or 30.9%, over the prior year balance of \$139,673. The increase in the spendable fund balance is mainly due to strategic cost saving measures implemented by the Board of Supervisors during the current year, and County-wide efforts to reduce spending.

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 49.7% of total General Fund expenditures. Total spendable fund balance equates to 47.4% of total General Fund expenditures. Of the General Fund spendable fund balance, \$111,584, or 61.0%, was assigned. There was no restricted fund balance. General Fund unassigned fund balance at June 30, 2019, was \$71,294, or 39.0% of spendable fund balance, an increase of \$18,070 from the prior year balance of \$53,224.

Other - Governmental Funds

As compared with the prior year, the total fund balances of the remaining governmental funds increased 12.5%, or \$37,066, to \$334,615 with the following significant changes:

- Health and Sanitation Fund balance increased \$22,943 from \$30,220 to \$53,163 primarily due to increased program funding, intergovernmental transfers, Behavioral Health bridge funding and decreased salaries and benefits related to vacant positions
- Human Services fund balance increased \$9,230 primarily from increases in state revenue allocations for economic assistance, foster care and adoption programs

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 \$5,962 in the current year primarily due to:

- Refuse net position increased \$5,723, a \$1.3 million increase over prior year change in net position, and is primarily related to increased investment income and the annual Deferred Service Concession Arrangement amortization
- Transit net position decreased by \$2,503, due primarily to capital asset depreciation

Current year activities of the internal service funds (ISF) increased the net position of the ISF \$28,779 primarily due to the following:

- Employee retirement fund net position decreased \$20,678 due in the most part to lower than expected returns on pension plan assets
- Other Postemployment Benefits (OPEB) net position increased by \$43,262, 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 \$24,366 over the original budget, or 6.3%. The major changes in appropriations are increases to services and supplies, primarily related to disaster recovery for the 2019 winter floods and increased planning and permitting contract costs for the Fire Services Project.

Revenues:

General Fund actual revenues were \$26,425 more than the final budget revenue estimates. The main reasons are as follows:

- Tax revenues increased \$13,798 primarily due to growth in real property assessed values
- Intergovernmental revenues exceeded budgeted estimates by \$10,254 or 11.2%, primarily due to the State reimbursement of property tax revenue losses related to the October 2017 fires and increase in the Graton Casino mitigation payments

Expenditures:

General Fund variance between the final budget and actual expenditures resulted in \$20,922 of unspent appropriations. Key variances are as follows:

- \$6,953 savings in salaries and benefits, primarily in general government and public protection due to higher than anticipated vacant positions
- \$17,100 savings in services and supplies, primarily in general government and public protection due to expenditures not incurred in FY 18-19 but most likely to be incurred in FY 19-20 for Information Services Department projects, disaster recovery for the 2019 winter floods and the Fire Service Project fund
- \$3,410 decrease in expense reimbursements resulting from less spending as noted above

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The County's capital assets for its governmental and business-type activities as of June 30, 2019 were \$1,472,760. 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 \$26,188 or 1.8%.

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

Capital Assets (net of depreciation)								
For the Fiscal Year Ended June 30,								
(Dollars in Thousands)								
	Governmental Activities		Business-Type Activities		Total		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Capital assets, non-depreciable:								
Land	\$ 376,876	\$ 394,524	\$ 26,393	\$ 24,780	\$ 403,269	\$ 419,304	\$ (16,035)	(3.8%)
Intangible assets	370,860	334,249	-	-	370,860	334,249	36,611	11.0%
Work in progress	6,856	6,819	-	-	6,856	6,819	37	0.5%
Construction in progress	<u>63,543</u>	<u>84,292</u>	<u>3,268</u>	<u>12,164</u>	<u>66,811</u>	<u>96,456</u>	<u>(29,645)</u>	<u>(30.7%)</u>
Total capital assets, non-depreciable	<u>818,135</u>	<u>819,884</u>	<u>29,661</u>	<u>36,944</u>	<u>847,796</u>	<u>856,828</u>	<u>(9,032)</u>	<u>(1.1%)</u>
Capital assets, depreciable:								
Intangible assets	17,273	19,168	4,390	4,478	21,663	23,646	(1,983)	(8.4%)
Infrastructure	157,684	129,246	12,540	3,390	170,224	132,636	37,588	28.3%
Buildings and improvements	277,771	279,953	105,033	109,550	382,804	389,503	(6,699)	(1.7%)
Land improvements	8,682	736	148	40	8,830	776	8,054	1,037.9%
Machinery and equipment	<u>27,761</u>	<u>28,259</u>	<u>13,682</u>	<u>14,924</u>	<u>41,443</u>	<u>43,183</u>	<u>(1,740)</u>	<u>(4.0%)</u>
Total capital assets, depreciable	<u>489,171</u>	<u>457,362</u>	<u>135,793</u>	<u>132,382</u>	<u>624,964</u>	<u>589,744</u>	<u>35,220</u>	<u>6.0%</u>
Total	<u>\$ 1,307,306</u>	<u>\$ 1,277,246</u>	<u>\$ 165,454</u>	<u>\$ 169,326</u>	<u>\$ 1,472,760</u>	<u>\$ 1,446,572</u>	<u>\$ 26,188</u>	<u>1.8%</u>

Non-depreciable intangible assets for governmental activities increased \$36,611 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 \$16,035.

Land improvements increased \$8,054 due to the completion of multiple Regional Parks projects.

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 decreased \$29,645. Capital outlay of \$40,153 was offset by project completions, transfers, and retirements of \$69,798. CIP decreased \$20,749 for governmental activities and \$8,896 for business-type activities.

The \$37,588 infrastructure increase resulted from completed CIP capital road improvement projects by Transportation & Public Works and the completion of parking lot and runway projects by Airport.

The County completed and capitalized CIP projects totaling approximately \$68,562. Major completed projects include:

- Transportation & Public Works, improvements to multiple county roads - \$31,588
- Transportation & Public Works, Huaser Bridge improvement - \$6,979
- Airport, new parking lot - \$5,833
- Regional Parks, Unity Park construction - \$5,715
- Airport, runway extension- \$3,521
- General Services, Various ADA improvements-multiple County buildings -\$2,797
- Sheriff, new evidence storage building - \$1,945
- Regional Parks, Tolay Park - \$1,821
- Veteran's buildings capital improvements - \$1,662

The County acquired an additional \$7,546 in depreciable assets and recorded total depreciation of \$39,200 against all depreciable capital assets. Capital asset disposals totaled \$2,767 net of accumulated depreciation.

Additional information on capital assets is available in the Notes to the Basic Financial Statements, Note 6 – Capital Assets.

Debt Administration

At the end of the current fiscal year, the County had total long-term liabilities of \$1.3 billion.

Long Term Liabilities
For the Fiscal Year Ended June 30,
(Dollars in Thousands)

	Governmental Activities		Business-Type Activities		Total		Total	
	2019	2018	2019	2018	2019	2018	Dollar Change	Percent Change
Compensated absences	\$ 29,651	\$ 27,636	\$ 508	\$ 498	\$ 30,159	\$ 28,134	\$ 2,025	7.2%
Self-Insurance	44,268	41,377	-	-	44,268	41,377	2,891	7.0%
Certificates of participation	14,929	16,538	-	-	14,929	16,538	(1,609)	(9.7%)
Bonds and bond premium payable	36,353	42,876	28,311	30,307	64,664	73,183	(8,519)	(11.6%)
Pension obligation bonds	352,370	379,925	-	-	352,370	379,925	(27,555)	(7.3%)
Notes payable	-	3,360	320	400	320	3,760	(3,440)	(91.5%)
Loans payable	67,974	69,633	17,037	48	85,011	69,681	15,330	22.0%
Other Long-term obligations	9,703	10,071	11,877	16,426	21,580	26,497	(4,917)	(18.6%)
Net pension liability	414,252	133,108	4,098	3,183	418,350	136,291	282,059	207.0%
Net OPEB liability	225,720	302,402	4,092	2,786	229,812	305,188	(75,376)	(24.7%)
Total	\$ 1,195,220	\$ 1,026,926	\$ 66,243	\$ 53,648	\$ 1,261,463	\$ 1,080,574	\$ 180,889	16.7%

Long-term liabilities increased by \$180,889, or 16.7%, during the current fiscal year ended June 30, 2019.

The increase was primarily due to the following:

- Net pension liability increase of \$282,059, due to unfavorable returns on investments at Sonoma County Employee's Retirement Association (SCERA); offset by
- Net OPEB liability decrease of \$75,376, due to a change in actuarial assumptions regarding the contribution rate for future year employer contributions
- Pension obligation bonds decrease of \$27,555, due to scheduled principal payments

Additional information on long-term liabilities is available in the notes to the Basic Financial Statements, Note 9 – Long-Term Liabilities.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The fiscal year 2019-20 Recommended Budget provides a structurally balanced budget with strategic investments that will strengthen community resiliency. Fiscal year 2019-20 budget highlights include:

- Recovery and Resiliency Framework Projects
- Safety Net Services
- Roads and Infrastructure
- Fiscal Sustainability

In addition, the County experienced the Kincadee fire in October 2019, which may impact the fiscal year 2019-20 final budget.

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, 2019

(Dollars in Thousands)

	Primary Government			Discrete Component Units		
	Governmental	Business-	Total	Community	Sonoma Water	Nonmajor
	Activities	Type		Development		Component
		Activities		Commission		Units
ASSETS						
Cash and investments	\$ 536,175	\$ 64,937	\$ 601,112	\$ 36,583	\$ 154,013	\$ 33,867
Restricted cash and investments	13,767	9,663	23,430	676	26,466	6,572
Receivables, net	27,520	32,129	59,649	75,295	11,492	1,708
Inventories	818	882	1,700	-	5	-
Assets held for resale	10,959	-	10,959	4,200	-	-
Due from other governments	116,354	4,704	121,058	-	-	27
Advances to other governments	242	17	259	-	-	-
Advances to discrete component unit	2,520	-	2,520	-	-	-
Prepaid expenses and deposits	3,381	334	3,715	166	1,923	11
Internal balances	305	(305)	-	-	-	-
Capital assets:						
Nondepreciable	818,135	29,661	847,796	6,750	137,185	15,347
Depreciable, net	489,171	135,793	624,964	2,420	203,802	102,007
Total assets	<u>2,019,347</u>	<u>277,815</u>	<u>2,297,162</u>	<u>126,090</u>	<u>534,886</u>	<u>159,539</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charge on refunding/other	2,667	-	2,667	28	550	113
Deferred amounts related to pensions	204,422	1,822	206,244	1,741	13,299	-
Deferred amounts related to OPEB	28,295	655	28,950	321	2,232	-
Total deferred outflows of resources	<u>235,384</u>	<u>2,477</u>	<u>237,861</u>	<u>2,090</u>	<u>16,081</u>	<u>113</u>
LIABILITIES						
Accounts payable and accrued liabilities	42,834	4,787	47,621	1,395	11,869	1,338
Due to other governments	7,939	354	8,293	-	66	-
Advances from grantors and third parties	12,444	589	13,033	-	-	-
Advances from primary government	-	-	-	2,520	-	-
Deposits from others	899	457	1,356	-	697	-
Interest payable	2,682	577	3,259	-	2,253	349
Other liabilities	7,902	979	8,881	722	4,557	-
Long-term liabilities:						
Due within one year	80,274	3,058	83,332	45	8,938	2,610
Due in more than one year	1,114,946	63,185	1,178,131	7,501	165,746	23,669
Total liabilities	<u>1,269,920</u>	<u>73,986</u>	<u>1,343,906</u>	<u>12,183</u>	<u>194,126</u>	<u>27,966</u>
DEFERRED INFLOWS OF RESOURCES						
Service concession arrangement	-	36,149	36,149	-	-	-
Deferred amounts related to pensions	5,548	862	6,410	55	453	-
Deferred amounts related to OPEB	56,771	753	57,524	633	4,688	-
Total deferred inflows of resources	<u>62,319</u>	<u>37,764</u>	<u>100,083</u>	<u>688</u>	<u>5,141</u>	<u>-</u>

See accompanying notes to the basic financial statements

COUNTY OF SONOMA, CALIFORNIA
Statement of Net Position (Continued)
June 30, 2019
(Dollars in Thousands)

	Primary Government			Discrete Component Units		
	Governmental	Business- Type	Total	Community Development Commission	Sonoma Water	Nonmajor Component Units
	Activities	Activities		Commission	Sonoma Water	Units
NET POSITION						
Net investment in capital assets	1,251,617	150,286	1,401,903	8,416	220,218	94,303
Restricted:						
Capital projects	26,468	-	26,468	-	-	-
Debt service	12,764	-	12,764	-	-	-
Agricultural preservation and open spaces	64,791	-	64,791	-	-	-
First 5 Children and Families Commission	10,200	-	10,200	-	-	-
Health services programs	55,423	-	55,423	-	-	-
Public protection	44,080	-	44,080	-	-	-
Public assistance	27,568	-	27,568	-	-	-
Parks donations, mitigation and operations	2,361	-	2,361	-	-	-
Lighting districts	8,788	-	8,788	-	-	-
Fire and emergency services	2,627	-	2,627	-	-	-
Courthouse/Criminal Justice Construction	1,881	-	1,881	-	-	-
Clerk, Recorder, Assessor operations	3,587	-	3,587	-	-	-
Other programs	4,981	2,130	7,111	-	-	-
Refuse agreements	-	9,585	9,585	-	-	-
Discrete Component Units	-	-	-	11,973	96,992	5,130
Total restricted	265,519	11,715	277,234	11,973	96,992	5,130
Unrestricted	(594,644)	6,541	(588,103)	94,920	34,490	32,253
Total net position	<u>\$ 922,492</u>	<u>\$ 168,542</u>	<u>\$ 1,091,034</u>	<u>\$ 115,309</u>	<u>\$ 351,700</u>	<u>\$ 131,686</u>

See accompanying notes to the basic financial statements

COUNTY OF SONOMA, CALIFORNIA

Statement of Activities

For the Year Ended June 30, 2019

(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	\$ 93,172	\$ 40,737	\$ 28,750	\$ 1,055
Public protection	331,051	45,579	114,504	181
Public ways and facilities	43,324	3,766	28,491	-
Health and sanitation	134,918	10,842	123,134	-
Public assistance	220,590	1,421	202,187	473
Education	1,182	-	13	-
Recreation and cultural services	27,355	5,992	4,184	1,609
Interest on long-term debt	26,295	-	-	-
Total governmental activities	877,887	108,337	501,263	3,318
Business-type activities:				
Refuse	6,706	7,619	2,067	-
Airport	9,941	6,888	33	2,341
Energy Independence Program	2,299	2,033	-	-
Transit	20,252	1,804	14,860	895
Fair	10,818	12,260	-	-
Marinas	2,734	2,396	-	19
Other	1,135	803	-	-
Total business-type activities	53,885	33,803	16,960	3,255
Total primary government	\$ 931,772	\$ 142,140	\$ 518,223	\$ 6,573
Discrete Component Units:				
Community Development Commission	\$ 52,826	\$ 256	\$ 66,279	\$ -
Sonoma Water	102,436	62,489	5,909	1,309
Sonoma Valley Sanitation District	14,360	16,794	54	480
Russian River Sanitation District	5,710	5,017	1	29
South Park Sanitation District	3,734	4,099	844	76
Occidental Sanitation District	2,069	636	800	450
Total Discrete Component Units	\$ 181,135	\$ 89,291	\$ 73,887	\$ 2,344

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

Change in net position

Net position, beginning of year, as restated

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	Community Development Commission	Sonoma Water	Nonmajor Component Units
\$ (22,630)	-	\$ (22,630)			
(170,787)	-	(170,787)			
(11,067)	-	(11,067)			
(942)	-	(942)			
(16,509)	-	(16,509)			
(1,169)	-	(1,169)			
(15,570)	-	(15,570)			
(26,295)	-	(26,295)			
<u>(264,969)</u>	-	<u>(264,969)</u>			
-	2,980	2,980			
-	(679)	(679)			
-	(266)	(266)			
-	(2,693)	(2,693)			
-	1,442	1,442			
-	(319)	(319)			
-	(332)	(332)			
-	133	133			
<u>(264,969)</u>	<u>133</u>	<u>(264,836)</u>			
			\$ 13,709	\$ -	\$ -
			-	(32,729)	-
			-	-	2,968
			-	-	(663)
			-	-	1,285
			-	-	(183)
			<u>13,709</u>	<u>(32,729)</u>	<u>3,407</u>
259,239	-	259,239	-	28,876	1
5,585	-	5,585	-	-	-
22,377	-	22,377	-	-	-
53,018	-	53,018	-	-	-
22,758	2,283	25,041	2,488	6,351	1,348
39,617	2,066	41,683	-	-	-
(1,480)	1,480	-	-	-	-
<u>401,114</u>	<u>5,829</u>	<u>406,943</u>	<u>2,488</u>	<u>35,227</u>	<u>1,349</u>
136,145	5,962	142,107	16,197	2,498	4,756
<u>786,347</u>	<u>162,580</u>	<u>948,927</u>	<u>99,112</u>	<u>349,202</u>	<u>126,930</u>
<u>\$ 922,492</u>	<u>\$ 168,542</u>	<u>\$ 1,091,034</u>	<u>\$ 115,309</u>	<u>\$ 351,700</u>	<u>\$ 131,686</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:

Community Development Commission
Sonoma Water
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

Change in net position

Net position, beginning of year, as restated

Net position, end of year

See accompanying notes to the basic financial statements

COUNTY OF SONOMA, CALIFORNIA

Balance Sheet

Governmental Funds

June 30, 2019

(Dollars in Thousands)

	<u>General Fund</u>	<u>Human Services Special Revenue</u>	<u>Health and Sanitation Special Revenue</u>
ASSETS			
Assets:			
Cash and investments	\$ 172,834	\$ 11,294	\$ 27,162
Cash and investments with trustee	30	-	-
Receivables, net			
Accounts	1,400	-	65
Interest and other	14,451	532	1,369
Due from other funds	2,427	2,981	57
Inventories	170	-	-
Due from other governments	28,311	23,321	49,276
Advances to other funds	8,541	-	-
Advances to other governments	2,762	-	-
Prepaid items and deposits	255	2,844	89
Total assets	<u>\$ 231,181</u>	<u>\$ 40,972</u>	<u>\$ 78,018</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued salaries and benefits	\$ 23,796	\$ 1,223	\$ 8,270
Due to other funds	-	481	-
Due to other governments	376	4,462	1,787
Advances from grantors and third parties	5,305	3,716	3,030
Deposits from others	877	-	-
Other liabilities	2,797	-	3,491
Total liabilities	<u>33,151</u>	<u>9,882</u>	<u>16,578</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	<u>6,171</u>	<u>704</u>	<u>8,277</u>
Total deferred inflows of resources	<u>6,171</u>	<u>704</u>	<u>8,277</u>
FUND BALANCES			
Nonspendable	8,966	2,844	89
Restricted	-	27,542	53,074
Committed	15	-	-
Assigned	111,584	-	-
Unassigned	71,294	-	-
Total fund balances	<u>191,859</u>	<u>30,386</u>	<u>53,163</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 231,181</u>	<u>\$ 40,972</u>	<u>\$ 78,018</u>

See accompanying notes to the basic financial statements

Open Space Special Tax Account Special Revenue	Roads Special Revenue	Other Funds	Total
\$ 49,396	\$ 46,018	\$ 130,561	\$ 437,265
-	-	12,766	12,796
-	5	1,305	2,775
4,206	222	3,611	24,391
-	-	-	5,465
-	636	12	818
-	2,976	12,219	116,103
-	-	-	8,541
-	-	-	2,762
-	33	149	3,370
<u>\$ 53,602</u>	<u>\$ 49,890</u>	<u>\$ 160,623</u>	<u>\$ 614,286</u>
\$ -	\$ 3,481	\$ 3,404	\$ 40,174
-	-	3,640	4,121
-	-	1,314	7,939
-	-	393	12,444
-	12	10	899
-	404	26	6,718
-	3,897	8,787	72,295
-	231	134	15,517
-	231	134	15,517
-	669	161	12,729
53,602	11,448	129,543	275,209
-	1,304	7,848	9,167
-	32,341	14,150	158,075
-	-	-	71,294
<u>53,602</u>	<u>45,762</u>	<u>151,702</u>	<u>526,474</u>
<u>\$ 53,602</u>	<u>\$ 49,890</u>	<u>\$ 160,623</u>	<u>\$ 614,286</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, 2019
(Dollars in Thousands)

Fund balances - total governmental funds	\$	526,474
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		1,295,488
Assets held for sale used in governmental activities are not financial resources and therefore are not reported in the governmental funds		10,959
Certain amounts are not available to pay current period expenditures and therefore are not reported in the governmental funds		
Deferred charge on refunding		2,667
Deferred amounts related to pensions		1,552
Deferred amounts related to OPEB		(204)
Certain amounts are not available to pay current period expenditures and therefore are deferred inflows of resources in the governmental funds		15,517
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		(764,823)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds		
Accrued interest payable		(996)
Compensated absences		(29,367)
Contracts payable		(5,296)
Bonds payable		(32,440)
Bond premium		(3,913)
Loans payable		(67,974)
Certificates of participation		(14,929)
Net pension liability		(3,658)
Net OPEB liability		(2,158)
Capital lease obligations		(4,407)
		<u>(165,138)</u>
Net position of governmental activities	\$	<u>922,492</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, 2019
(Dollars in Thousands)

	General Fund	Human Services Special Revenue	Health and Sanitation Special Revenue
Revenues:			
Taxes	\$ 290,632	\$ -	\$ -
Licenses, permits and franchise fees	22,612	-	7,129
Fines, forfeitures and penalties	11,871	-	1,068
Use of money and property	9,656	865	471
Intergovernmental	101,765	175,835	110,404
Charges for services	46,172	1,421	4,126
Other	11,769	8,385	13,868
Total revenues	494,477	186,506	137,066
Expenditures:			
Current:			
General government	78,107	-	-
Public protection	277,587	-	6,245
Public ways and facilities	223	-	-
Health and sanitation	-	-	123,889
Public assistance	-	203,310	-
Education	1,132	-	-
Recreation and cultural services	18,611	-	-
Capital outlay	7,775	635	6
Debt service:			
Principal	1,936	-	-
Interest and other	653	-	-
Total expenditures	386,024	203,945	130,140
Excess (deficiency) of revenues over (under) expenditures	108,453	(17,439)	6,926
Other financing sources (uses):			
Transfers in	9,646	26,669	16,336
Transfers out	(78,299)	-	(320)
Issuance of long-term debt	654	-	-
Proceeds from sale of capital assets	426	-	1
Total other financing sources (uses)	(67,573)	26,669	16,017
Net change in fund balances	40,880	9,230	22,943
Fund balances, beginning of year, as restated	150,979	21,156	30,220
Fund balances, end of year	\$ 191,859	\$ 30,386	\$ 53,163

See accompanying notes to the basic financial statements

Open Space Special Tax Account Special		Roads Special	Other Funds	Total
Revenue	Revenue			
\$ 26,732	\$ -	\$ 22,855	\$ 340,219	
-	1,543	2,794	34,078	
-	295	3,013	16,247	
1,811	1,293	4,962	19,058	
-	28,460	88,117	504,581	
-	1,570	4,723	58,012	
-	1,964	10,840	46,826	
<u>28,543</u>	<u>35,125</u>	<u>137,304</u>	<u>1,019,021</u>	
-	-	10,172	88,279	
-	-	56,982	340,814	
-	34,170	835	35,228	
-	-	17,252	141,141	
-	-	28,282	231,592	
-	-	-	1,132	
-	-	8,577	27,188	
-	21,610	28,292	58,318	
-	-	7,432	9,368	
-	-	5,355	6,008	
-	55,780	163,179	939,068	
<u>28,543</u>	<u>(20,655)</u>	<u>(25,875)</u>	<u>79,953</u>	
-	20,158	48,606	121,415	
(32,306)	(549)	(13,033)	(124,507)	
-	-	-	654	
-	-	4	431	
<u>(32,306)</u>	<u>19,609</u>	<u>35,577</u>	<u>(2,007)</u>	
(3,763)	(1,046)	9,702	77,946	
<u>57,365</u>	<u>46,808</u>	<u>142,000</u>	<u>448,528</u>	
<u>\$ 53,602</u>	<u>\$ 45,762</u>	<u>\$ 151,702</u>	<u>\$ 526,474</u>	

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, 2019
(Dollars in Thousands)

Net change in fund balances - total governmental funds: \$ 77,946

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	58,318	
Depreciation expense	(27,866)	
Other related capital adjustments	(1,168)	29,284

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 (444)

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 4,276

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds. (11,495)

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

Issuance of long-term debt	(654)	
Principal repayments	9,368	
Contract payments	662	
Amortization of bond premium	359	9,735

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		119
Change in compensated absences		(2,000)
Change in net pension liability		(433)
Change in net OPEB liability		378

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 28,779

Change in net position of governmental activities \$ 136,145

See accompanying notes to the basic financial statements

COUNTY OF SONOMA, CALIFORNIA

Statement of Net Position

Proprietary Funds

June 30, 2019

(Dollars in Thousands)

	Business-Type Activities-Enterprise Funds						Governmental
							Activities
	Refuse	Airport	Energy Independence		Other	Total	Internal Service Funds
Program			Transit				
ASSETS							
Current assets:							
Cash and investments	\$ 53,821	\$ 2,365	\$ 3,808	\$ 1,761	\$ 3,182	\$ 64,937	\$ 98,910
Cash and investments with trustee	-	4,559	-	29	4,157	8,745	971
Restricted cash and investments	-	-	-	-	918	918	-
Receivables, net							
Accounts	1,444	573	9	186	1,613	3,825	354
Loans	-	672	-	-	-	672	-
Contractual assessments receivable	-	-	988	-	-	988	-
Interest and other	-	1	-	-	-	1	-
Due from other funds	1,000	-	-	-	-	1,000	500
Inventories	-	-	-	828	54	882	-
Due from other governments	1,978	241	-	2,485	-	4,704	251
Advances to other governments	-	-	-	-	17	17	-
Prepaid expenses and deposits	217	81	18	18	-	334	11
Total current assets	<u>58,460</u>	<u>8,492</u>	<u>4,823</u>	<u>5,307</u>	<u>9,941</u>	<u>87,023</u>	<u>100,997</u>
Noncurrent assets:							
Contractual assessments receivable	-	-	26,643	-	-	26,643	-
Capital assets:							
Nondepreciable	3,162	19,386	-	3,362	3,751	29,661	-
Depreciable, net	<u>15,948</u>	<u>78,911</u>	<u>269</u>	<u>23,502</u>	<u>17,163</u>	<u>135,793</u>	<u>11,818</u>
Total noncurrent assets	<u>19,110</u>	<u>98,297</u>	<u>26,912</u>	<u>26,864</u>	<u>20,914</u>	<u>192,097</u>	<u>11,818</u>
Total assets	<u>77,570</u>	<u>106,789</u>	<u>31,735</u>	<u>32,171</u>	<u>30,855</u>	<u>279,120</u>	<u>112,815</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred amounts related to pensions	356	577	-	249	640	1,822	202,811
Deferred amounts related to OPEB	<u>125</u>	<u>161</u>	<u>-</u>	<u>40</u>	<u>329</u>	<u>655</u>	<u>27,910</u>
Total deferred outflows of resources	<u>481</u>	<u>738</u>	<u>-</u>	<u>289</u>	<u>969</u>	<u>2,477</u>	<u>230,721</u>

See accompanying notes to the basic financial statements

COUNTY OF SONOMA, CALIFORNIA
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2019
(Dollars in Thousands)

	Business-Type Activities-Enterprise Funds						Governmental
							Activities
	Refuse	Airport	Energy		Transit	Other	Total
Independence			Program				
LIABILITIES							
Current liabilities:							
Accounts payable and accrued liabilities	608	495	110	2,336	1,238	4,787	2,660
Due to other funds	-	1,000	200	-	12	1,212	1,632
Due to other governments	-	-	-	289	65	354	-
Advances from grantors and third parties	-	-	-	589	-	589	-
Deposits from others	-	14	-	-	423	437	-
Interest payable	-	250	261	-	66	577	1,686
Compensated absences	60	118	-	70	260	508	284
Advances from other governments	-	-	-	-	383	383	-
Self-funded insurance	-	-	-	-	-	-	10,739
Bonds payable	-	-	1,668	-	-	1,668	30,955
Notes payable	-	-	-	-	64	64	-
Loans payable	-	426	-	-	9	435	-
Contract retention payable	-	-	-	-	20	20	-
Other liabilities	-	8	339	238	394	979	1,184
Total current liabilities	<u>668</u>	<u>2,311</u>	<u>2,578</u>	<u>3,522</u>	<u>2,934</u>	<u>12,013</u>	<u>49,140</u>
Noncurrent portion of long-term liabilities:							
Self-funded insurance	-	-	-	-	-	-	33,529
Advances from other funds	-	-	-	-	93	93	8,448
Advances from other governments	-	-	-	-	1,986	1,986	-
Bonds payable	-	-	26,643	-	-	26,643	321,415
Notes payable	-	-	-	-	256	256	-
Loans payable	-	16,574	-	-	28	16,602	-
Landfill closure and postclosure costs	9,508	-	-	-	-	9,508	-
Net pension liabilities	832	1,433	-	568	1,265	4,098	410,594
Net OPEB liabilities	632	887	-	326	2,247	4,092	223,562
Total noncurrent liabilities	<u>10,972</u>	<u>18,894</u>	<u>26,643</u>	<u>894</u>	<u>5,875</u>	<u>63,278</u>	<u>997,548</u>
Total liabilities	<u>11,640</u>	<u>21,205</u>	<u>29,221</u>	<u>4,416</u>	<u>8,809</u>	<u>75,291</u>	<u>1,046,688</u>
DEFERRED INFLOWS OF RESOURCES							
Service concession arrangement	36,149	-	-	-	-	36,149	-
Deferred amounts related to pensions	130	15	-	14	703	862	5,489
Deferred amounts related to OPEB	158	222	-	87	286	753	56,182
Total deferred inflows of resources	<u>36,437</u>	<u>237</u>	<u>-</u>	<u>101</u>	<u>989</u>	<u>37,764</u>	<u>61,671</u>
NET POSITION							
Net investment in capital assets	19,110	85,856	269	26,865	18,186	150,286	11,818
Restricted:							
Settlement agreement	4,844	-	-	-	-	4,844	-
Central landfill agreement	4,741	-	-	-	-	4,741	-
Other program charges	-	1,793	-	-	337	2,130	-
Total restricted	<u>9,585</u>	<u>1,793</u>	<u>-</u>	<u>-</u>	<u>337</u>	<u>11,715</u>	<u>-</u>
Unrestricted	1,279	(1,564)	2,245	1,078	3,503	6,541	(776,641)
Total net position (deficit)	<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>

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, 2019
(Dollars in Thousands)

	Business-Type Activities-Enterprise Funds						Governmental Activities
	Energy Independence					Total	Internal Service Funds
	Refuse	Airport	Program	Transit	Other		
Operating revenues:							
Charges for services	\$ 1,030	\$ 557	\$ 54	\$ 1,804	\$ 1,819	\$ 5,264	\$ 179,923
Rents and concessions	6,498	6,142	-	-	13,401	26,041	2,514
Interest income	-	-	1,979	-	-	1,979	-
Sales and miscellaneous	44	49	-	-	239	332	4,110
Total operating revenues	<u>7,572</u>	<u>6,748</u>	<u>2,033</u>	<u>1,804</u>	<u>15,459</u>	<u>33,616</u>	<u>186,547</u>
Operating expenses:							
Services and supplies	4,438	3,753	1,433	15,974	7,323	32,921	17,948
Salaries and employee benefits	830	2,297	-	796	6,128	10,051	98,081
Claim expenses	-	-	-	-	-	-	24,000
Depreciation and amortization	1,438	2,973	24	3,482	1,131	9,048	2,286
Total operating expenses	<u>6,706</u>	<u>9,023</u>	<u>1,457</u>	<u>20,252</u>	<u>14,582</u>	<u>52,020</u>	<u>142,315</u>
Operating income (loss)	<u>866</u>	<u>(2,275)</u>	<u>576</u>	<u>(18,448)</u>	<u>877</u>	<u>(18,404)</u>	<u>44,232</u>
Nonoperating revenues (expenses):							
Investment income	1,778	133	156	87	129	2,283	3,700
Interest expense	-	(918)	(842)	-	(105)	(1,865)	(20,784)
Intergovernmental	2,067	33	-	14,860	-	16,960	-
Gain (Loss) on disposal of capital assets	47	140	-	-	-	187	19
Miscellaneous	-	1,018	-	103	945	2,066	-
Total nonoperating revenues (expenses)	<u>3,892</u>	<u>406</u>	<u>(686)</u>	<u>15,050</u>	<u>969</u>	<u>19,631</u>	<u>(17,065)</u>
Income (loss) before capital contributions and transfers	4,758	(1,869)	(110)	(3,398)	1,846	1,227	27,167
Capital contributions	-	2,341	-	895	19	3,255	-
Transfers in	969	4	5	-	519	1,497	1,787
Transfers out	(4)	(7)	(5)	-	(1)	(17)	(175)
Total capital contributions and transfers	<u>965</u>	<u>2,338</u>	<u>-</u>	<u>895</u>	<u>537</u>	<u>4,735</u>	<u>1,612</u>
Change in net position	5,723	469	(110)	(2,503)	2,383	5,962	28,779
Net position, beginning of year, as restated	<u>24,251</u>	<u>85,616</u>	<u>2,624</u>	<u>30,446</u>	<u>19,643</u>	<u>162,580</u>	<u>(793,602)</u>
Net position, end 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>

See accompanying notes to the basic financial statements

COUNTY OF SONOMA, CALIFORNIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019
(Dollars in Thousands)

	Business-Type Activities-Enterprise Funds						Governmental
							Activities
	Energy Independence					Internal	
Refuse	Airport	Program	Transit	Other	Total	Service Funds	
Cash flows from operating activities:							
Received from customers	\$ 6,123	\$ 6,546	\$ 45	\$ 2,000	\$ 15,262	\$ 29,976	\$ -
Received from interfund services provided	-	-	-	-	-	-	195,204
Received from assessments	-	-	4,426	-	-	4,426	-
Received for interest	-	-	1,983	-	-	1,983	-
Payments for assessments	-	-	(2,450)	-	-	(2,450)	-
Payments to suppliers for goods and services	(3,000)	(3,813)	(282)	(15,752)	(6,806)	(29,653)	(47,976)
Payments to employees for services	(1,053)	(2,205)	-	(787)	(6,446)	(10,491)	(95,174)
Payments for interfund services used	(1,340)	(829)	(1,292)	-	-	(3,461)	-
Net cash provided by (used in) operating activities	<u>730</u>	<u>(301)</u>	<u>2,430</u>	<u>(14,539)</u>	<u>2,010</u>	<u>(9,670)</u>	<u>52,054</u>
Cash flows from noncapital financing activities:							
Transfers in	969	4	5	-	519	1,497	1,787
Transfers out	(4)	(7)	(5)	-	(1)	(17)	(175)
Proceeds from other funds	9,000	-	-	-	1	9,001	15,279
Payments to other funds	-	(9,000)	-	-	-	(9,000)	-
Advances made to other funds	-	-	-	-	(12)	(12)	(1,631)
Payments to other governments	-	-	-	-	-	-	(409)
Proceeds from bonds	-	-	2,450	-	-	2,450	-
Principal paid on bonds	-	-	(4,446)	-	-	(4,446)	(27,555)
Interest paid on bonds	-	-	(865)	-	-	(865)	(20,784)
Proceeds from other governments	88	33	-	12,159	-	12,280	-
Miscellaneous noncapital financing sources (uses)	-	15	-	103	1,024	1,142	-
Net cash provided by (used in) noncapital financing activities	<u>10,053</u>	<u>(8,955)</u>	<u>(2,861)</u>	<u>12,262</u>	<u>1,531</u>	<u>12,030</u>	<u>(33,488)</u>
Cash flows from capital and related financing activities:							
Acquisition and construction of capital assets	-	(3,955)	-	(1,042)	(614)	(5,611)	(290)
Proceeds from sale of capital assets	47	140	-	-	-	187	-
Receipts from charges	-	1,095	-	-	-	1,095	-
Principal paid on capital debt	-	-	-	-	(80)	(80)	-
Interest paid on loans	-	-	-	-	(11)	(11)	-
Repayments to other governments	-	-	-	-	(17)	(17)	-
Advances made to other governments	-	-	-	-	(387)	(387)	-
Proceeds from state loan	-	17,000	-	-	-	17,000	-
Principal paid on state loans	-	(3,856)	-	-	-	(3,856)	-
Proceeds from contracts payable	-	-	-	-	20	20	-
Capital contributions	-	4,828	-	1,027	19	5,874	-
Interest paid	-	(714)	-	-	(116)	(830)	(111)
Net cash provided by (used in) capital and related financing activities	<u>47</u>	<u>14,538</u>	<u>-</u>	<u>(15)</u>	<u>(1,186)</u>	<u>13,384</u>	<u>(401)</u>
Cash flows from investing activities:							
Interest received on investments	1,778	133	156	87	32	2,186	3,700
Proceeds on loan receivable - sale of capital asset	-	57	-	-	-	57	-
Net cash provided by (used in) investing activities	<u>1,778</u>	<u>190</u>	<u>156</u>	<u>87</u>	<u>32</u>	<u>2,243</u>	<u>3,700</u>
Net increase (decrease) in cash and cash equivalents	12,608	5,472	(275)	(2,205)	2,387	17,987	21,865
Cash and cash equivalents, beginning of year	41,213	1,452	4,083	3,995	5,870	56,613	78,016
Cash and cash equivalents, end of year	<u>\$ 53,821</u>	<u>\$ 6,924</u>	<u>\$ 3,808</u>	<u>\$ 1,790</u>	<u>\$ 8,257</u>	<u>\$ 74,600</u>	<u>\$ 99,881</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, 2019
(Dollars in Thousands)

	Business-Type Activities-Enterprise Funds						Governmental
							Activities
	Refuse	Airport	Energy		Other	Total	Internal
Program			Transit	Service Funds			
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:							
Operating income (loss)	\$ 866	\$ (2,275)	\$ 576	\$ (18,448)	\$ 877	\$ (18,404)	\$ 44,232
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities							
Depreciation and amortization	1,438	2,973	24	3,482	1,131	9,048	2,286
Net pension activity	(123)	176	-	62	(57)	58	48,240
Net OPEB activity	(68)	(102)	-	(62)	(230)	(462)	(39,587)
Miscellaneous	(1,390)	-	-	-	373	(1,017)	(3,285)
Changes in operating assets and liabilities:							
Decrease (increase) in:							
Accounts receivable	(58)	(164)	1,967	163	(457)	1,451	4
Inventories	-	-	-	(40)	9	(31)	-
Prepaid expenses and deposits	8	(18)	(18)	(5)	-	(33)	(10)
Other assets	-	-	-	-	19	19	-
Increase (decrease) in:							
Accounts payable	411	(871)	(123)	268	330	15	(2,733)
Customer deposits	-	(41)	-	-	-	(41)	-
Unearned revenue	-	3	4	32	-	39	-
Landfill closure and postclosure costs	(323)	-	-	-	-	(323)	-
Self-funded insurance	-	-	-	-	-	-	2,891
Compensated absences	(31)	18	-	9	15	11	16
Net cash provided by (used in) operating activities	<u>\$ 730</u>	<u>\$ (301)</u>	<u>\$ 2,430</u>	<u>\$ (14,539)</u>	<u>\$ 2,010</u>	<u>\$ (9,670)</u>	<u>\$ 52,054</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position:							
Cash and investments	\$ 53,821	\$ 6,924	\$ 3,808	\$ 1,790	\$ 7,339	\$ 73,682	\$ 98,910
Restricted cash and investments, current	-	-	-	-	918	918	971
Total cash and cash equivalents	<u>\$ 53,821</u>	<u>\$ 6,924</u>	<u>\$ 3,808</u>	<u>\$ 1,790</u>	<u>\$ 8,257</u>	<u>\$ 74,600</u>	<u>\$ 99,881</u>
Noncash investing, capital and financing activities:							
Acquisition of capital assets through payables	\$ -	\$ 202	\$ -	\$ 13	\$ -	\$ 215	\$ -

See accompanying notes to the basic financial statements

COUNTY OF SONOMA, CALIFORNIA

Fiduciary Funds

Statement of Net Position

June 30, 2019

(Dollars in Thousands)

	Investment Trust	Other Postemployment Benefits (OPEB) Trust	Private Purpose Trust	Agency
ASSETS:				
Cash and investments	\$ 1,300,558	\$ -	\$ 5,985	\$ 405,215
Restricted cash and investments:				
OPEB Trust Investments:				
Cash and equivalents	-	1,326	-	-
Mutual funds	-	54,000	-	-
Corporate obligations	-	5,576	-	-
Government obligations	-	5,158	-	-
Restricted investments with trustee:				
Mutual funds	-	-	13	-
Receivables:				
Taxes	-	-	-	15,805
Notes, net	-	-	792	-
Interest and other	-	-	77	13,127
Due from other governments	-	-	-	4,059
Total assets	<u>1,300,558</u>	<u>66,060</u>	<u>6,867</u>	<u>\$ 438,206</u>
LIABILITIES:				
Accounts payable	-	-	6	\$ -
Interest payable	-	-	169	-
Due to other agencies	-	-	-	438,206
Long-term debt:				
Due within one year	-	-	395	-
Due in more than one year	-	-	9,868	-
Total liabilities	<u>-</u>	<u>-</u>	<u>10,438</u>	<u>\$ 438,206</u>
NET POSITION (DEFICIT):				
Net position held in trust for pool participants	1,300,558	-	-	
Net position restricted for OPEB	-	66,060	-	
Net position held in trust for other purposes	-	-	(3,571)	
Total net position (deficit)	<u>\$ 1,300,558</u>	<u>\$ 66,060</u>	<u>\$ (3,571)</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, 2019
 (Dollars in Thousands)

	Investment Trust	Other Postemployment Benefits (OPEB) Trust	Private Purpose Trust
ADDITIONS:			
Contributions	\$ 8,855,275	\$ -	\$ -
Employer contributions	-	24,580	-
OPEB employer contributions outside of trust	-	1,613	-
Property taxes	-	-	737
Investment income:			
Net increase in fair value of investments	-	4,301	-
Interest and dividends	42,808	94	224
Less investment expense	-	(195)	-
Net investment income	42,808	4,200	224
Miscellaneous	-	-	9
Total additions	<u>8,898,083</u>	<u>30,393</u>	<u>970</u>
DEDUCTIONS:			
Distributions	8,938,502	-	653
Employer plan expense	-	19,347	-
OPEB employer expense outside of trust	-	1,613	-
Administrative expense	-	1,233	-
Services and salaries	-	-	215
Legal expense	-	-	302
Interest expense	-	-	314
Total deductions	<u>8,938,502</u>	<u>22,193</u>	<u>1,484</u>
Change in net position	(40,419)	8,200	(514)
Net position (deficit) held in trust, beginning of year	1,340,977	57,860	(3,057)
Net position (deficit) held in trust, end of year	<u>\$ 1,300,558</u>	<u>\$ 66,060</u>	<u>\$ (3,571)</u>

See accompanying notes to the basic financial statements



NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

(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, 2018, 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 (identified herein as 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 **Roads Special Revenue Fund** accounts for proceeds 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.

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 and 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 Fund)** 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.
- **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 and do not involve measurement of results of operations. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(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 expense is recorded when consumed rather than when purchased. In the fund financial statements, prepaid 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Contractual Assessments Receivable

Contractual assessments receivable result from assessments levied against developed properties, with the owner’s consent, and are reported in the Sonoma County Energy Independence Program (SCEIP) enterprise fund. Proceeds are used to finance projects that enhance the energy efficiency of real property as permitted by SCEIP.

(l) 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.

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	\$ -	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
Easements	-	N/A
Construction in progress / work in progress	Expected to exceed capitalization threshold	N/A

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) 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.

(n) Long-term Obligations

In the government-wide, proprietary and fiduciary trust 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 funds 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.

(o) 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** – All capital assets, including intangible assets and infrastructure; net of debt related to the acquisition of capital assets.
- **Restricted** – External restrictions imposed by creditors, grantors, contributors or laws or other governments regulations; or restrictions imposed by law through constitutional provisions 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

(p) 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. 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, 2019 was approximately \$90.2 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 1.0% 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.

(q) 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. In compliance with GASB Statement No. 16, *Accounting for Compensated Absences*, the amounts reported include estimated employer liability for taxes and workers' compensation premiums.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) 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.

(s) 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.

(t) 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.

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

The following GASB statements have been implemented as noted, for the fiscal year ending June 30, 2019:

GASB Statement No. 83, *Certain Asset Retirement Obligations*. Establishes uniform criteria for governments to recognize and measure certain asset retirement obligations. No impact to the County. *Effective FY 2018-19.*

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*: Increased requirements on debt information disclosed in the notes to the financial statements. The County included the required additional information in the notes to financial statements. *Effective FY 2018-19.*

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. Impacts capital assets and the cost of borrowing and simplifies accounting for interest cost incurred before the end of a construction period. The County early implemented GASB 89 this year. *Effective FY 2020-21.*

(v) Future GASB Pronouncements

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

GASB Statement No. 84, *Fiduciary Activities*: This Statement established criteria for identifying fiduciary activities *Effective FY 2019-20.*

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 2020-21.*

GASB Statement No. 90, *Majority Equity Interests*: Modifies previous guidance for reporting a government's majority equity interests in legally separate organizations. *Effective FY 2019-20.*

GASB Statement No. 91, *Conduit Debt Obligations*: Clarifies the existing definition of a conduit debt obligation. *Effective FY 2021-22.*

NOTE 2 – CASH AND INVESTMENTS

(a) Financial Statement Presentation

Total cash and investments at June 30, 2019 were presented on the County’s financial statements as follows:

	Investments Held by		Cash and Investments Held with Third Parties	Petty Cash	Total Cash and Investments
	Sonoma County Treasury				
Primary government	\$ 601,083	\$ 23,430	\$ 29	\$ 624,542	
Discrete component units	217,532	40,644	1	258,177	
Investment trust fund	1,300,558	-	-	1,300,558	
Other postemployment benefits trust	-	66,060	-	66,060	
Private purpose trust fund	5,985	13	-	5,998	
Agency funds	405,215	-	-	405,215	
	<u>\$ 2,530,373</u>	<u>\$ 130,147</u>	<u>\$ 30</u>	<u>\$ 2,660,550</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 and section of the County’s investment policy. 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 (See Section 10) (\$53601 (g))	180 days	40	N/A
Commercial Paper (See Section 11) (\$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 (See Section 12) (\$53601 (j))	1 year	100	N/A
Reverse Repurchase Agreements and Securities Lending Agreements (See Section 12) (\$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 (See Section 14) (\$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 \$2.5 billion portfolio as of June 30, 2019, 49% 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	\$ 459,739	18.15 %
Federal Home Loan Bank	Federal Agency Security	402,110	15.87
Federal Home Loan Mortgage Corp.	Federal Agency Security	580,084	22.90
Federal National Mortgage Association	Federal Agency Security	250,177	9.87

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, 2019 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 \$20,963 at June 30, 2019. Involuntary participants of the County's investment pool totaled \$1,593,058 at June 30, 2019. 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	\$ 1,673,817	\$ 1,692,110	1.00-3.15 %	7/5/19-6/27/24
U.S. Treasury notes	24,998	25,927	1.00	10/15/2019
Corporate and medium term notes	296,758	298,301	1.10-3.124	7/18/19-8/8/23
Other government obligations	28,236	28,237	1.50-3.00	7/1/19-9/2/35
Certificates of deposit	310,001	310,077	2.07-3.01	7/8/18-6/29/20
Money market mutual funds	9,700	9,700	2.32	1 day
CalTRUST	16,919	16,924	2.274	1 day
CAMP	<u>152,258</u>	<u>152,374</u>	2.482	1 day
Totals	<u>\$ 2,512,687</u>	<u>\$ 2,533,650</u>		

(h) Condensed Pool Statements

The Treasury Pool includes investments with a fair value of \$2,533,650 and deposits of \$95,057. 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, 2019:

Statement of Net Position

Cash and investments	\$ 2,628,707
Less: Investments held by fiscal agent	<u>(78,849)</u>
Net position held in trust for pool participants	<u>\$ 2,549,858</u>
Equity of internal participants	\$ 1,249,300
Equity of external pool participants	<u>1,300,558</u>
Net position held in trust for pool participants	<u>\$ 2,549,858</u>

Statement of Changes in Net Position

Net position at July 1, 2018	\$ 2,435,834
Net change in pooled cash and investments	<u>114,024</u>
Net position held in trust for pool participants at June 30, 2019	<u>\$ 2,549,858</u>

NOTE 2 – CASH AND INVESTMENTS (Continued)**(i) Investment Credit Ratings and Maturity**

As of June 30, 2019, 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:							
Money market mutual funds	AAAm	\$ 7,393	\$ -	\$ -	\$ -	\$ -	\$ 7,393
Corporate obligations	Aa3/AA-	-	5,396	-	-	-	5,396
OPEB trust investments:							
Cash and cash equivalents	Not rated	1,326	-	-	-	-	1,326
Mutual funds	Not rated	54,000	-	-	-	-	54,000
Corporate obligations	Ba1/Aaa	-	80	80	2,962	2,454	5,576
Government obligations	Aaa/AA+	-	249	214	800	3,895	5,158
Total investments held by fiscal agents		<u>62,719</u>	<u>5,725</u>	<u>294</u>	<u>3,762</u>	<u>6,349</u>	<u>78,849</u>
Investments managed by County Treasurer:							
U.S. Agency Securities:							
Federal Farm Credit Bank	Aaa/AA+	46,853	60,737	80,871	271,278	-	459,739
Federal Home Loan Bank	Aaa/AA+	-	30,940	100,891	270,279	-	402,110
Federal Home Loan Mortgage Corp.	Aaa/AA+	16,084	32,911	65,419	465,670	-	580,084
Federal National Mortgage Association	Aaa/AA+	23,249	89,785	25,256	111,887	-	250,177
Subtotal U. S. Agency Securities		<u>86,186</u>	<u>214,373</u>	<u>272,437</u>	<u>1,119,114</u>	<u>-</u>	<u>1,692,110</u>
U.S. Treasury notes		-	25,927	-	-	-	25,927
Corporate and medium term notes	AAA/A-	15,584	38,215	78,797	165,705	-	298,301
Other government obligations	Not rated	405	8,140	2,520	796	16,376	28,237
Certificates of deposit	A1/AA-	54,812	160,181	95,084	-	-	310,077
Money market mutual funds	AAAm	9,700	-	-	-	-	9,700
Joint Powers Authority Pool:							
CalTRUST	AAAm	16,924	-	-	-	-	16,924
CAMP	AAAm	152,374	-	-	-	-	152,374
Total investments managed by County Treasurer		<u>\$ 335,985</u>	<u>\$ 446,836</u>	<u>\$ 448,838</u>	<u>\$ 1,285,615</u>	<u>\$ 16,376</u>	<u>2,533,650</u>
Cash and deposits	N/A						35,525
Less outstanding warrants	N/A						(38,802)
Subtotal cash and investments managed by County Treasurer							<u>2,530,373</u>
Cash and deposits - other							19,485
Subtotal cash and investments							<u>\$ 2,549,858</u>

NOTE 2 – CASH AND INVESTMENTS (Continued)

Discrete Component Units

	Credit Rating (Moody's /S & P)	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	\$ 1,523	\$ -	\$ -	\$ -	\$ 1,523
U.S. Treasury STRIPS	N/A	-	6,142	11,976	-	18,118
SCEIP bonds	N/A	375	422	1,454	9,045	11,296
Total investments held by bond trustees		<u>\$ 1,898</u>	<u>\$ 6,564</u>	<u>\$ 13,430</u>	<u>\$ 9,045</u>	<u>\$ 30,937</u>
<u>Sonoma Valley County Sanitation District</u>						
Non-pooled investments:						
Money market mutual funds	P-1/A-1+	<u>\$ 906</u>				<u>\$ 906</u>
Total cash and investments						<u>\$ 2,660,550</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, 2019 the County's total investment in JPAs was \$169,298.

(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, 2019, the County's investment in the Tobacco Endowment was invested in money market mutual funds totaling \$9,700.

(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, 2019, the County's investment in SCEIP bonds, included in other governmental obligations was \$17,015.

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, 2019 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	\$ 1,692,110	\$ -	\$ 1,692,110	\$ -
U.S. Treasury notes	25,927	-	25,927	-
Corporate and medium term notes	298,301	-	298,301	-
Other government obligations	28,237	-	-	28,237
Certificates of deposit	310,077	-	310,077	-
Total investments measured at fair value	<u>2,354,652</u>	<u>\$ -</u>	<u>\$ 2,326,415</u>	<u>\$ 28,237</u>
Investments not subject to fair value hierarchy:				
Money market mutual funds	9,700			
CaITRUST	16,924			
CAMP	<u>152,374</u>			
Total pooled and directed investments	<u>\$ 2,533,650</u>			
<u>Discrete Component Units</u>				
<u>Sonoma Water</u>				
U.S. Treasury STRIPS	\$ 18,118	\$ 18,118	\$ -	\$ -
SCEIP bonds	<u>11,296</u>	-	-	<u>11,296</u>
Total investments measured at fair value	<u>\$ 29,414</u>	<u>\$ 18,118</u>	<u>\$ -</u>	<u>\$ 11,296</u>
Investments not subject to fair value hierarchy:				
Money market mutual funds	<u>1,523</u>			
Total investments	<u>\$ 30,937</u>			

NOTE 3 – RECEIVABLES

Receivables for the fiscal year ended June 30, 2019, for the County’s individual major funds, nonmajor and internal service funds in the aggregate are as follows:

<u>Governmental Activities</u>	General	Human Services Special Revenue	Health and Sanitation Special Revenue	Open Space Special Tax Account Special Revenue	Roads Special Revenue	Other Funds	Internal Service Funds	Total
	Accounts receivables	\$ 1,400	\$ -	\$ 65	\$ -	\$ 5	\$ 1,305	\$ 354
Interest and other	14,451	532	1,369	4,206	222	3,611	-	24,391
Due from other governments	28,311	23,321	49,276	-	2,976	12,219	251	116,354
Total	\$ 44,162	\$ 23,853	\$ 50,710	\$ 4,206	\$ 3,203	\$ 17,135	\$ 605	\$ 143,874

<u>Business-Type Activities</u>	Refuse	Airport	Energy Independence Program	Transit	Other Funds	Total
	Accounts receivables	\$ 1,444	\$ 573	\$ 9	\$ 186	\$ 1,613
Loans	-	672	-	-	-	672
Contractual assessments	-	-	988	-	-	988
Interest and other	-	1	-	-	-	1
Due from other governments.	1,978	241	-	2,485	-	4,704
Noncurrent contractual assessments	-	-	26,643	-	-	26,643
Total	\$ 3,422	\$ 1,487	\$ 27,640	\$ 2,671	\$ 1,613	\$ 36,833

Governmental receivables of \$15,517 are not expected to be collected within the next fiscal year. See Note 11 for further discussion on unavailable revenues.

NOTE 4 – DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources for the fiscal year ended June 30, 2019, 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	\$ -	\$ 2,667
Deferred amounts related to pension	202,811	1,611	204,422
Deferred amounts related to OPEB	27,910	385	28,295
Total	\$ 230,721	\$ 4,663	\$ 235,384

<u>Business-Type Activities</u>	Refuse	Airport	Transit	Other Funds	Total
	Deferred amounts related to pension	\$ 356	\$ 577	\$ 249	\$ 640
Deferred amounts related to OPEB	125	161	40	329	655
Total	\$ 481	\$ 738	\$ 289	\$ 969	\$ 2,477

For additional information on deferred amounts related to pensions see Note 13, and for deferred amounts related to OPEB see Note 14.

NOTE 5 – INTERFUND TRANSACTIONS

(a) Interfund Receivables/Payables

Interfund receivables and payables result from the time lag between the dates that 1) transactions are recorded in the accounting system or 2) payments between funds are made. The composition of interfund balances as of June 30, 2019 is 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	\$ 481
	Energy Independence Program	200
	Internal service funds	1,632
	Other governmental funds	102
	Other enterprise funds	12
		<u>2,427</u>
Human Services Special Revenue Fund	Other governmental funds	2,981
Health and Sanitation Special Revenue Fund	Other governmental funds	57
Refuse Enterprise Fund	Airport Enterprise Fund	1,000
Internal service funds	Other governmental funds	500
		<u>4,538</u>
Total		<u>\$ 6,965</u>

<i>Advances to/from other funds:</i>		
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other enterprise funds	93
	Internal service funds	8,448
		<u>\$ 8,541</u>

(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, 2019:

<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>			
General Fund	<u>Business-Type Activities</u> Refuse Enterprise Fund	\$ 969	Operations
	Airport Enterprise Fund	4	Operations
	Energy Independence Program	5	Operations
	Other enterprise funds	380	Operations
		<u>1,358</u>	
Other governmental Funds	Other enterprise funds	139	Operations and capital projects
		<u>1,497</u>	
<u>Business-Type Activities</u>			
Refuse Enterprise Fund	<u>Governmental Activities:</u> General Fund	(4)	Operations
Airport Enterprise Fund	General Fund	(7)	Operations
Energy Independence Program	General Fund	(5)	Operations
Other enterprise funds	General Fund	(1)	Operations
		<u>(17)</u>	
Total		<u>\$ 1,480</u>	

NOTE 5 – 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	\$ 26,369	Operations
	Health and Sanitation Special Revenue Fund	16,336	Operations
	Roads Special Revenue Fund	19,133	Operations
	Internal service funds	1,287	Operations and capital projects
	Other governmental funds	<u>13,816</u>	Operations and capital projects
		76,941	
Health and Sanitation Special Revenue Fund	General Fund	320	Operations
Open Space Special Tax Account Special Revenue Fund	Other governmental funds	7,501	Debt service
	Agricultural Preservation and Open Space District	<u>24,805</u>	Operations
		32,306	
Roads Special Revenue Fund	General Fund	49	Operations
	Internal service funds	<u>500</u>	Capital outlay
		549	
Other governmental funds	General Fund	9,085	Operations
	Human Services Special Revenue Fund	300	Operations
	Roads Special Revenue Fund	1,025	Operations
	Other governmental funds	<u>2,484</u>	Operations and capital projects
		12,894	
Internal service funds	General Fund	<u>175</u>	Operations
Total		<u>\$ 123,185</u>	

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2019 are as follows:

	Balance <u>July 1, 2018</u>	Additions	Retirements	Transfers	Balance <u>June 30, 2019</u>
<u>Governmental Activities</u>					
Capital assets, non-depreciable:					
Land	\$ 394,524	\$ -	\$ -	\$ (17,648)	\$ 376,876
Intangible assets	334,249	18,460	-	18,151	370,860
Work in progress	6,819	1,943	(55)	(1,851)	6,856
Construction in progress	<u>84,292</u>	<u>35,344</u>	<u>(1,167)</u>	<u>(54,926)</u>	<u>63,543</u>
Total capital assets, non-depreciable	<u>819,884</u>	<u>55,747</u>	<u>(1,222)</u>	<u>(56,274)</u>	<u>818,135</u>
Capital assets, depreciable:					
Intangible assets	41,728	185	-	1,174	43,087
Infrastructure	540,577	-	(10,358)	38,568	568,787
Buildings and improvements	438,750	-	(3,113)	8,006	443,643
Land improvements	873	-	-	7,983	8,856
Machinery and equipment	<u>94,852</u>	<u>6,972</u>	<u>(3,810)</u>	<u>543</u>	<u>98,557</u>
Total capital assets, depreciable	<u>1,116,780</u>	<u>7,157</u>	<u>(17,281)</u>	<u>56,274</u>	<u>1,162,930</u>
Less accumulated depreciation for:					
Intangible assets	(22,560)	(3,254)	-	-	(25,814)
Infrastructure	(411,331)	(9,907)	10,135	-	(411,103)
Buildings and improvements	(158,797)	(9,108)	2,033	-	(165,872)
Land improvements	(137)	(37)	-	-	(174)
Machinery and equipment	<u>(66,593)</u>	<u>(7,846)</u>	<u>3,643</u>	<u>-</u>	<u>(70,796)</u>
Total accumulated depreciation	<u>(659,418)</u>	<u>(30,152)</u>	<u>15,811</u>	<u>-</u>	<u>(673,759)</u>
Total capital assets, depreciable, net	<u>457,362</u>	<u>(22,995)</u>	<u>(1,470)</u>	<u>56,274</u>	<u>489,171</u>
Total capital assets	<u>\$ 1,277,246</u>	<u>\$ 32,752</u>	<u>\$ (2,692)</u>	<u>\$ -</u>	<u>\$ 1,307,306</u>
	Balance <u>July 1, 2018</u>	Additions	Retirements	Transfers	Balance <u>June 30, 2019</u>
<u>Business-Type Activities</u>					
Capital assets, non-depreciable:					
Land	\$ 24,780	\$ 53	\$ -	\$ 1,560	\$ 26,393
Construction in progress	<u>12,164</u>	<u>4,809</u>	<u>(69)</u>	<u>(13,636)</u>	<u>3,268</u>
Total capital assets, non-depreciable	<u>36,944</u>	<u>4,862</u>	<u>(69)</u>	<u>(12,076)</u>	<u>29,661</u>
Capital assets, depreciable:					
Intangible assets	11,798	-	-	409	12,207
Infrastructure	3,694	-	-	9,354	13,048
Land improvements	51	-	-	119	170
Buildings and improvements	249,412	78	(264)	1,268	250,494
Machinery and equipment	<u>40,563</u>	<u>311</u>	<u>(540)</u>	<u>926</u>	<u>41,260</u>
Total capital assets, depreciable	<u>305,518</u>	<u>389</u>	<u>(804)</u>	<u>12,076</u>	<u>317,179</u>
Less accumulated depreciation for:					
Intangible assets	(7,320)	(497)	-	-	(7,817)
Infrastructure	(303)	(205)	-	-	(508)
Land improvements	(11)	(11)	-	-	(22)
Buildings and improvements	(139,861)	(5,852)	252	-	(145,461)
Machinery and equipment	<u>(25,641)</u>	<u>(2,483)</u>	<u>546</u>	<u>-</u>	<u>(27,578)</u>
Total accumulated depreciation	<u>(173,136)</u>	<u>(9,048)</u>	<u>798</u>	<u>-</u>	<u>(181,386)</u>
Total capital assets, depreciable, net	<u>132,382</u>	<u>(8,659)</u>	<u>(6)</u>	<u>12,076</u>	<u>135,793</u>
Total capital assets	<u>\$ 169,326</u>	<u>\$ (3,797)</u>	<u>\$ (75)</u>	<u>\$ -</u>	<u>\$ 165,454</u>

NOTE 6 – CAPITAL ASSETS (Continued)

	Balance July 1, 2018	Additions	Retirements	Transfers	Balance June 30, 2019
<u>Sonoma Water</u>					
Capital assets, non-depreciable:					
Intangible assets	\$ 107,714	\$ -	\$ -	\$ 181	\$ 107,895
Land	12,606	-	-	15	12,621
Intangible work in progress	3,559	754	(49)	(2,270)	1,994
Construction in progress	12,883	4,795	(634)	(2,369)	14,675
Total capital assets, non-depreciable	<u>136,762</u>	<u>5,549</u>	<u>(683)</u>	<u>(4,443)</u>	<u>137,185</u>
Capital assets, depreciable:					
Intangible assets	2,443	-	-	2,089	4,532
Infrastructure	321,042	-	-	2,354	323,396
Land improvements	4,362	-	-	-	4,362
Buildings and improvements	56,422	-	-	-	56,422
Machinery and equipment	14,628	1,467	(654)	-	15,441
Total capital assets, depreciable	<u>398,897</u>	<u>1,467</u>	<u>(654)</u>	<u>4,443</u>	<u>404,153</u>
Less accumulated depreciation for:					
Intangible assets	(1,604)	(277)	-	-	(1,881)
Infrastructure	(161,126)	(8,958)	-	-	(170,084)
Land and improvements	(2,207)	(199)	-	-	(2,406)
Buildings and improvements	(15,494)	(1,641)	-	-	(17,135)
Machinery and equipment	(8,380)	(1,114)	649	-	(8,845)
Total accumulated depreciation	<u>(188,811)</u>	<u>(12,189)</u>	<u>649</u>	<u>-</u>	<u>(200,351)</u>
Total capital assets, depreciable, net	<u>210,086</u>	<u>(10,722)</u>	<u>(5)</u>	<u>4,443</u>	<u>203,802</u>
Total capital assets, net	<u>\$ 346,848</u>	<u>\$ (5,173)</u>	<u>\$ (688)</u>	<u>\$ -</u>	<u>\$ 340,987</u>
<u>Community Development Commission</u>					
Capital assets, non-depreciable:					
Land	\$ 6,750	\$ -	\$ -	\$ -	\$ 6,750
Total capital assets, non-depreciable	<u>6,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,750</u>
Capital assets, depreciable:					
Buildings and improvements	3,642	26	-	-	3,668
Machinery and equipment	81	-	-	-	81
Total capital assets, depreciable	<u>3,723</u>	<u>26</u>	<u>-</u>	<u>-</u>	<u>3,749</u>
Less accumulated depreciation:	<u>(1,191)</u>	<u>(138)</u>	<u>-</u>	<u>-</u>	<u>(1,329)</u>
Total capital assets, depreciable, net	<u>2,532</u>	<u>(112)</u>	<u>-</u>	<u>-</u>	<u>2,420</u>
Total capital assets, net	<u>\$ 9,282</u>	<u>\$ (112)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,170</u>

NOTE 6 – CAPITAL ASSETS (Continued)

Depreciation

Depreciation expense charged for the fiscal year ended June 30, 2019 are as follows:

Governmental Activities

General government	\$ 6,532
Public protection	8,004
Public ways and facilities	10,026
Health and sanitation	882
Public assistance	937
Education	50
Recreation and cultural services	1,435
Depreciation on capital assets held by the Heavy Equipment Replacement ISF	600
Depreciation on capital assets held by Replacement and Enterprise Resource Planning (ERP) ISF	<u>1,686</u>
Total depreciation expense	<u>\$ 30,152</u>

Business-Type Activities:

Refuse	\$ 1,438
Airport	2,973
Energy Independence Program	24
Transit	3,482
Fair	834
Marinas	90
Other Districts	<u>207</u>
Total depreciation expense	<u>\$ 9,048</u>

NOTE 7 – PAYABLES

Accounts payable and accrued liabilities for the fiscal year ended June 30, 2019, for the County’s individual major funds, nonmajor and internal service funds in the aggregate are as follows:

	<u>General</u>	<u>Human Services Special Revenue</u>	<u>Health and Sanitation Special Revenue</u>	<u>Roads Special Revenue</u>	<u>Other Funds</u>	<u>Internal Service Funds</u>	<u>Total</u>
<i>Governmental Activities</i>							
Total accounts payable, accrued salaries, and benefits	\$ 23,796	\$ 1,223	\$ 8,270	\$ 3,481	\$ 3,404	\$ 2,660	\$ 42,834
	<u>Refuse</u>	<u>Airport Energy Independence Program</u>	<u>Transit</u>	<u>Other Funds</u>	<u>Total</u>		
<i>Business-Type Activities</i>							
Total accounts payable, accrued salaries, and benefits	\$ 608	\$ 495	\$ 110	\$ 2,336	\$ 1,238	\$ 4,787	

NOTE 8 – 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, 2019, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Future Minimum Lease Payments</u>
2020	\$ 10,033
2021	9,494
2022	7,834
2023	6,280
2024	4,674
Thereafter	<u>15,588</u>
Total	<u>\$ 53,903</u>

Total rental expense for operating leases for the fiscal year ended June 30, 2019 was \$9,611.

NOTE 9 – 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, 2019:

<i>Governmental Activities</i>	Balance			Balance	Due Within
	July 1, 2018	Additions	Retirements	June 30, 2019	One Year
Compensated absences	\$ 27,636	\$ 26,058	\$ (24,043)	\$ 29,651	\$ 29,651
Self-insurance (1)	41,377	31,028	(28,137)	44,268	10,739
Certificates of participation - direct borrowing	16,538	-	(1,609)	14,929	1,758
Bonds payable	38,180	-	(5,740)	32,440	6,035
Pension obligation bonds - direct placement (1)	379,925	-	(27,555)	352,370	30,955
Loans payable - direct borrowing	69,633	-	(1,659)	67,974	4
Contracts payable	5,958	-	(662)	5,296	662
Capital lease obligations	4,113	654	(360)	4,407	470
Net pension liability (1)	133,108	281,144	-	414,252	-
Net OPEB liability (1)	302,402	-	(76,682)	225,720	-
Subtotal long-term liabilities	<u>1,018,870</u>	<u>338,884</u>	<u>(166,447)</u>	<u>1,191,307</u>	<u>80,274</u>
Unamortized issuance premiums	4,696	-	(783)	3,913	-
Total long-term liabilities	<u>\$ 1,023,566</u>	<u>\$ 338,884</u>	<u>\$ (167,230)</u>	<u>\$ 1,195,220</u>	<u>\$ 80,274</u>

(1) Internal Service Funds (ISF) predominantly serve governmental funds, therefore ISF long-term obligations are included as part of the above totals for governmental activities.

<i>Business-Type Activities</i>	Balance			Balance	Due Within
	July 1, 2018	Additions	Retirements	June 30, 2019	One Year
Compensated absences	\$ 498	\$ 419	\$ (409)	\$ 508	\$ 508
Landfill closure and postclosure	9,831	216	(539)	9,508	-
Advances from other governments - direct borrowing	6,595	-	(4,226)	2,369	383
Energy bonds payable - direct placement	30,307	2,450	(4,446)	28,311	1,668
Notes payable	400	-	(80)	320	64
Loans payable - direct borrowing	48	17,000	(11)	17,037	435
Net pension liability	3,183	915	-	4,098	-
Net OPEB liability	2,786	1,306	-	4,092	-
Total long-term liabilities	<u>\$ 53,648</u>	<u>\$ 22,306</u>	<u>\$ (9,711)</u>	<u>\$ 66,243</u>	<u>\$ 3,058</u>

NOTE 9 – LONG-TERM LIABILITIES (Continued)

Discrete Component Units

	Balance			Balance	Due Within
<u>Sonoma Water</u>	<u>July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2019</u>	<u>One Year</u>
Compensated absences	\$ 2,289	\$ 2,169	\$ (2,024)	\$ 2,434	\$ 2,434
Pollution remediation	185	-	(29)	156	-
Advances from other governments - direct borrowing	9,021	-	(794)	8,227	405
Revenue and general obligation bonds - direct placement	3,410	-	(370)	3,040	375
Revenue bonds	32,360	-	(1,225)	31,135	1,260
Contracts payable	81,277	-	(3,664)	77,613	3,783
Capital lease obligations	3,168	-	(653)	2,515	681
Net pension liability	9,689	20,936	-	30,625	-
Net OPEB liability	<u>24,083</u>	<u>-</u>	<u>(6,444)</u>	<u>17,639</u>	<u>-</u>
Subtotal long-term liabilities	<u>165,482</u>	<u>23,105</u>	<u>(15,203)</u>	<u>173,384</u>	<u>8,938</u>
Unamortized issuance premiums	<u>1,380</u>	<u>-</u>	<u>(80)</u>	<u>1,300</u>	<u>-</u>
Total long-term liabilities	<u>\$ 166,862</u>	<u>\$ 23,105</u>	<u>\$ (15,283)</u>	<u>\$ 174,684</u>	<u>\$ 8,938</u>
<u>Community Development Commission</u>					
Compensated absences	\$ 197	\$ 17	\$ -	\$ 214	\$ 38
Loans payable-direct borrowing	759	-	(5)	754	7
Net pension liability	1,343	2,784	-	4,127	-
Net OPEB liability	<u>3,319</u>	<u>-</u>	<u>(868)</u>	<u>2,451</u>	<u>-</u>
Total long-term liabilities	<u>\$ 5,618</u>	<u>\$ 2,801</u>	<u>\$ (873)</u>	<u>\$ 7,546</u>	<u>\$ 45</u>

NOTE 9 – LONG-TERM LIABILITIES (Continued)

(b) Long term obligations outstanding

Individual issues of bonds, notes, loans, capital leases and certificates of participation outstanding at June 30, 2019 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, 2019</u>
Certificates of Participation from direct borrowing:					
2010 Administration Building COP	2024	2.89-3.8%	\$ 71-138	\$ 1,475	\$ 594
2017 General Services Energy (Refunding 2009 COP)	2026	2.45%	660-1,080	17,225	<u>14,335</u>
					14,929
Bonds Payable:					
2015 Series A Agricultural Preservation and Open Space (Measure F)	2024	2.00–5.00%	0-7,010	43,335	32,440
Pension Obligation Bonds from direct placement:					
2003 Series A	2022	1.55-5.07%	7,685-25,970	210,200	78,205
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	<u>253,165</u>
					352,370
Loans payable from direct borrowing:					
Sonoma County Tobacco Securitization Corporation	2045	4.25-5.25%	755-4,200	83,060	67,970
Pacific Gas & Electric Loans	2020	0.00%	6-17	398	<u>4</u>
					67,974
Contracts Payable:					
City of Santa Rosa Annexation	2028	0.00%	662	6,620	5,296
Capital lease obligations					
Multiple leases	2029	3.62-6.77%	26-245	7,009	<u>4,407</u>
Total long-term liabilities					<u>\$ 477,416</u>

NOTE 9 – LONG-TERM LIABILITIES (Continued)

<u><i>Business-Type Activities</i></u>	<u>Maturity</u>	<u>Interest Rates/ Ranges</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding Balance June 30, 2019</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	\$ 1,336
Various state and local agencies for the County's other enterprise funds	2053	2.75-3.41%	4-213	4,172	<u>1,033</u>
					2,369
Bonds Payable from direct placement:					
Energy Independence Program	2037	3.00%	93-2,926	99,584	28,311
Notes Payable:					
Fair	2021	3.00%	100	500	320
Loans Payable from direct borrowing:					
Russian River Utility Co., Inc.	2023	0.00%	2-8	42	26
Pacific Gas & Electric Loan	2025	0.00%	0-2	20	11
iBank	2048	3.52-3.56%	462-3,991	17,000	<u>17,000</u>
					<u>17,037</u>
Total long-term liabilities					<u>\$ 48,037</u>
 <u>Discrete Component Units</u>					
<u>Sonoma Water</u>					
Advances from other governments from direct borrowing:					
California Department of Water Resources	2027	2.79%	\$ 653-1,019	\$ 15,857	\$ 8,227
Revenue and General Obligation Bonds from direct placement:					
General Obligation Bonds	2017-2020	5.00%	31-41	800	27
2017 Water and Wastewater Revenue Bonds	2026	2.33%	333-409	3,690	<u>3,013</u>
					3,040
Revenue Bonds:					
2012A Water Revenue Refunding Bonds	2032	.30-5.00%	0-815	12,265	9,350
2015A & AT Water Revenue Refunding Bonds	2040	2.25-5.0%	0-1,335	23,865	<u>21,785</u>
					31,135
Contracts payable	2034	3.23%	2,934-6,286	102,371	77,613
Capital Lease Obligations	2020-2023	4.08-4.30%	260-505	8,585	<u>2,515</u>
Total long term liabilities					<u>\$ 122,530</u>
 <u>Community Development Commission</u>					
USDA Loan from direct borrowing	2037	5.63%	6	\$ 817	<u>\$ 754</u>
Total long-term liabilities					<u>\$ 754</u>

NOTE 9 – 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, 2019, principal and interest paid, and total sales tax revenues, were \$7,506 and \$26,732 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, 2019. 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 9 – 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 \$67,970. Total principal and interest remaining on the bonds is \$138,793 payable through 2045. During the fiscal year ended June 30, 2019, principal and interest payments were \$5,212 while tobacco settlement revenue was \$4,964. Based on the information above, the County presents the bonds debt service to maturity assuming no further turbo payments.

Contracts Payable – As part of the Roseland Annexation by the City of Santa Rosa, the County has agreed to make payments over the next eight years for the improvement of infrastructure. Payments are funded by legally available resources of the County.

Capital Lease Obligation – 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, 2019, does not expect to incur a liability.

NOTE 9 – LONG-TERM LIABILITIES (Continued)

(d) Debt service requirements

Following is a schedule of debt payment requirements to maturity for long-term obligations outstanding at June 30, 2019, excluding compensated absences, OPEB, and self-insurance liabilities that have indefinite maturities:

Governmental Activities

Year ending June 30:	Certificates of Participation from direct borrowing		Bonds Payable		Pension Obligation Bonds from direct placement	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 1,758	\$ 367	\$ 6,035	\$ 1,471	\$ 30,955	\$ 19,400
2021	1,919	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	6,390	160	21,065	11,665
2025-2029	4,920	174	-	-	153,505	34,251
2030-2034	-	-	-	-	30,375	911
Subtotals	14,929	1,513	32,440	4,125	352,370	112,980
Issuance premiums	-	-	3,913	-	-	-
Total	<u>\$ 14,929</u>	<u>\$ 1,513</u>	<u>\$ 36,353</u>	<u>\$ 4,125</u>	<u>\$ 352,370</u>	<u>\$ 112,980</u>

Year ending June 30:	Loans Payable from direct borrowings		Contracts Payable		Capital Lease Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 4	\$ 3,505	\$ 662	\$ -	\$ 470	\$ 158
2021	-	3,505	662	-	488	142
2022	-	3,505	662	-	507	125
2023	-	3,505	662	-	526	107
2024	-	3,505	662	-	510	88
2025-2029	9,665	16,078	1,986	-	1,906	168
2030-2034	-	15,111	-	-	-	-
2035-2039	31,045	13,520	-	-	-	-
2039-2043	-	7,156	-	-	-	-
2045-2049	27,260	1,431	-	-	-	-
Total	<u>\$ 67,974</u>	<u>\$ 70,821</u>	<u>\$ 5,296</u>	<u>\$ -</u>	<u>\$ 4,407</u>	<u>\$ 788</u>

Business-type Activities

Year ending June 30:	Loans Payable from direct borrowing		Notes Payable		Advances From Other Governments from direct borrowing		Energy Bonds Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 436	\$ 595	\$ 64	\$ 10	\$ 386	\$ 88	\$ 1,668	\$ 803
2021	452	580	51	8	354	72	1,687	786
2022	467	564	-	6	365	57	1,687	735
2023	477	548	205	2	381	41	1,746	685
2024	492	531	-	-	25	24	1,848	631
2025-2029	2,722	2,376	-	-	135	110	10,782	2,251
2030-2034	3,239	1,849	-	-	118	93	6,766	747
2035-2039	3,854	1,223	-	-	131	76	2,051	149
2040-2044	3,845	490	-	-	150	57	76	1
2045-2049	1,053	78	-	-	172	36	-	-
2050-2054	-	-	-	-	152	11	-	-
Total	<u>\$ 17,037</u>	<u>\$ 8,834</u>	<u>\$ 320</u>	<u>\$ 26</u>	<u>\$ 2,369</u>	<u>\$ 665</u>	<u>\$ 28,311</u>	<u>\$ 6,788</u>

NOTE 9 – LONG-TERM LIABILITIES (Continued)

Discrete Component Units

Sonoma Water

Year ending June 30:	Revenue and General Obligation					
	Long-term Contracts		Bonds from direct placement		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 3,783	\$ 2,503	\$ 375	\$ 67	\$ 1,260	\$ 1,059
2021	3,905	2,381	360	58	1,305	1,013
2022	4,030	2,255	361	49	1,365	955
2023	4,160	2,125	372	41	1,420	892
2024	4,295	1,991	377	32	1,490	828
2025-2029	23,642	7,786	1,195	42	8,350	3,177
2030-2034	27,709	3,719	-	-	8,870	1,811
2035-2039	6,089	196	-	-	5,430	688
2040-2044	-	-	-	-	1,645	58
Subtotals	77,613	22,956	3,040	289	31,135	10,481
Issuance premiums	-	-	1,300	-	-	-
Total	<u>\$ 77,613</u>	<u>\$ 22,956</u>	<u>\$ 4,340</u>	<u>\$ 289</u>	<u>\$ 31,135</u>	<u>\$ 10,481</u>

Year ending June 30:	Advances from other			
	Capital Lease Obligations		Governments from direct borrowing	
	Principal	Interest	Principal	Interest
2020	\$ 681	\$ 106	\$ 405	\$ 235
2021	586	71	827	213
2022	483	48	851	189
2023	504	28	875	166
2024	261	6	899	141
2025-2029	-	-	4,370	311
Total	<u>\$ 2,515</u>	<u>\$ 259</u>	<u>\$ 8,227</u>	<u>\$ 1,255</u>

Community Development Commission

Year ending June 30:	Loans Payable from direct borrowing	
	Principal	Interest
2020	\$ 7	\$ 24
2021	7	24
2022	8	24
2023	8	13
2024	8	12
2025-2029	50	54
2030-2034	66	38
2035-2039	600	17
Total	<u>\$ 754</u>	<u>\$ 206</u>

NOTE 10 – 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, 2019, advances from grantors and third parties are as follows:

	<u>General</u>	<u>Human Services Special Revenue</u>	<u>Health and Sanitation Special Revenue</u>	<u>Other Funds</u>	<u>Total</u>
<u>Governmental Activities</u>					
Total advances from grantors and third parties	\$ 5,305	\$ 3,716	\$ 3,030	\$ 393	\$ 12,444
<u>Business-Type Activities</u>					
	<u>Transit</u>	<u>Total</u>			
Total advances from grantors and third parties	\$ 589	\$ 589			

NOTE 11 – DEFERRED INFLOWS OF RESOURCES

At June 30, 2019, deferred inflows of resources are as follows:

	<u>General</u>	<u>Human Services Special Revenue</u>	<u>Health and Sanitation Special Revenue</u>	<u>Roads Special Revenue</u>	<u>Other Funds</u>	<u>Total</u>
<u>Governmental Funds</u>						
Unavailable revenue	\$ 6,171	\$ 704	\$ 8,277	\$ 231	\$ 134	\$ 15,517
<u>Governmental Activities</u>						
	<u>Internal Service Funds</u>	<u>Other Funds</u>	<u>Total</u>			
Deferred amounts related to pension	\$ 5,489	\$ 59	\$ 5,548			
Deferred amounts related to OPEB	56,182	589	56,771			
Total	\$ 61,671	\$ 648	\$ 62,319			
<u>Business-Type Activities</u>						
	<u>Refuse</u>	<u>Airport</u>	<u>Transit</u>	<u>Other Funds</u>	<u>Total</u>	
Service concession arrangement	\$ 36,149	\$ -	\$ -	\$ -	\$ 36,149	
Deferred amounts related to pension	130	15	14	703	862	
Deferred amounts related to OPEB	158	222	87	286	753	
Total	\$ 36,437	\$ 237	\$ 101	\$ 989	\$ 37,764	

For additional information on the service concession arrangement see Note 18, for deferred amounts related to pension see Note 13, and for deferred amounts related to OPEB see Note 14.

NOTE 12 – NET POSITION/FUND BALANCES

(a) Classification

Fund balances at June 30, 2019 were classified as follows:

	General	Human Services Special Revenue	Health and Sanitation Special Revenue	Open Space Special Tax Account Special Revenue
Nonspendable:				
Inventories	\$ 170	\$ -	\$ -	\$ -
Prepaid items and deposits	255	2,844	89	-
Advances	8,541	-	-	-
Total nonspendable fund balances	8,966	2,844	89	-
Restricted:				
Agricultural Preservation and Open Space District	-	-	-	53,602
Capital projects and equipment replacement	-	-	-	-
First 5 Children and Families Commission	-	-	-	-
Debt service	-	-	-	-
Park donations, mitigations and operations	-	-	-	-
Courthouse/Criminal justice construction	-	-	-	-
Health services programs	-	-	53,074	-
Fire and emergency services	-	-	-	-
Public assistance	-	27,542	-	-
Lighting districts	-	-	-	-
Road maintenance	-	-	-	-
Public protection	-	-	-	-
Clerk, recorder, assessor operations	-	-	-	-
Other programs	-	-	-	-
Total restricted fund balances	-	27,542	53,074	53,602
Committed:				
Road activities	-	-	-	-
Advertising activities	-	-	-	-
Other programs	15	-	-	-
Total committed fund balances	15	-	-	-
Capital projects and equipment replacement	16,242	-	-	-
Tribal development impact mitigation	27,873	-	-	-
Redevelopment agencies	13,726	-	-	-
General services	9,682	-	-	-
Public protection	5,977	-	-	-
Road maintenance	-	-	-	-
Encumbrances	4,711	-	-	-
Contract negotiations	10,386	-	-	-
October 2017 Fires	5,759	-	-	-
Cannabis program	3,278	-	-	-
Other programs	13,950	-	-	-
Total assigned fund balances	111,584	-	-	-
Unassigned	71,294	-	-	-
Total fund balances	\$ 191,859	\$ 30,386	\$ 53,163	\$ 53,602

Roads Special			
Revenue	Other Funds	Total	
\$ 636	\$ 12	\$ 818	Nonspendable:
33	149	3,370	Inventories
-	-	8,541	Prepaid items and deposits
<u>669</u>	<u>161</u>	<u>12,729</u>	Advances
			Total nonspendable fund balances
			Restricted:
-	11,189	64,791	Agricultural Preservation and Open Space District
11,095	25,063	36,158	Capital projects and equipment replacement
-	10,200	10,200	First 5 Children and Families Commission
-	12,764	12,764	Debt service
-	2,361	2,361	Park donations, mitigations and operations
-	1,881	1,881	Courthouse/Criminal justice construction
-	2,349	55,423	Health services programs
-	2,627	2,627	Fire and emergency services
-	26	27,568	Public assistance
-	8,788	8,788	Lighting districts
353	862	1,215	Road maintenance
-	44,080	44,080	Public protection
-	3,587	3,587	Clerk, recorder, assessor operations
-	3,766	3,766	Other programs
<u>11,448</u>	<u>129,543</u>	<u>275,209</u>	Total restricted fund balances
			Committed:
1,304	-	1,304	Road activities
-	7,848	7,848	Advertising activities
-	-	15	Other programs
<u>1,304</u>	<u>7,848</u>	<u>9,167</u>	Total committed fund balances
21,177	14,150	51,569	Capital projects and equipment replacement
-	-	27,873	Tribal development impact mitigation
-	-	13,726	Redevelopment agencies
-	-	9,682	General services
-	-	5,977	Public protection
11,164	-	11,164	Road maintenance
-	-	4,711	Encumbrances
-	-	10,386	Contract negotiations
-	-	5,759	October 2017 Fires
-	-	3,278	Cannabis program
-	-	13,950	Other programs
<u>32,341</u>	<u>14,150</u>	<u>158,075</u>	Total assigned fund balances
-	-	71,294	Unassigned
<u>\$ 45,762</u>	<u>\$ 151,702</u>	<u>\$ 526,474</u>	Total fund balances

NOTE 12 – FUND BALANCES (Continued)

(b) Retained Deficits

Internal Service Funds

The County's Employee Retirement Internal Service Fund has a retained deficit of \$560,781 at June 30, 2019. 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 \$248,811 at June 30, 2019. 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 \$3,571 at June 30, 2019. 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 13 – 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, 2018, the date of the most recent actuarial valuation, Plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	5,096
Current active members	4,021
Inactive vested members	<u>1,295</u>
Total	<u>10,412</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:

Tier Name	Membership Effective Date	Basic Provisions	Final Average
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 13 – 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 13 – 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, 2018:

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, 2018 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 9 years remaining as of December 31, 2018.

(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, 2019 were based on the Plan’s valuation dated December 31, 2015. 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, 2019, the County contributed \$57,797 or approximately 18.79% of covered payroll.

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

At June 30, 2019, the County reported a liability of \$418,350 for its proportionate share of the net pension liability and discrete component units reported their proportionate share of \$34,752. The net pension liability was measured as of December 31, 2018 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, 2018, the County’s proportion was 84.64%, an increase of 3.91% compared to December 31, 2017, and the discrete component unit’s proportion was 7.03%, an increase of 0.50%, compared to December 31, 2017.

NOTE 13 – EMPLOYEES’ RETIREMENT PLANS (Continued)

For the year ended June 30, 2019, the County recognized a pension expense of \$106,515 and the discrete component units recognized a pension expense of \$8,855. At June 30, 2019, 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	\$ 9,516	\$ (444)
Changes in assumptions	19,825	-
Net difference between projected and actual earnings on plan investments	105,719	-
Changes in proportion and differences between County contributions and proportionate share of contributions	10,913	(5,104)
Contributions subsequent to the measurement date	26,973	-
County prepayment of future year contributions	31,476	-
Total	<u>\$ 204,422</u>	<u>\$ (5,548)</u>
<u>Business-Type Activities</u>		
Differences between expected and actual experience	\$ 81	\$ (27)
Changes in assumptions	249	-
Net difference between projected and actual earnings on plan investments	869	(549)
Changes in proportion and differences between County contributions and proportionate share of contributions	99	(286)
Contributions subsequent to the measurement date	524	-
Total	<u>\$ 1,822</u>	<u>\$ (862)</u>
<u>Discrete Component Units</u>		
Differences between expected and actual experience	\$ 811	\$ (51)
Changes in assumptions	1,760	-
Net difference between projected and actual earnings on plan investments	9,089	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,215	(457)
Contributions subsequent to the measurement date	2,165	-
Total	<u>\$ 15,040</u>	<u>\$ (508)</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, 2020 totaling \$27,497 for the County and \$2,165 for discrete component units. The County has prepayments of future year contributions on deposit with SCERA of \$31,476 at June 30, 2019. 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)
2020	\$ 43,711	\$ 256	\$ 3,877
2021	19,719	40	1,884
2022	25,906	(66)	2,417
2023	51,089	206	4,189
Total	<u>\$ 140,425</u>	<u>\$ 436</u>	<u>\$ 12,367</u>

(1) Brackets indicate negative expense

NOTE 13 – EMPLOYEES’ RETIREMENT PLANS (Continued)**(f) Discount Rate**

The discount rates used to measure the total pension liability were 7.00% and 7.25% as of December 31, 2018 and December 31, 2017, 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, 2018 and 2017.

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, 2018 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	\$ 712,859	\$ 414,252	\$ 166,149
Business-Type Activities	8,020	4,098	834
Discrete Component Units	59,802	34,752	13,938
Total	\$ 780,681	\$ 453,102	\$ 180,921

NOTE 14 – 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, 2019. The County elected to use a measurement date of June 30, 2018 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, 2019
Valuation Date	June 30, 2018
Measurement Date	June 30, 2018

As of June 30, 2018 measurement date, plan membership consisted of the following:

Retirees, beneficiaries, and dependents currently receiving benefits	4,110
Retirees eligible but not yet receiving benefits	136
Active members eligible for OPEB	<u>1,775</u>
Total	<u>6,021</u>

(d) Contributions

The Plan funding policy provides for periodic contributions by the County. The contributions rate as a percentage of covered payroll was 8.8% for 2018-19, 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 14 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

(e) Net OPEB Liability – Employer GASB 75

At June 30, 2019 the County’s governmental activities, business activities and discrete component units reported net OPEB liabilities of \$225,720, \$4,092 and \$20,090 respectively. The net OPEB liability decreased 25.46%.

(f) Actuarial Methods and Assumptions

The Net OPEB Liability (NOL) was measured as of June 30, 2018 and 2017 and determined based on the total OPEB liability from actuarial valuations as of June 30, 2018 and 2017, 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, 2017:

Actuarial cost method	Entry Age Normal
Inflation	3.00%
Investment rate of return	6.50%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.50%
Other assumptions	Analysis of actuarial experience per the January 1, 2012 through December 31, 2014 Actuarial Experience Study dated October 2, 2015 and the Economic Actuarial Assumption Study for December 31, 2015 Actuarial Valuation dated September 30, 2015 for the 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 County’s Investment Guidelines for OPEB are detailed in the “Investment Guidelines Document – County of Sonoma Post-Employment Health Care Plan Investment Policy Document – June 2017”. The Board’s adopted asset allocation policy for OPEB as of June 2017 follows below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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 14 – 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, 2018; as of June 30, 2017 the discount rate was 3.78%. 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, 2018, as restated	\$ 384,645	\$ 49,743	\$ 334,902
Changes for the year:			
Service Cost	10,829	-	10,829
Interest	14,500	-	14,500
Differences between expected and actual experience	3,176	-	3,176
Changes of assumptions	(83,322)	-	(83,322)
Contributions – employer	-	26,667	(26,667)
Net investment income	-	3,699	(3,699)
Benefit payments	(22,168)	(22,168)	-
Administrative expense	-	(183)	183
Net changes	(76,985)	8,015	(85,000)
Balances at June 30, 2019	\$ 307,660	\$ 57,758	\$ 249,902

The net OPEB liability decreased primarily due to increasing the discount rate from 3.78% to 6.50%. 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, 2018 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	249,513	225,720	205,034
Business-Type Activities	4,550	4,092	3,696
Discrete Component Units	22,208	20,090	18,249
Total	\$ 276,271	\$ 249,902	\$ 226,979

NOTE 14 – 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, 2018, 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:

	<u>1% Decrease (Trend -1%)</u>	<u>Current Trend Rates (1)</u>	<u>1% Increase (Trend +1%)</u>
Governmental Activities	\$ 223,564	\$ 225,720	\$ 232,610
Business-Type Activities	4,013	4,092	4,232
Discrete Component Units	<u>19,898</u>	<u>20,090</u>	<u>20,703</u>
Total	<u>\$ 247,475</u>	<u>\$ 249,902</u>	<u>\$ 257,545</u>

(1) The County Health Plan Medical trends for ages under 65 grade from 7.50% in 2018/2019 down to 4.50% over 6 years. County Health Plan Medical trends for ages over 65 grade from 6.00% in 2018-2019 down to 4.50% over 6 years. County Health Plan Drug trends grade from 6.50% in 2018-2019 down to 4.50% over 4 years. HMO Medical/Drug trends grade from 6.50% in 2018-2019 down to 4.50% over 8 years. ASO fees assumed trend in 5.00% in 2018-2019, then 4.50% thereafter.

(k) Deferred Outflows and Deferred Inflows of Resources

For the year ended June 30, 2019 the County recognized OPEB expense of (\$15,968). The discrete component units recognized OPEB expense of (\$1,522). At June 30, 2019, the County and its component units reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>Governmental Activities</u>		
Differences between expected and actual experience	\$ 1,810	\$ (449)
Changes in assumptions	-	(54,859)
Net difference between projected and actual earnings on plan investments	-	(1,132)
Changes in proportion and differences between County contributions and proportionate share of contributions	472	(331)
Contributions subsequent to the measurement date	<u>26,013</u>	<u>-</u>
Total	<u>\$ 28,295</u>	<u>\$ (56,771)</u>
<u>Business-Type Activities</u>		
Differences between expected and actual experience	\$ 17	\$ (11)
Changes in assumptions	-	(617)
Net difference between projected and actual earnings on plan investments	-	(18)
Changes in proportion and differences between County contributions and proportionate share of contributions	140	(107)
Contributions subsequent to the measurement date	<u>498</u>	<u>-</u>
Total	<u>\$ 655</u>	<u>\$ (753)</u>
<u>Discrete Component Units</u>		
Differences between expected and actual experience	\$ 161	\$ (40)
Changes in assumptions	-	(4,882)
Net difference between projected and actual earnings on plan investments	-	(101)
Changes in proportion and differences between employer contributions and proportionate share of contributions	77	(298)
Contributions subsequent to the measurement date	<u>2,315</u>	<u>-</u>
Total	<u>\$ 2,553</u>	<u>\$ (5,321)</u>

NOTE 14 – 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, 2020 and totaled \$26,511 for the County and \$2,315 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)
2020	\$ (35,579)	\$ (326)	\$ (3,272)
2021	(18,493)	(262)	(1,775)
2022	(358)	(5)	(32)
2023	(59)	(3)	(5)
Total	<u>\$ (54,489)</u>	<u>\$ (596)</u>	<u>\$ (5,084)</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, 2019
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>

(m) Net OPEB Liability

Components of the net OPEB liability as of June 30, 2019:

Total OPEB liability	\$ 303,941
Plan fiduciary net position	<u>66,060</u>
Net OPEB liability	<u>\$ 237,881</u>
Plan fiduciary net position as a percentage of the total OPEB liability	21.7%

NOTE 14 – 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, 2019 with a measurement date of June 30, 2019, 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, 2018:

Actuarial cost method	Entry Age Normal
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 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>	

For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense was 7.61%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the amounts actually invested.

NOTE 14 – 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, 2019 and June 30, 2018. The projection of cash flows used to determine the discount rate assumed that employer contributions of 8.3% of payroll in fiscal year 2019-2020, then 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, 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:

<u>1% Decrease</u> <u>(5.50%)</u>	<u>Current Discount Rate</u> <u>(6.50%)</u>	<u>1% Increase</u> <u>(7.50%)</u>
\$ 263,985	\$ 237,881	\$ 215,261

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

The following present the 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 rates that are 1% lower than the current rates:

<u>1% Decrease</u> <u>(Trend -1%)</u>	<u>Current Trend</u> <u>Rates (1)</u>	<u>1% Increase</u> <u>(Trend +1%)</u>
\$ 231,747	\$ 237,881	\$ 244,547

Current Trend Rates: County Health Plan Medical trends for ages under 65 grade from 7.00% in 2019/2020 down to 4.50% over 5 years. County Health Plan Medical trends for ages over 65 grade from 5.75% in 2019/2020 down to 4.50% over 5 years. County Health Plan Drug trends grade from 6.00% in 2019/2020 down to 4.50% over 3 years. HMO Medical/Drug trends grade from 6.25% in 2019/2020 down to 4.50% over 7 years. ASO fees assumed trend is 4.50% in 2019/2020 and thereafter.

(r) Sonoma County Association of Retired Employees (SCARE) Settlement

In April 2017, a settlement agreement regarding retiree health care benefits was approved by the Federal District Court. The settlement contains two central provisions, for those retired as of June 30, 2016. First the agreement provides for continuation of County contributions to healthcare premiums of up to \$500 per month through May 2026. Beginning in June 2026, the county contribution decreases to \$200 per month through May 2041. Second, the county agreed to fund \$12 million (less administration costs) to HRA plans for retiree class members. This benefit was funded over a three year period ending June 2019. In fiscal year 2018-19 the County paid \$4,090.

NOTE 15 – 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 \$21,500 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, 2019, 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, 2019, totaled \$32,738, which is recorded in the internal service fund as operating revenue. As of June 30, 2019, the estimated liability in the internal service fund totaled \$44,268 of which \$10,739 is estimated to be payable in the ensuing year. The remaining \$33,529 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, 2018</u>	Balance <u>June 30, 2019</u>
Unpaid claims liability at beginning of year	\$ 40,222	\$ 41,377
Incurred claims	20,223	31,028
Claim payments	<u>(19,068)</u>	<u>(28,137)</u>
Unpaid claims liability at end of year	<u>\$ 41,377</u>	<u>\$ 44,268</u>

NOTE 16 – 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, 2019, the estimated closure and postclosure liability was \$9,508 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 and recorded a deferred inflow of resources of \$36,149 as of June 30, 2019. The deferred inflow will be amortized over the estimated 30 year term of the agreement.

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 17 – 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, 2019:

General Fund	\$ 4,711
Health and Sanitation Special Revenue Fund	2
Roads Special Revenue Fund	202
Other governmental funds	<u>19,360</u>
Total encumbrances for governmental funds	<u><u>\$ 24,275</u></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 18 – 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, 2019. 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, 2018	Additions	Retirements	June 30, 2019
Deferred Inflows of Resources				
Central Landfill and				
County Transfer Stations	\$ 37,539	\$ -	\$ (1,390)	\$ 36,149

Refuse retained certain capital assets related to the SCA. The assets carrying value, net of accumulated depreciation at June 30, 2019 is as follows:

Central Landfill and County Transfer Stations

Land	\$ 2,538
Buildings & Improvements	15,736
Equipment	213
SCA capital assets, net	<u>\$ 18,487</u>

NOTE 19 – 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, 2018	Additions	Retirements	June 30, 2019	One Year
Redevelopment Successor Agency Tax allocation bonds payable*	\$ 9,405	\$ -	\$ (390)	\$ 9,015	\$ 395

*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, 2019 is \$1,248.

The annual principal and interest requirements on the long-term bonds outstanding at June 30, 2019, are as follows:

Year ending June 30:	Principal	Interest	Total
2020	\$ 395	\$ 384	\$ 779
2021	415	368	783
2022	430	351	781
2023	450	334	784
2024	470	315	785
2025-2029	2,680	1,207	3,887
2030-2034	3,410	472	3,882
2035	765	12	777
Total	<u>\$ 9,015</u>	<u>\$ 3,443</u>	<u>\$ 12,458</u>

NOTE 20 – PRIOR PERIOD ADJUSTMENT

(a) First 5 Sonoma County Commission

During the fiscal year ended June 30, 2019, First 5 Sonoma County Commission (First 5) recorded a prior period adjustment (adjustment) increase of \$539 to an error in contractor claims, to \$11,917 beginning of year balance, as restated. The prior period adjustment did not impact the primary government governmental activities beginning net position because the First 5 adjustment increase of \$539, nets against the Health and Sanitation Special Revenue fund adjustment decrease of \$539.

(b) Health and Sanitation Special Revenue Fund

During the fiscal year ended June 30, 2019, Health and Sanitation Special Revenue Fund recorded a prior period adjustment decrease of \$539 contractor reimbursement to refund overpayment, to \$30,220 beginning of year balance, as restated. The prior period adjustment did not impact the primary government governmental activities beginning net position because the Health and Sanitation Special Revenue fund adjustment decrease of \$539, nets against the First 5 adjustment increase of \$539.

(c) Sonoma County Fair

During the fiscal year ended June 30, 2019, the Fair implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension Plans*, which establishes accounting and financial reporting by state and local governments for postemployment benefits. This implementation resulted in a restatement of beginning net position decrease of \$2,135, to \$10,780 beginning of year balance, as restated.

(d) Sonoma Water Revenue Bonds

In July 2019 Sonoma Water issued \$11,010 in Water Revenue Bonds (2019 Bonds). The proceeds of the 2019 Bonds will be used to finance the facilities and improvements to increase the reliability and capacity of Sonoma Water's water transmission system. The 2019 Bonds are payable solely from the net revenues of Sonoma Water's transmission system and amounts on deposit in the related funds and accounts. Neither the full faith and credit nor the taxing power of Sonoma Water is pledged to the payment of the principal or interest of the 2019 Bonds

NOTE 21 – SUBSEQUENT EVENTS

(a) First 5 Sonoma County Commission

Effective July 1, 2019 First 5 Sonoma County Commission was established as a legal public entity separate from the County of Sonoma. As an entity separate from the County of Sonoma, obligations of First 5 Sonoma County are the obligations solely of the Commission and not directly or indirectly obligations of the County or any officials, employees or agents of the County.

(b) Kincade Fire in Sonoma County

The October 2019 Kincade Fire in Sonoma County burned more than 75,000 acres, destroyed more than 370 buildings, and caused approximately 180,000 residents to evacuate the impacted areas.

The overall financial impact to the County is not known. The resulting loss of homes and businesses are expected to have a negative impact on property tax revenues. Costs are projected to increase due to damaged and lost property, infrastructure, and equipment. As well, expenses related to emergency protective measures, debris removal, and permanent work will be incurred. These additional expenses, to an extent, will be mitigated by recoveries through insurance, as well as government aid.

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)

	2018-19	2017-18	2016-17	2015-16	2014-15
Proportion of net pension liability	84.64%	80.73%	84.27%	84.43%	81.66%
Proportionate share of net pension liability	\$ 418,350	\$ 136,291	\$ 330,831	\$ 348,556	\$ 177,023
Covered payroll	\$ 300,515	\$ 300,546	\$ 285,864	\$ 271,061	\$ 262,325
Proportionate share of net pension liability as a percentage of covered payroll	139.21%	45.35%	115.73%	128.59%	67.48%
Plan fiduciary net position as a percentage of the total pension liability	83.91%	94.21%	86.02%	84.68%	91.46%

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

	2018-19	2017-18	2016-17	2015-16	2014-15
Actuarially determined contributions	\$ 57,797	\$ 55,480	\$ 52,981	\$ 56,663	\$ 55,981
Contributions in relation to the actuarially determined contribution	<u>57,797</u>	<u>55,480</u>	<u>52,981</u>	<u>60,216</u>	<u>55,981</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,553)</u>	<u>\$ -</u>
Covered payroll	\$ 307,543	\$ 302,281	\$ 293,871	\$ 288,885	\$ 265,945
Contributions as a percentage of covered payroll	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)

	2018-19	2017-18	2016-17
Total OPEB liability	\$ 303,941	\$ 308,205	\$ 385,583
Plan's fiduciary net position	66,060	57,860	49,743
Net OPEB liability	<u>\$ 237,881</u>	<u>\$ 250,345</u>	<u>\$ 335,840</u>
Plan fiduciary net position as a percentage of the total OPEB liability	21.73%	18.77%	12.90%
Covered payroll	\$ 327,816	\$ 330,039	\$ 321,401
Plan net OPEB liability as a percentage of covered payroll	72.57%	75.85%	104.49%

Schedule of OPEB Plan Investment Returns
 Last Ten Fiscal Years *

	2018-19	2017-18	2016-17
Annual Money-Weighted Rate of Return, Net of Investment Expense	7.61%	7.45%	11.47%

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

	2018-19	2017-18	2016-17
Actuarial determined contributions	\$ 18,206	\$ 18,938	\$ 21,653
Contributions in relation to the actuarially determined contributions	26,193	26,768	27,699
Contribution deficiency (excess)	<u>\$ (7,987)</u>	<u>\$ (7,830)</u>	<u>\$ (6,046)</u>
Covered payroll	\$ 327,816	\$ 330,039	\$ 321,401
Contributions as a percentage of covered employee payroll	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)

	2018-19	2017-18	2016-17
Total OPEB Liability			
Service Cost	\$ 5,468	\$ 10,852	\$ 13,800
Interest	19,667	14,566	12,579
Changes of benefit terms	(245)		-
Differences between expected and actual experience	(557)	3,210	(1,547)
Change due to reflecting the excise tax	-	-	2,351
Changes of assumptions	(6,404)	(83,838)	(28,454)
Benefit payments	(22,193)	(22,168)	(23,529)
Net change in total OPEB Liability	(4,264)	(77,378)	(24,800)
Total OPEB liability - beginning of year	308,205	385,583	410,383
Total OPEB liability - end of year (a)	<u>\$ 303,941</u>	<u>\$ 308,205</u>	<u>\$ 385,583</u>
Plan fiduciary net position			
Contributions – PARS	\$ 4,000	\$ 4,600	\$ 3,000
Contributions – Premiums net of retiree contributions	20,960	21,031	22,377
Contributions – Administrative	1,233	1,137	1,152
Contributions – Legal	-	-	217
Contributions – Total employer	\$ 26,193	\$ 26,768	\$ 26,746
Net investment income	4,395	3,699	4,817
Benefit payments – Premiums	(22,193)	(22,168)	(23,530)
Legal expense	-	-	(217)
Administrative expense	(195)	(182)	(153)
Net change in plan fiduciary net position	8,200	8,117	7,663
Plan fiduciary net position - beginning of year	57,860	49,743	42,080
Plan fiduciary net position - end of year (b)	<u>66,060</u>	<u>57,860</u>	<u>49,743</u>
County net OPEB liability, ending (a-b)	<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, 2019
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 270,148	\$ 276,834	\$ 290,632	\$ 13,798
Licenses, permits and franchised fees	25,310	25,359	22,612	(2,747)
Fines Forfeitures and penalties	9,572	9,603	11,871	2,268
Use of money and property	6,050	6,056	9,656	3,600
Intergovernmental	89,110	91,511	101,765	10,254
Charges for services	48,315	49,154	46,172	(2,982)
Other revenue	5,019	9,535	11,769	2,234
Total revenues	453,524	468,052	494,477	26,425
EXPENDITURES:				
General government				
Board of Supervisors / County Administrator				
County Administrator	5,147	5,086	5,071	15
Board of Supervisors	4,499	4,621	4,606	15
Disaster Recovery and Resiliency	1,595	2,201	1,991	210
Auditor-Controller-Treasurer-Tax Collector	17,553	17,658	16,749	909
County Clerk-Recorder-Assessor				
Assessor	11,904	11,928	11,515	413
Registrar of Voters	4,315	5,473	5,186	287
County Counsel	10,109	10,386	10,230	156
Human Resources	8,426	8,820	8,497	323
General Services				
Administration	1,853	1,856	1,789	67
Facilities Development	12,620	13,982	13,823	159
Special Funds	4,338	5,411	5,272	139
Support Services	17,816	17,740	17,160	580
Information Systems	38,399	38,408	32,438	5,970
Other general government	19,120	20,081	17,520	2,561
Total general government	157,694	163,651	151,847	11,804
Public protection				
District Attorney	25,800	25,953	25,541	412
Public Defender	11,209	12,176	11,966	210
Court Support and Grand Jury	11,059	11,059	10,740	319
Probation	56,810	57,510	54,180	3,330
Permit & Resource Management				
Permit Sonoma	26,521	29,168	29,164	4
Resiliency Permit Center	6,210	6,719	5,920	799
Fire Prevention	-	170	65	105
Sheriff				
Law Enforcement	93,945	95,871	93,814	2,057
Detention	71,448	71,331	70,549	782
Disaster Recovery and Resiliency	30	173	161	12
Agriculture / Weights & Measures	6,548	6,779	6,615	164
Emergency Management	-	2,906	2,568	338

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule (Continued)
 General Fund
 For the Fiscal Year Ended June 30, 2019
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Protection (continued)				
Fire Services	-	5,663	4,610	1,053
Disaster Recovery Division	-	2,500	153	2,347
Independent Office of Law Enforcement				
Review and Outreach	561	582	534	48
Total public protection	<u>310,141</u>	<u>328,560</u>	<u>316,580</u>	<u>11,980</u>
Public ways and facilities				
Transportation & Public Works	576	616	244	372
Total public ways and facilities	<u>576</u>	<u>616</u>	<u>244</u>	<u>372</u>
Education				
U.C. Cooperative Extension	1,176	1,189	1,132	57
Total education	<u>1,176</u>	<u>1,189</u>	<u>1,132</u>	<u>57</u>
Recreation and cultural services				
Regional Parks	21,253	21,371	21,266	105
General Services - Veterans Buildings	1,002	1,110	1,096	14
Total recreation and cultural services	<u>22,255</u>	<u>22,481</u>	<u>22,362</u>	<u>119</u>
Expenditures subtotal	<u>491,842</u>	<u>516,497</u>	<u>492,165</u>	<u>24,332</u>
Reimbursements	(104,551)	(104,840)	(101,430)	(3,410)
Total expenditures	<u>387,291</u>	<u>411,657</u>	<u>390,735</u>	<u>20,922</u>
Excess (deficiency) of revenues over (under) expenditures	<u>66,233</u>	<u>56,395</u>	<u>103,742</u>	<u>47,347</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	27,152	38,381	37,515	(866)
Transfers out	(95,714)	(109,709)	(106,168)	3,541
Issuance of long-term debt	1,000	1,654	654	(1,000)
Proceeds from sale of capital assets	-	-	426	426
Refunding to escrow agent	(5,028)	(80)	-	80
Total other financing sources (uses)	<u>(72,590)</u>	<u>(69,754)</u>	<u>(67,573)</u>	<u>2,181</u>
SPECIAL ITEMS				
Special Item (Equity Transfer)	382	382	-	(382)
NET CHANGE IN FUND BALANCE	<u>\$ (5,975)</u>	<u>\$ (12,977)</u>	\$ 36,169	<u>\$ 49,146</u>
GAAP basis difference - encumbrances			4,711	
Fund balance - beginning of year			<u>150,979</u>	
Fund balance - end of year			<u>\$ 191,859</u>	

COUNTY OF SONOMA, CALIFORNIA
Budgetary Comparison Schedule
Human Services Special Revenue Fund
For the Fiscal Year Ended June 30, 2019
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 69	\$ 69	\$ 865	\$ 796
Intergovernmental	181,135	189,203	175,835	(13,368)
Charges for services	1,117	1,117	1,421	304
Other revenue	976	976	8,385	7,409
Total revenues	183,297	191,365	186,506	(4,859)
EXPENDITURES:				
Public assistance				
Human Services				
Program Administration	238,780	239,902	228,756	11,146
Special Revenue	49,040	59,902	54,627	5,275
Reimbursements	(76,786)	(76,911)	(79,438)	2,527
Total expenditures	211,034	222,893	203,945	18,948
Excess (deficiency) of revenues over (under) expenditures	(27,737)	(31,528)	(17,439)	14,089
OTHER FINANCING SOURCES (USES):				
Transfers in	26,672	26,848	26,822	(26)
Transfers out	(157)	(157)	(153)	4
Total other financing sources (uses)	26,515	26,691	26,669	(22)
NET CHANGE IN FUND BALANCE	\$ (1,222)	\$ (4,837)	\$ 9,230	\$ 14,067
GAAP basis difference - encumbrances			-	
Fund balance - beginning of year			21,156	
Fund balance - end of year			\$ 30,386	

COUNTY OF SONOMA, CALIFORNIA
Budgetary Comparison Schedule
Health and Sanitation Special Revenue Fund
For the Fiscal Year Ended June 30, 2019
(Dollars in Thousands)

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Licenses, permits and franchised fees	\$ 7,118	\$ 7,118	\$ 7,129	\$ 11
Fines Forfeitures and penalties	1,304	1,304	1,068	(236)
Use of money and property	(212)	(212)	471	683
Intergovernmental	107,065	111,423	110,404	(1,019)
Charges for services	5,087	5,094	4,126	(968)
Other revenue	2,299	4,594	13,868	9,274
Total revenues	<u>122,661</u>	<u>129,321</u>	<u>137,066</u>	<u>7,745</u>
EXPENDITURES:				
Public protection				
Health Services - Animal Services	7,006	7,006	6,252	754
Health & sanitation				
Health Services				
Administration	19,472	21,972	18,447	3,525
Behavioral Health	92,942	97,304	92,457	4,847
Public Health	46,130	46,766	41,095	5,671
Special Revenue	56,985	60,263	54,303	5,960
Total Health and sanitation	<u>215,529</u>	<u>226,305</u>	<u>206,302</u>	<u>20,003</u>
Reimbursements	<u>(87,569)</u>	<u>(88,984)</u>	<u>(82,412)</u>	<u>(6,572)</u>
Total expenditures	<u>134,966</u>	<u>144,327</u>	<u>130,142</u>	<u>14,185</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,305)</u>	<u>(15,006)</u>	<u>6,924</u>	<u>21,930</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	17,862	17,877	17,826	(51)
Transfers out	(1,810)	(1,810)	(1,810)	-
Proceeds from sale of capital assets	-	-	1	1
Total other financing sources (uses)	<u>16,052</u>	<u>16,067</u>	<u>16,017</u>	<u>(50)</u>
SPECIAL ITEMS				
Special Item (Equity Transfer)	<u>-</u>	<u>538</u>	<u>-</u>	<u>(538)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 3,747</u>	<u>\$ 1,061</u>	<u>\$ 22,941</u>	<u>\$ 21,880</u>
GAAP basis difference - encumbrances			2	
Fund balance - beginning of year as restated			<u>30,220</u>	
Fund balance - end of year			<u>\$ 53,163</u>	

COUNTY OF SONOMA, CALIFORNIA
Budgetary Comparison Schedule
Open Space Special Tax Account Special Revenue Fund
For the Fiscal Year Ended June 30, 2018
(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:				
Taxes	\$ 23,044	\$ 23,044	\$ 26,732	\$ 3,688
Use of money and property	330	330	1,811	1,481
Total revenues	<u>23,374</u>	<u>23,374</u>	<u>28,543</u>	<u>5,169</u>
EXPENDITURES:				
Recreation and cultural services	<u>39,558</u>	<u>39,558</u>	<u>24,805</u>	<u>14,753</u>
Total Expenditures	<u>39,558</u>	<u>39,558</u>	<u>24,805</u>	<u>14,753</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,184)</u>	<u>(16,184)</u>	<u>3,738</u>	<u>19,922</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(7,506)</u>	<u>(7,506)</u>	<u>(7,501)</u>	<u>5</u>
Total other financing sources (uses)	<u>(7,506)</u>	<u>(7,506)</u>	<u>(7,501)</u>	<u>5</u>
NET CHANGE IN FUND BALANCE	<u>\$ (23,690)</u>	<u>\$ (23,690)</u>	<u>\$ (3,763)</u>	<u>\$ 19,927</u>
GAAP basis difference - encumbrances			-	
Fund balance - beginning of year			<u>57,365</u>	
Fund balance - end of year			<u>\$ 53,602</u>	

COUNTY OF SONOMA, CALIFORNIA
Budgetary Comparison Schedule
Roads Special Revenue Fund
For the Fiscal Year Ended June 30, 2019
(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:				
Licenses, permits and franchised fees	\$ -	\$ -	\$ 1,543	\$ 1,543
Fines Forfeitures and penalties	410	410	295	(115)
Use of money and property	213	213	1,293	1,080
Intergovernmental	47,621	46,621	28,460	(18,161)
Charges for services	1,421	1,421	1,570	149
Other revenue	1,250	1,250	1,964	714
Total revenues	<u>50,915</u>	<u>49,915</u>	<u>35,125</u>	<u>(14,790)</u>
EXPENDITURES:				
Public ways and facilities	89,647	91,705	68,226	23,479
Reimbursements	<u>(13,764)</u>	<u>(13,764)</u>	<u>(12,243)</u>	<u>(1,521)</u>
Total expenditures	<u>75,883</u>	<u>77,941</u>	<u>55,983</u>	<u>21,958</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(24,968)</u>	<u>(28,026)</u>	<u>(20,858)</u>	<u>7,168</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	20,203	21,320	20,323	(997)
Transfers out	<u>(1,705)</u>	<u>(1,705)</u>	<u>(714)</u>	<u>991</u>
Total other financing sources (uses)	<u>18,498</u>	<u>19,615</u>	<u>19,609</u>	<u>(6)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (6,470)</u>	<u>\$ (8,411)</u>	<u>\$ (1,249)</u>	<u>\$ 7,162</u>
GAAP basis difference - encumbrances			203	
Fund balance - beginning of year			<u>46,808</u>	
Fund balance - end of year			<u>\$ 45,762</u>	

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2019

NOTE 1 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN

a) Change of assumptions

OPEB Plan amounts reported for the net OPEB liability decreased primarily as a result of an updated Actuarial Experience Study for SCERA date September 25, 2018.

b) Actuarial Methods and Assumptions

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

Valuation date	Actuarially Determined Contribution based on the beginning of the applicable period
Actuarial cost method	Entry Age Cost Method
Amortization method	Level percent of payroll for total unfunded actuarial accrued liability
Remaining amortization period	
June 30, 2019 valuation	28 years (declining) for outstanding balance of the June 30, 2018 unfunded OPEB liability
June 30, 2018 valuation	29 years for outstanding balance of the June 30, 2017 unfunded OPEB liability
Asset valuation method	Market value of assets
Actuarial assumptions	
June 30, 2019	
Discount rate	6.50% net of OPEB plan investment expense, including inflation
Payroll growth	3.25%
Other assumptions	Same as those used in the June 30, 2018 GASB 74 actuarial valuation dated November 26, 2018
Actuarial assumptions	
June 30, 2018 valuation	
Discount rate	6.50% net of OPEB plan investment expense, including inflation
Payroll growth	3.50%
Other assumptions	Same as those used in the June 30, 2017 GASB 74 actuarial valuation dated December 8, 2017

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, 2019, 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.

FIRE AND EMERGENCY SERVICES

Established to account for Fire and Emergency property tax revenues and grant funding to finance fire service activity in unincorporated areas of the County and Wilmar, Dry Creek, and Mayacamas County Fire Districts.

FIRST 5 COMMISSION

Established by the Sonoma County Board of Supervisors Ordinance No. 5142 in 1998 pursuant to Proposition 10, the California Children and Families First Act of 1998. The purpose is to promote, support, and improve the early development of children; and is funded by cigarette and other tobacco sales tax.

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)).

MANDATED

Established for state programs that are required to be accounted for in a separate 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. 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, 2019

(Dollars in Thousands)

	Special Revenue	Capital Projects	Debt Service	
	Funds	Fund	Fund	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Assets:				
Cash and investments	\$ 116,046	\$ 14,515	\$ -	\$ 130,561
Cash and investments with trustee	2	-	12,764	12,766
Receivables, net				
Accounts	1,305	-	-	1,305
Interest and other	3,466	145	-	3,611
Inventories	12	-	-	12
Due from other governments	12,098	121	-	12,219
Prepaid expenses and deposits	149	-	-	149
Total assets	<u>\$ 133,078</u>	<u>\$ 14,781</u>	<u>\$ 12,764</u>	<u>\$ 160,623</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued salaries and benefits	2,920	484	-	3,404
Due to other funds	3,640	-	-	3,640
Due to other governments	1,314	-	-	1,314
Advances from grantors and third parties	393	-	-	393
Deposits from others	10	-	-	10
Other liabilities	-	26	-	26
Total liabilities	<u>8,277</u>	<u>510</u>	<u>-</u>	<u>8,787</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	13	121	-	134
Total deferred inflows of resources	<u>13</u>	<u>121</u>	<u>-</u>	<u>134</u>
FUND BALANCES				
Nonspendable	161	-	-	161
Restricted	116,779	-	12,764	129,543
Committed	7,848	-	-	7,848
Assigned	-	14,150	-	14,150
Total fund balances	<u>124,788</u>	<u>14,150</u>	<u>12,764</u>	<u>151,702</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 133,078</u>	<u>\$ 14,781</u>	<u>\$ 12,764</u>	<u>\$ 160,623</u>

COUNTY OF SONOMA, CALIFORNIA
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 For the Year Ended June 30, 2019
 (Dollars in Thousands)

	Special Revenue Funds	Capital Projects Fund	Debt Service Fund	Total
Revenues:				
Taxes	\$ 22,855	\$ -	\$ -	\$ 22,855
Licenses, permits and franchise fees	2,794	-	-	2,794
Fines, forfeitures and penalties	3,013	-	-	3,013
Use of money and property	4,453	250	259	4,962
Intergovernmental	85,453	2,664	-	88,117
Charges for services	4,723	-	-	4,723
Other	5,751	126	4,963	10,840
Total revenues	<u>129,042</u>	<u>3,040</u>	<u>5,222</u>	<u>137,304</u>
Expenditures:				
Current:				
General government	9,168	958	46	10,172
Public protection	56,982	-	-	56,982
Public ways and facilities	835	-	-	835
Health and sanitation	17,252	-	-	17,252
Public assistance	28,282	-	-	28,282
Recreation and cultural services	8,577	-	-	8,577
Capital outlay	14,733	13,559	-	28,292
Debt service:				
Principal	57	-	7,375	7,432
Interest and other	13	-	5,342	5,355
Total expenditures	<u>135,899</u>	<u>14,517</u>	<u>12,763</u>	<u>163,179</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,857)</u>	<u>(11,477)</u>	<u>(7,541)</u>	<u>(25,875)</u>
Other financing sources (uses):				
Transfers in	27,880	13,225	7,501	48,606
Transfers out	(11,874)	(1,159)	-	(13,033)
Proceeds from sale of capital assets	4	-	-	4
Total other financing sources (uses)	<u>16,010</u>	<u>12,066</u>	<u>7,501</u>	<u>35,577</u>
Net change in fund balance	9,153	589	(40)	9,702
Net position, beginning of year, as restated	115,635	13,561	12,804	142,000
Fund balance, end of year	<u>\$ 124,788</u>	<u>\$ 14,150</u>	<u>\$ 12,764</u>	<u>\$ 151,702</u>

COUNTY OF SONOMA, CALIFORNIA

Nonmajor Special Revenue Funds

Combining Balance Sheet

June 30, 2019

(Dollars in Thousands)

	Community Investment	Fire and Emergency Services	First 5 Sonoma County Commission
ASSETS			
Assets:			
Cash and investments	\$ 4,190	\$ 2,895	\$ 9,855
Cash and investments with trustee	-	-	-
Receivables, net			
Accounts	1,085	-	-
Interest and other	3,245	78	-
Inventories	-	-	-
Due from other governments	-	-	1,586
Prepaid items and deposits	12	-	-
Total assets	<u>\$ 8,532</u>	<u>\$ 2,973</u>	<u>\$ 11,441</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued salaries and benefits	672	346	1,126
Due to other funds	-	-	57
Due to other governments	-	-	-
Advances from grantors and third parties	-	-	45
Deposits from others	-	-	-
Total liabilities	<u>672</u>	<u>346</u>	<u>1,228</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	-	13
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>13</u>
FUND BALANCES			
Nonspendable	12	-	-
Restricted	-	2,627	10,200
Committed	7,848	-	-
Total fund balances	<u>7,860</u>	<u>2,627</u>	<u>10,200</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,532</u>	<u>\$ 2,973</u>	<u>\$ 11,441</u>

Agricultural
Preservation and Open

Space District	Mandated Revenue	2011 Realignment	Special Districts	Total
\$ 11,548	\$ 49,694	\$ 26,138	\$ 11,726	\$ 116,046
-	2	-	-	2
-	220	-	-	1,305
-	141	-	2	3,466
-	-	-	12	12
194	1,235	7,434	1,649	12,098
1	136	-	-	149
<u>\$ 11,743</u>	<u>\$ 51,428</u>	<u>\$ 33,572</u>	<u>\$ 13,389</u>	<u>\$ 133,078</u>
540	175	25	36	2,920
-	500	3,083	-	3,640
13	1,301	-	-	1,314
-	4	-	344	393
-	10	-	-	10
<u>553</u>	<u>1,990</u>	<u>3,108</u>	<u>380</u>	<u>8,277</u>
-	-	-	-	13
-	-	-	-	13
1	136	-	12	161
11,189	49,302	30,464	12,997	116,779
-	-	-	-	7,848
<u>11,190</u>	<u>49,438</u>	<u>30,464</u>	<u>13,009</u>	<u>124,788</u>
<u>\$ 11,743</u>	<u>\$ 51,428</u>	<u>\$ 33,572</u>	<u>\$ 13,389</u>	<u>\$ 133,078</u>

COUNTY OF SONOMA, CALIFORNIA
 Nonmajor Special Revenue Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 For the Year Ended June 30, 2019
 (Dollars in Thousands)

	Community Investment	Fire and Emergency Services	First 5 Sonoma County Commission
Revenues:			
Taxes	\$ 16,834	\$ 2,677	\$ -
Licenses, permits and franchise fees	-	-	-
Fines, forfeitures and penalties	-	-	-
Use of money and property	253	91	363
Intergovernmental	93	232	4,867
Charges for services	-	141	-
Other	179	25	30
Total revenues	<u>17,359</u>	<u>3,166</u>	<u>5,260</u>
Expenditures:			
Current:			
General government	9,051	-	-
Public protection	-	4,817	-
Public ways and facilities	-	-	-
Health and sanitation	-	-	6,977
Public assistance	-	-	-
Recreation and cultural services	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	57	-
Interest and other	-	13	-
Total expenditures	<u>9,051</u>	<u>4,887</u>	<u>6,977</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,308</u>	<u>(1,721)</u>	<u>(1,717)</u>
Other financing sources (uses):			
Transfers in	241	1,441	-
Transfers out	(8,645)	(9)	-
Proceeds from sale of capital assets	-	-	-
Total other financing sources (uses)	<u>(8,404)</u>	<u>1,432</u>	<u>-</u>
Net change in fund balances	(96)	(289)	(1,717)
Net position, beginning of year, as restated	<u>7,956</u>	<u>2,916</u>	<u>11,917</u>
Fund balance, end of year	<u>\$ 7,860</u>	<u>\$ 2,627</u>	<u>\$ 10,200</u>

Agricultural Preservation and Open Space District					Mandated Revenue	2011 Realignment	Special Districts	Total	
\$	-	\$	-	\$	-	\$	3,344	\$	22,855
	-		2,794		-		-		2,794
	-		3,013		-		-		3,013
	280		1,728		1,377		361		4,453
	867		16,496		61,799		1,099		85,453
	-		3,579		-		1,003		4,723
	132		576		4,885		(76)		5,751
	<u>1,279</u>		<u>28,186</u>		<u>68,061</u>		<u>5,731</u>		<u>129,042</u>
	-		117		-		-		9,168
	-		24,023		26,866		1,276		56,982
	-		-		-		835		835
	-		-		10,275		-		17,252
	-		-		27,045		1,237		28,282
	8,229		-		-		348		8,577
	14,662		71		-		-		14,733
	-		-		-		-		57
	-		-		-		-		13
	<u>22,891</u>		<u>24,211</u>		<u>64,186</u>		<u>3,696</u>		<u>135,899</u>
	<u>(21,612)</u>		<u>3,975</u>		<u>3,875</u>		<u>2,035</u>		<u>(6,857)</u>
	24,846		220		-		1,132		27,880
	(17)		(3,196)		-		(7)		(11,874)
	-		4		-		-		4
	<u>24,829</u>		<u>(2,972)</u>		<u>-</u>		<u>1,125</u>		<u>16,010</u>
	3,217		1,003		3,875		3,160		9,153
	7,973		48,435		26,589		9,849		115,635
\$	<u>11,190</u>	\$	<u>49,438</u>	\$	<u>30,464</u>	\$	<u>13,009</u>	\$	<u>124,788</u>

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, 2019
(Dollars in Thousands)

	Fair	Marinas	Other Districts	Total
ASSETS				
Current assets:				
Cash and investments	\$ 68	\$ 1,618	\$ 1,496	\$ 3,182
Cash and investments with trustee	4,124	33	-	4,157
Restricted cash and investments	918	-	-	918
Receivables, net				
Accounts receivable	1,048	545	20	1,613
Inventories	-	54	-	54
Advances to other governments	-	-	17	17
Total current assets	<u>6,158</u>	<u>2,250</u>	<u>1,533</u>	<u>9,941</u>
Noncurrent assets:				
Capital assets:				
Nondepreciable	639	2,838	274	3,751
Depreciable, net	<u>11,110</u>	<u>1,690</u>	<u>4,363</u>	<u>17,163</u>
Total noncurrent assets	<u>11,749</u>	<u>4,528</u>	<u>4,637</u>	<u>20,914</u>
Total assets	<u>17,907</u>	<u>6,778</u>	<u>6,170</u>	<u>30,855</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts related to pensions	401	239	-	640
Deferred amounts related to OPEB	<u>254</u>	<u>75</u>	<u>-</u>	<u>329</u>
Total deferred outflows of resources	<u>655</u>	<u>314</u>	<u>-</u>	<u>969</u>
LIABILITIES				
Current liabilities:				
Accounts payable	675	525	38	1,238
Due to other funds	-	-	12	12
Due to other governments	-	65	-	65
Deposits from others	273	150	-	423
Interest payable	-	55	11	66
Compensated absences	227	33	-	260
Advances from other governments	-	312	71	383
Notes payable	64	-	-	64
Loans payable	-	2	7	9
Contract retention payable	-	20	-	20
Other liabilities payable from restricted assets	<u>218</u>	<u>176</u>	<u>-</u>	<u>394</u>
Total current liabilities	<u>1,457</u>	<u>1,338</u>	<u>139</u>	<u>2,934</u>
Noncurrent portion of long-term liabilities:				
Advances from other funds	-	-	93	93
Advances from other governments	-	1,024	962	1,986
Notes payable	256	-	-	256
Loans payable	-	9	19	28
Net pension liabilities	778	487	-	1,265
Net OPEB liabilities	<u>1,968</u>	<u>279</u>	<u>-</u>	<u>2,247</u>
Total noncurrent liabilities	<u>3,002</u>	<u>1,799</u>	<u>1,074</u>	<u>5,875</u>
Total liabilities	<u>4,459</u>	<u>3,137</u>	<u>1,213</u>	<u>8,809</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts related to pensions	702	1	-	703
Deferred amounts related to OPEB	<u>216</u>	<u>70</u>	<u>-</u>	<u>286</u>
Total deferred inflows of resources	<u>918</u>	<u>71</u>	<u>-</u>	<u>989</u>
NET POSITION				
Net investment in capital assets	11,429	3,181	3,576	18,186
Restricted	305	-	32	337
Unrestricted	<u>1,451</u>	<u>703</u>	<u>1,349</u>	<u>3,503</u>
Total net position	<u>\$ 13,185</u>	<u>\$ 3,884</u>	<u>\$ 4,957</u>	<u>\$ 22,026</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, 2019
(Dollars in Thousands)

	Fair	Marinas	Other Districts	Total
Operating revenues:				
Charges for services	\$ -	\$ 1,023	\$ 796	\$ 1,819
Rents and concessions	12,260	1,141	-	13,401
Sales and miscellaneous	-	232	7	239
Total operating revenues	<u>12,260</u>	<u>2,396</u>	<u>803</u>	<u>15,459</u>
Operating expenses:				
Services and supplies	4,616	1,812	895	7,323
Salaries and employee benefits	5,357	771	-	6,128
Depreciation and amortization	834	90	207	1,131
Total operating expenses	<u>10,807</u>	<u>2,673</u>	<u>1,102</u>	<u>14,582</u>
Operating income (loss)	<u>1,453</u>	<u>(277)</u>	<u>(299)</u>	<u>877</u>
Nonoperating revenues (expenses):				
Investment income	18	56	55	129
Interest expense	(11)	(61)	(33)	(105)
Miscellaneous	945	-	-	945
Total nonoperating revenues (expenses)	<u>952</u>	<u>(5)</u>	<u>22</u>	<u>969</u>
Income (loss) before capital contributions and transfers	2,405	(282)	(277)	1,846
Capital contributions	-	19	-	19
Transfers in	-	519	-	519
Transfers out	-	(1)	-	(1)
Total capital contributions and transfers	<u>-</u>	<u>537</u>	<u>-</u>	<u>537</u>
Change in net position	2,405	255	(277)	2,383
Net position, beginning of year, as restated	<u>10,780</u>	<u>3,629</u>	<u>5,234</u>	<u>19,643</u>
Net position, end of year	<u>\$ 13,185</u>	<u>\$ 3,884</u>	<u>\$ 4,957</u>	<u>\$ 22,026</u>

COUNTY OF SONOMA, CALIFORNIA
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2019
(Dollars in Thousands)

	Fair	Marinas	Other Districts	Total
Cash flows from operating activities:				
Received from customers	\$ 12,501	\$ 1,943	\$ 818	\$ 15,262
Payments to suppliers for goods and services	(4,731)	(1,175)	(900)	(6,806)
Payments to employees for services	(5,679)	(767)	-	(6,446)
Net cash provided by (used in) operating activities	<u>2,091</u>	<u>1</u>	<u>(82)</u>	<u>2,010</u>
Cash flows from noncapital financing activities:				
Transfers in	-	519	-	519
Transfers out	-	(1)	-	(1)
Proceeds from other funds	-	-	1	1
Advances made to other funds	-	-	(12)	(12)
Miscellaneous noncapital financing sources (uses)	1,002	22	-	1,024
Net cash provided by noncapital financing activities	<u>1,002</u>	<u>540</u>	<u>(11)</u>	<u>1,531</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(262)	(352)	-	(614)
Principal paid on capital debt	(80)	-	-	(80)
Interest paid on loans	-	(2)	(9)	(11)
Proceeds from contracts payable	-	20	-	20
Repayments to other governments	-	(17)	-	(17)
Advances to other governments	-	(299)	(88)	(387)
Capital contributions	-	19	-	19
Interest paid	(10)	(73)	(33)	(116)
Net cash provided by (used in) capital and related financing activities	<u>(352)</u>	<u>(704)</u>	<u>(130)</u>	<u>(1,186)</u>
Cash flows from investing activities:				
Interest received on investments	(79)	56	55	32
Net cash provided by (used in) investing activities	<u>(79)</u>	<u>56</u>	<u>55</u>	<u>32</u>
Net increase (decrease) in cash and cash equivalents	2,662	(107)	(168)	2,387
Cash and cash equivalents, beginning of year	2,448	1,758	1,664	5,870
Cash and cash equivalents, end of year	<u>\$ 5,110</u>	<u>\$ 1,651</u>	<u>\$ 1,496</u>	<u>\$ 8,257</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 1,453	\$ (277)	\$ (299)	\$ 877
Depreciation and amortization	834	90	207	1,131
Net pension activity	(129)	72	-	(57)
Net OPEB activity	(205)	(25)	-	(230)
Miscellaneous	212	161	-	373
Changes in assets and liabilities:				
Decrease (increase) in:				
Accounts receivable	28	(500)	15	(457)
Inventories	-	9	-	9
Other assets	-	19	-	19
Increase (decrease) in:				
Accounts payable	(113)	448	(5)	330
Compensated absences	11	4	-	15
Net cash provided by (used in) operating activities	<u>2,091</u>	<u>1</u>	<u>(82)</u>	<u>2,010</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position:				
Cash and investments	\$ 68	\$ 1,618	\$ 1,496	\$ 3,182
Cash and investments with trustee	5,042	33	-	5,075
Total cash and cash equivalents	<u>\$ 5,110</u>	<u>\$ 1,651</u>	<u>\$ 1,496</u>	<u>\$ 8,257</u>

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 Capital Projects Fund
 For the Fiscal Year Ended June 30, 2019
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 250	\$ 250
Intergovernmental	52,494	55,681	2,664	(53,017)
Other revenue	1,375	1,091	126	(965)
Total revenues	53,869	56,772	3,040	(53,732)
EXPENDITURES:				
General government				
Administration Center	3,046	3,665	1,309	2,356
Hall of Justice	2,363	2,081	1,528	553
Main Adult Detention Facility	57,459	59,693	13,767	45,926
Memorial Buildings	1,328	1,155	894	261
Misc. Capital Projects	12,344	8,556	4,762	3,794
Regional Parks	15,842	19,734	5,374	14,360
Total expenditures	92,382	94,884	27,634	67,250
Excess (deficiency) of revenues over (under) expenditures	(38,513)	(38,112)	(24,594)	13,518
OTHER FINANCING SOURCES (USES):				
Transfers in	26,996	29,142	14,523	(14,619)
Transfers out	(730)	(2,966)	(2,457)	509
Total other financing sources (uses)	26,266	26,176	12,066	(14,110)
NET CHANGE IN FUND BALANCE	\$ (12,247)	\$ (11,936)	\$ (12,528)	\$ (592)
GAAP basis difference - encumbrances			13,117	
Fund balance - beginning of year			13,561	
Fund balance - end of year			<u>\$ 14,150</u>	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 Debt Service Fund
 For the Fiscal Year Ended June 30, 2019
 (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	\$ -	\$ 230	\$ 259	\$ 29
Other revenue	-	<u>5,052</u>	<u>4,963</u>	<u>(89)</u>
Total revenues	<u>-</u>	<u>5,282</u>	<u>5,222</u>	<u>(60)</u>
EXPENDITURES:				
DEBT SERVICE				
Bonds Debt Service	7,506	7,506	7,505	1
Tobacco Settlement Bonds	-	<u>5,282</u>	<u>5,258</u>	<u>24</u>
Total expenditures	<u>7,506</u>	<u>12,788</u>	<u>12,763</u>	<u>25</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,506)</u>	<u>(7,506)</u>	<u>(7,541)</u>	<u>(35)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>7,506</u>	<u>7,506</u>	<u>7,501</u>	<u>(5)</u>
Total other financing sources (uses)	<u>7,506</u>	<u>7,506</u>	<u>7,501</u>	<u>(5)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (40)</u>	<u>\$ (40)</u>
GAAP basis difference - encumbrances			-	
Fund balance - beginning of year			<u>12,804</u>	
Fund balance - end of year			<u>\$ 12,764</u>	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 Community Investment Special Revenue Fund
 For the Fiscal Year Ended June 30, 2019
 (Dollars in Thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (Budgetary Basis)	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$ 15,054	\$ 15,054	\$ 16,834	\$ 1,780
Use of money and property	-	-	253	253
Intergovernmental	67	67	93	26
Miscellaneous	114	186	179	(7)
Total revenues	<u>15,235</u>	<u>15,307</u>	<u>17,359</u>	<u>2,052</u>
EXPENDITURES:				
General government				
Community Investment Fund	2,977	3,874	3,291	583
Economic Development Board	6,540	6,726	6,037	689
Reimbursements	(293)	(293)	(240)	(53)
Total expenditures	<u>9,224</u>	<u>10,307</u>	<u>9,088</u>	<u>1,219</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,011</u>	<u>5,000</u>	<u>8,271</u>	<u>3,271</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	202	1,479	1,679	200
Transfers out	(4,411)	(6,196)	(10,083)	(3,887)
Total other financing sources (uses)	<u>(4,209)</u>	<u>(4,717)</u>	<u>(8,404)</u>	<u>(3,687)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,802</u>	<u>\$ 283</u>	\$ (133)	<u>\$ (416)</u>
GAAP basis difference - encumbrances			37	
Fund balance - beginning of year			<u>7,956</u>	
Fund balance - end of year			<u>\$ 7,860</u>	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 Sonoma County Fire & Emergency Services Special Revenue Fund
 For the Fiscal Year Ended June 30, 2019
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 2,538	\$ 2,538	\$ 2,677	\$ 139
Licenses, permits and franchises	17	-	-	-
Use of money and property	27	27	91	64
Intergovernmental	279	279	232	(47)
Charges for services	1,370	210	141	(69)
Other revenue	808	808	25	(783)
Total revenues	<u>5,039</u>	<u>3,862</u>	<u>3,166</u>	<u>(696)</u>
EXPENDITURES:				
Public protection				
CSA #40 Fire Services Districts	6,848	6,033	4,911	1,122
County Facility Districts	23	24	24	-
Reimbursements	(15)	(15)	-	(15)
Total expenditures	<u>6,871</u>	<u>6,057</u>	<u>4,935</u>	<u>1,122</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,832)</u>	<u>(2,195)</u>	<u>(1,769)</u>	<u>(426)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	1,594	1,703	1,667	(36)
Transfers out	(242)	(240)	(235)	5
Total other financing sources (uses)	<u>1,352</u>	<u>1,463</u>	<u>1,432</u>	<u>(31)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (480)</u>	<u>\$ (732)</u>	\$ (337)	<u>\$ 395</u>
GAAP basis difference - encumbrances			48	
Fund balance - beginning of year			<u>2,916</u>	
Fund balance - end of year			<u>\$ 2,627</u>	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 First 5 Sonoma County Commission Special Revenue Fund
 For the Fiscal Year Ended June 30, 2019
 (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	\$ 93	\$ 93	\$ 363	\$ 270
Intergovernmental	4,207	5,346	4,867	(479)
Miscellaneous	-	-	30	30
Total revenues	<u>4,300</u>	<u>5,439</u>	<u>5,260</u>	<u>(179)</u>
EXPENDITURES:				
Health and sanitation	6,853	8,321	6,977	1,344
Reimbursement	(90)	(96)	-	(96)
Total expenditures	<u>6,763</u>	<u>8,225</u>	<u>6,977</u>	<u>1,248</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,463)</u>	<u>(2,786)</u>	<u>(1,717)</u>	<u>1,069</u>
NET CHANGE IN FUND BALANCE	<u>\$ (2,463)</u>	<u>\$ (2,786)</u>	<u>\$ (1,717)</u>	<u>\$ 1,069</u>
GAAP basis difference - encumbrances			-	
Fund balance - beginning of year, as restated			<u>11,917</u>	
Fund balance - end of year			<u>\$ 10,200</u>	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 Agricultural Preservation and Open Space District Special Revenue Fund
 For the Fiscal Year Ended June 30, 2019
 (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	\$ 60	\$ 60	\$ 280	\$ 220
Intergovernmental	45,059	45,059	25,672	(19,387)
Other revenue	<u>4,585</u>	<u>4,585</u>	<u>132</u>	<u>(4,453)</u>
Total revenues	<u>49,704</u>	<u>49,704</u>	<u>26,084</u>	<u>(23,620)</u>
EXPENDITURES:				
Recreation and cultural services	49,737	53,631	28,896	24,735
Reimbursements	<u>-</u>	<u>-</u>	<u>(240)</u>	<u>240</u>
Total expenditures	<u>49,737</u>	<u>53,631</u>	<u>28,656</u>	<u>24,975</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(33)</u>	<u>(3,927)</u>	<u>(2,572)</u>	<u>1,355</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	1,465	1,465	906	(559)
Transfers out	<u>(1,432)</u>	<u>(1,432)</u>	<u>(882)</u>	<u>550</u>
Total other financing sources (uses)	<u>33</u>	<u>33</u>	<u>24</u>	<u>(9)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (3,894)</u>	<u>\$ (2,548)</u>	<u>\$ 1,346</u>
GAAP basis difference - encumbrances			5,765	
Fund balance - beginning of year			<u>7,973</u>	
Fund balance - end of year			<u>\$ 11,190</u>	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 Mandated Revenues Special Revenue Fund
 For the Fiscal Year Ended June 30, 2019
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Licenses, permits and franchised fees	\$ 2,749	\$ 2,749	\$ 2,794	\$ 45
Fines Forfeitures and penalties	2,611	2,611	3,013	402
Use of money and property	447	447	1,728	1,281
Intergovernmental	17,415	17,415	16,496	(919)
Charges for services	3,906	3,906	3,579	(327)
Other revenue	429	504	576	72
Total revenues	27,557	27,632	28,186	554
EXPENDITURES:				
General government				
County Clerk-Recorder-Assessor - Assessor	123	123	68	55
General Services - Tidelands Leases	170	186	49	137
Total general government	293	309	117	192
Public protection:				
County Clerk-Recorder-Assessor				
Recorder	3,802	3,813	3,465	348
Agriculture / Weights & Measures	41	41	34	7
Child Support Services	14,726	14,728	13,314	1,414
Court Support and Grand Jury	45	1,017	1,016	1
District Attorney	3,249	3,254	2,704	550
Fire & Emergency Services	1,722	-	-	-
Fire Prevention	-	1,722	1,586	136
Permit & Resource Management	655	655	632	23
Probation	1,343	1,343	1,283	60
Sheriff				
Detention	191	266	263	3
Law Enforcement	688	688	182	506
Total public protection	26,462	27,527	24,479	3,048
Public ways and facilities				
Transportation & Public Works Special Projects	514	407	3	404
Reimbursements	(261)	(261)	(281)	20
Total expenditures	27,008	27,982	24,318	3,664
Excess (deficiency) of revenues over (under) expenditures	549	(350)	3,868	4,218
OTHER FINANCING SOURCES (USES):				
Transfers in	256	321	287	(34)
Transfers out	(18,281)	(17,473)	(3,263)	14,210
Proceeds from sale of capital assets	-	-	4	4
Total other financing sources (uses)	(18,025)	(17,152)	(2,972)	14,180
NET CHANGE IN FUND BALANCE	\$ (17,476)	\$ (17,502)	\$ 896	\$ 18,398
GAAP basis difference - encumbrances			107	
Fund balance - beginning of year			48,435	
Fund balance - end of year			\$ 49,438	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 2011 Realignment Special Revenue Fund
 For the Fiscal Year Ended June 30, 2019
 (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	\$ 92	\$ 92	\$ 1,377	\$ 1,285
Intergovernmental	65,056	65,088	61,799	(3,289)
Miscellaneous	350	448	4,885	4,437
Total revenues	<u>65,498</u>	<u>65,628</u>	<u>68,061</u>	<u>2,433</u>
EXPENDITURES:				
Public protection				
District Attorney	294	294	293	1
Probation	19,797	19,877	16,758	3,119
Public Defender	185	234	234	-
Sheriff				
Law Enforcement	9,078	9,078	8,621	457
Detention	959	959	959	-
Total public protection	<u>30,313</u>	<u>30,442</u>	<u>26,865</u>	<u>3,577</u>
Health and sanitation				
Health Services - Special revenue	10,275	10,275	10,275	-
Public assistance				
Human Services - Special revenue	27,123	27,123	27,046	77
Total expenditures	<u>67,711</u>	<u>67,840</u>	<u>64,186</u>	<u>3,654</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,213)</u>	<u>(2,212)</u>	<u>3,875</u>	<u>6,087</u>
NET CHANGE IN FUND BALANCE	<u>\$ (2,213)</u>	<u>\$ (2,212)</u>	<u>\$ 3,875</u>	<u>\$ 6,087</u>
GAAP basis difference - encumbrances			-	
Fund balance - beginning of year			<u>26,589</u>	
Fund balance - end of year			<u>\$ 30,464</u>	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 Special Districts Special Revenue Fund
 For the Fiscal Year Ended June 30, 2019
 (Dollars in Thousands)

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$ 1,136	\$ 1,136	\$ 3,344	\$ 2,208
Licenses, permits and franchises	-	17	-	(17)
Use of money and property	62	62	361	299
Intergovernmental	2,170	2,170	1,099	(1,071)
Charges for services	1	1,161	1,003	(158)
Miscellaneous	-	-	(76)	(76)
Total revenues	<u>3,369</u>	<u>4,546</u>	<u>5,731</u>	<u>1,185</u>
EXPENDITURES:				
Public protection				
PRMD - Fire Prevention	-	1,683	1,560	123
Rio Nido Geo Haz Abatement District	<u>10</u>	<u>10</u>	<u>-</u>	<u>10</u>
Total Public Protection	<u>10</u>	<u>1,693</u>	<u>1,560</u>	<u>133</u>
Public ways and facilities:				
County Services Area #41				
Countywide Lighting	3,022	3,047	820	2,227
Meadowlark	5	5	-	5
Permanent Road Districts	<u>113</u>	<u>123</u>	<u>16</u>	<u>107</u>
Total Public Ways and facilities	<u>3,140</u>	<u>3,175</u>	<u>836</u>	<u>2,339</u>
Public assistance:				
In Home Support Services Public Authority	1,381	1,381	1,237	144
Recreation and cultural services:				
CSA #41 District Parks	158	158	152	6
Measure M	<u>-</u>	<u>200</u>	<u>196</u>	<u>4</u>
Total Recreation and cultural services:	<u>158</u>	<u>358</u>	<u>348</u>	<u>10</u>
Total expenditures	<u>4,689</u>	<u>6,607</u>	<u>3,981</u>	<u>2,626</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,320)</u>	<u>(2,061)</u>	<u>1,750</u>	<u>3,811</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	379	1,125	1,132	7
Transfers out	<u>(5)</u>	<u>(207)</u>	<u>(7)</u>	<u>200</u>
Total other financing sources (uses)	<u>374</u>	<u>918</u>	<u>1,125</u>	<u>207</u>
NET CHANGE IN FUND BALANCE	<u>\$ (946)</u>	<u>\$ (1,143)</u>	\$ 2,875	<u>\$ 4,018</u>
GAAP basis difference - encumbrances			285	
Fund balance - beginning of year			<u>9,849</u>	
Fund balance - end of year			<u>\$ 13,009</u>	

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, 2019
(Dollars in Thousands)

	Insurance	Heavy Equipment Replacement	ERP System	Employee Retirement	Other Postemployment Benefits (OPEB)	Total
ASSETS						
Current assets:						
Cash and investments	\$ 82,459	\$ 941	\$ 7,757	\$ 6,638	\$ 1,115	\$ 98,910
Cash and investments with trustee	959	-	-	12	-	971
Receivables, net						
Accounts receivable	311	-	13	30	-	354
Due from other funds	500	-	-	-	-	500
Due from other governments	251	-	-	-	-	251
Prepaid expenses	2	-	2	-	7	11
Total current assets	<u>84,482</u>	<u>941</u>	<u>7,772</u>	<u>6,680</u>	<u>1,122</u>	<u>100,997</u>
Noncurrent assets:						
Capital assets:						
Depreciable, net	-	3,211	8,607	-	-	11,818
Total noncurrent assets	-	3,211	8,607	-	-	11,818
Total assets	<u>84,482</u>	<u>4,152</u>	<u>16,379</u>	<u>6,680</u>	<u>1,122</u>	<u>112,815</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred amounts related to pensions	1,668	-	-	201,143	-	202,811
Deferred amounts related to OPEB	298	-	-	-	27,612	27,910
Total deferred outflows of resources	<u>1,966</u>	<u>-</u>	<u>-</u>	<u>201,143</u>	<u>27,612</u>	<u>230,721</u>
LIABILITIES						
Current liabilities:						
Accounts payable	531	8	37	2,073	11	2,660
Due to other funds	-	-	1,632	-	-	1,632
Interest payable	-	-	-	1,686	-	1,686
Compensated absences	284	-	-	-	-	284
Self-funded insurance	10,739	-	-	-	-	10,739
Bonds payable	-	-	-	30,955	-	30,955
Other liabilities	934	-	-	-	250	1,184
Total current liabilities	<u>12,488</u>	<u>8</u>	<u>1,669</u>	<u>34,714</u>	<u>261</u>	<u>49,140</u>
Noncurrent portion of long-term liabilities:						
Self-funded insurance	33,529	-	-	-	-	33,529
Advances from other funds	-	-	8,448	-	-	8,448
Bonds payable	-	-	-	321,415	-	321,415
Net pension liabilities	3,506	-	-	407,088	-	410,594
Net OPEB liabilities	1,916	-	-	-	221,646	223,562
Total noncurrent liabilities	<u>38,951</u>	<u>-</u>	<u>8,448</u>	<u>728,503</u>	<u>221,646</u>	<u>997,548</u>
Total liabilities	<u>51,439</u>	<u>8</u>	<u>10,117</u>	<u>763,217</u>	<u>221,907</u>	<u>1,046,688</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred amounts related to pensions	102	-	-	5,387	-	5,489
Deferred amounts related to OPEB	544	-	-	-	55,638	56,182
Total deferred inflows of resources	<u>646</u>	<u>-</u>	<u>-</u>	<u>5,387</u>	<u>55,638</u>	<u>61,671</u>
NET POSITION						
Net investment in capital assets	-	3,211	8,607	-	-	11,818
Unrestricted (deficit)	34,363	933	(2,345)	(560,781)	(248,811)	(776,641)
Total net position (deficit)	<u>\$ 34,363</u>	<u>\$ 4,144</u>	<u>\$ 6,262</u>	<u>\$ (560,781)</u>	<u>\$ (248,811)</u>	<u>\$ (764,823)</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, 2019
(Dollars in Thousands)

	Insurance	Heavy Equipment Replacement	ERP System	Employee Retirement	Other Postemployment Benefits (OPEB)	Total
Operating revenues:						
Charges for services	\$ 32,738	\$ -	\$ 11,104	\$ 107,210	\$ 28,871	\$ 179,923
Rents and concessions	-	2,514	-	-	-	2,514
Sales and miscellaneous	4,095	15	-	-	-	4,110
Total operating revenues	<u>36,833</u>	<u>2,529</u>	<u>11,104</u>	<u>107,210</u>	<u>28,871</u>	<u>186,547</u>
Operating expenses:						
Services and supplies	8,175	2,208	7,565	-	-	17,948
Salaries and employee benefits	4,669	-	-	107,729	(14,317)	98,081
Claim expenses	24,000	-	-	-	-	24,000
Depreciation and amortization	-	600	1,686	-	-	2,286
Total operating expenses	<u>36,844</u>	<u>2,808</u>	<u>9,251</u>	<u>107,729</u>	<u>(14,317)</u>	<u>142,315</u>
Operating income (loss)	<u>(11)</u>	<u>(279)</u>	<u>1,853</u>	<u>(519)</u>	<u>43,188</u>	<u>44,232</u>
Nonoperating revenues (expenses):						
Investment income	2,647	18	336	625	74	3,700
Interest expense	-	-	-	(20,784)	-	(20,784)
Gain (Loss) on disposal of capital assets	-	19	-	-	-	19
Total nonoperating revenues (expenses)	<u>2,647</u>	<u>37</u>	<u>336</u>	<u>(20,159)</u>	<u>74</u>	<u>(17,065)</u>
Income (loss) before capital contributions and transfers	2,636	(242)	2,189	(20,678)	43,262	27,167
Transfers in	26	611	1,150	-	-	1,787
Transfers out	(20)	-	(155)	-	-	(175)
Total capital contributions and transfers	<u>6</u>	<u>611</u>	<u>995</u>	<u>-</u>	<u>-</u>	<u>1,612</u>
Change in net position	2,642	369	3,184	(20,678)	43,262	28,779
Net position, beginning of year	<u>31,721</u>	<u>3,775</u>	<u>3,078</u>	<u>(540,103)</u>	<u>(292,073)</u>	<u>(793,602)</u>
Net position, end 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>

COUNTY OF SONOMA, CALIFORNIA
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2019
(Dollars in Thousands)

	Heavy Equipment Insurance	Replacement	ERP System	Employee Retirement	Other Postemployment Benefits (OPEB)	Total
Cash flows from operating activities:						
Received from customers	\$ 36,887	\$ 2,529	\$ 11,103	\$ 155,024	\$ (10,339)	\$ 195,204
Payments to suppliers for goods and services	(33,881)	(2,238)	(7,565)	60	(4,352)	(47,976)
Payments to employees for services	(1,762)	-	-	(107,729)	14,317	(95,174)
Net cash provided by (used in) operating activities	<u>1,244</u>	<u>291</u>	<u>3,538</u>	<u>47,355</u>	<u>(374)</u>	<u>52,054</u>
Cash flows from noncapital financing activities:						
Transfers in	26	611	1,150	-	-	1,787
Transfers out	(20)	-	(155)	-	-	(175)
Proceeds from other funds	15,279	-	-	-	-	15,279
Advances made to other funds	-	-	(1,631)	-	-	(1,631)
Payments to other governments	(409)	-	-	-	-	(409)
Principal paid on bonds	-	-	-	(27,555)	-	(27,555)
Interest paid	-	-	-	(20,784)	-	(20,784)
Net cash provided by noncapital financing activities	<u>14,876</u>	<u>611</u>	<u>(636)</u>	<u>(48,339)</u>	<u>-</u>	<u>(33,488)</u>
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	-	(290)	-	-	-	(290)
Interest paid	-	-	-	(111)	-	(111)
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>(290)</u>	<u>-</u>	<u>(111)</u>	<u>-</u>	<u>(401)</u>
Cash flows from investing activities:						
Interest received on investments	<u>2,647</u>	<u>18</u>	<u>336</u>	<u>625</u>	<u>74</u>	<u>3,700</u>
Net cash provided by (used in) investing activities	<u>2,647</u>	<u>18</u>	<u>336</u>	<u>625</u>	<u>74</u>	<u>3,700</u>
Net increase (decrease) in cash and cash equivalents	18,767	630	3,238	(470)	(300)	21,865
Cash and cash equivalents, beginning of year	<u>64,651</u>	<u>311</u>	<u>4,519</u>	<u>7,120</u>	<u>1,415</u>	<u>78,016</u>
Cash and cash equivalents, end of year	<u>\$ 83,418</u>	<u>\$ 941</u>	<u>\$ 7,757</u>	<u>\$ 6,650</u>	<u>\$ 1,115</u>	<u>\$ 99,881</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ (11)	\$ (279)	\$ 1,853	\$ (519)	\$ 43,188	\$ 44,232
Depreciation and amortization	-	600	1,686	-	-	2,286
Net pension activity	424	-	-	47,816	-	48,240
Net OPEB activity	(377)	-	-	-	(39,210)	(39,587)
Miscellaneous	805	-	-	-	(4,090)	(3,285)
Changes in assets and liabilities:						
Decrease (increase) in:						
Accounts receivable	7	-	(1)	(2)	-	4
Prepaid expenses	(1)	-	(2)	-	(7)	(10)
Increase (decrease) in:						
Accounts payable	(2,510)	(30)	2	60	(255)	(2,733)
Compensated absences	16	-	-	-	-	16
Self-funded insurance	<u>2,891</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,891</u>
Net cash provided by (used in) operating activities	<u>\$ 1,244</u>	<u>\$ 291</u>	<u>\$ 3,538</u>	<u>\$ 47,355</u>	<u>\$ (374)</u>	<u>\$ 52,054</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position:						
Cash and investments	\$ 82,459	\$ 941	\$ 7,757	\$ 6,638	\$ 1,115	\$ 98,910
Cash and investments with trustee	<u>959</u>	<u>-</u>	<u>-</u>	<u>12</u>	<u>-</u>	<u>971</u>
Total cash and cash equivalents	<u>\$ 83,418</u>	<u>\$ 941</u>	<u>\$ 7,757</u>	<u>\$ 6,650</u>	<u>\$ 1,115</u>	<u>\$ 99,881</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, 2019
 (Dollars in Thousands)

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
ASSETS:				
Current assets:				
Cash and investments	\$ 353,415	\$ 2,319,678	\$ (2,267,878)	\$ 405,215
Receivables:				
Taxes	14,718	9,317	(8,230)	15,805
Interest and other	9,012	51,784	(47,669)	13,127
Due from other agencies	3,556	4,059	(3,556)	4,059
Total assets	<u>\$ 380,701</u>	<u>\$ 2,384,838</u>	<u>\$ (2,327,333)</u>	<u>\$ 438,206</u>
LIABILITIES:				
Due to other agencies	<u>\$ 380,701</u>	<u>\$ 2,267,838</u>	<u>\$ (2,210,333)</u>	<u>\$ 438,206</u>
Total liabilities	<u>\$ 380,701</u>	<u>\$ 2,267,838</u>	<u>\$ (2,210,333)</u>	<u>\$ 438,206</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, 2019
(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	\$ 21,769	\$ 2,488	\$ 8,188	\$ 1,422	\$ 33,867
Restricted cash and investments	5,241	901	430	-	6,572
Receivables, net	1,178	346	156	28	1,708
Due from other governments	6	21	-	-	27
Prepaid expenses and deposits	11	-	-	-	11
Capital assets:					
Nondepreciable	10,291	352	2,254	2,450	15,347
Depreciable, net	60,569	21,574	17,824	2,040	102,007
Total assets	<u>99,065</u>	<u>25,682</u>	<u>28,852</u>	<u>5,940</u>	<u>159,539</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	25	-	88	-	113
Total deferred outflows of resources	<u>25</u>	<u>-</u>	<u>88</u>	<u>-</u>	<u>113</u>
LIABILITIES					
Accounts payable and accrued liabilities	370	73	572	323	1,338
Interest payable	310	30	9	-	349
Long-term liabilities:					
Due within one year	2,014	414	182	-	2,610
Due in more than one year	18,183	2,399	3,087	-	23,669
Total liabilities	<u>20,877</u>	<u>2,916</u>	<u>3,850</u>	<u>323</u>	<u>27,966</u>
NET POSITION					
Net investment in capital assets	52,106	19,113	18,594	4,490	94,303
Restricted	3,810	899	421	-	5,130
Unrestricted	22,297	2,754	6,075	1,127	32,253
Total net position	<u>\$ 78,213</u>	<u>\$ 22,766</u>	<u>\$ 25,090</u>	<u>\$ 5,617</u>	<u>\$ 131,686</u>

COUNTY OF SONOMA, CALIFORNIA
Discretely Presented Nonmajor Component Units
Combining Statement of Activities
For the Year Ended June 30, 2019
(Dollars in Thousands)

	Program Revenues			
Expenses	Services	Operating Grants and Contributions	Contributions	
FUNCTION/PROGRAM ACTIVITIES:				
Component units:				
Sonoma Valley Sanitation District	\$ 14,360	\$ 16,794	\$ 54	\$ 480
Russian River Sanitation District	5,710	5,017	1	29
South Park Sanitation District	3,734	4,099	844	76
Occidental Sanitation District	2,069	636	800	450
Total component units	\$ 25,873	\$ 26,546	\$ 1,699	\$ 1,035

GENERAL REVENUES:

Property Tax
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
\$ 2,968	\$ -	\$ -	\$ -	\$ 2,968
-	(663)	-	-	(663)
-	-	1,285	-	1,285
-	-	-	(183)	(183)
<u>2,968</u>	<u>(663)</u>	<u>1,285</u>	<u>(183)</u>	<u>3,407</u>
-	1	-	-	1
<u>830</u>	<u>149</u>	<u>327</u>	<u>42</u>	<u>1,348</u>
<u>830</u>	<u>150</u>	<u>327</u>	<u>42</u>	<u>1,349</u>
3,798	(513)	1,612	(141)	4,756
74,415	23,279	23,478	5,758	126,930
<u>\$ 78,213</u>	<u>\$ 22,766</u>	<u>\$ 25,090</u>	<u>\$ 5,617</u>	<u>\$ 131,686</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:

Property Tax
 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.

CONTENTS

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Service and infrastructure data relating the County's financial statistics to services and activities within the County provides	170-173

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

	2009-10	2010-11	2011-12 (1) as restated	2012-13 (2) as restated	2013-14 (3) as restated
Governmental activities					
Net investment in capital assets	\$ 679,921	\$ 759,723	\$ 1,025,895	\$ 1,040,466	\$ 1,088,783
Restricted	249,264	319,824	232,061	234,551	243,497
Unrestricted	<u>85,857</u>	<u>57,518</u>	<u>7,420</u>	<u>55,683</u>	<u>(524,188)</u>
Total governmental activities net position	<u>\$ 1,015,042</u>	<u>\$ 1,137,065</u>	<u>\$ 1,265,376</u>	<u>\$ 1,330,700</u>	<u>\$ 808,092</u>
Business-type activities					
Net investment in capital assets	326,402	329,814	96,064	99,990	113,075
Restricted	13,199	13,259	737	883	412
Unrestricted	<u>29,617</u>	<u>31,018</u>	<u>(14,689)</u>	<u>(16,116)</u>	<u>11,585</u>
Total business-type activities net position	<u>\$ 369,218</u>	<u>\$ 374,091</u>	<u>\$ 82,112</u>	<u>\$ 84,757</u>	<u>\$ 125,072</u>
Total government					
Net investment in capital assets	1,006,323	1,089,537	1,121,959	1,140,456	1,201,858
Restricted	262,463	333,083	232,798	235,434	243,909
Unrestricted	<u>115,474</u>	<u>88,536</u>	<u>(7,269)</u>	<u>39,567</u>	<u>(512,603)</u>
Total primary government net position	<u>\$ 1,384,260</u>	<u>\$ 1,511,156</u>	<u>\$ 1,347,488</u>	<u>\$ 1,415,457</u>	<u>\$ 933,164</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.
- (4) FY 2015-16 Business Activities net position was restated for SCEIP consolidation with Public Financing Authority Trust Funds (PFA).

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector

2014-15 (4)					
as restated	2015-16	2016-17	2017-18	2018-19	
\$ 1,113,783	\$ 1,163,262	\$ 1,192,407	\$ 1,208,423	\$ 1,251,617	Governmental activities
223,011	210,531	209,960	227,882	265,519	Net investment in capital assets
(481,556)	(456,299)	(457,536)	(649,958)	(594,644)	Restricted
\$ 855,238	\$ 917,494	\$ 944,831	\$ 786,347	\$ 922,492	Unrestricted
					Total governmental activities net position
137,860	145,735	155,959	162,020	150,286	Business-type activities
1,038	4,265	7,440	10,390	11,715	Net investment in capital assets
8,695	7,058	(2,806)	(7,695)	6,541	Restricted
\$ 147,593	\$ 157,058	\$ 160,593	\$ 164,715	\$ 168,542	Unrestricted
					Total business-type activities net position
1,251,643	1,308,997	1,348,366	1,370,443	\$ 1,401,903	Total government
224,049	214,796	217,400	238,272	277,234	Net investment in capital assets
(472,861)	(449,241)	(460,342)	(657,653)	(588,103)	Restricted
\$ 1,002,831	\$ 1,074,552	\$ 1,105,424	\$ 951,062	\$ 1,091,034	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)

	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12 (1)</u> <u>as restated</u>	<u>2012-13 (2)</u> <u>as restated</u>	<u>2013-14 (3)</u> <u>as restated</u>
Expenses					
Governmental activities					
General government	\$ 102,272	\$ 98,919	\$ 73,075	\$ 87,504	\$ 89,881
Public protection	270,306	238,008	229,093	241,671	243,619
Public ways and facilities	32,958	37,790	32,421	33,573	47,887
Health and sanitation	130,761	125,551	111,819	116,742	118,391
Public assistance	233,972	223,126	173,641	186,547	200,026
Education	18,409	16,642	870	605	840
Recreation and cultural services	15,290	13,191	12,560	12,465	13,147
Interest on long-term debt	35,320	47,045	43,675	43,801	37,978
Total governmental activities expenses	<u>\$ 839,288</u>	<u>\$ 800,272</u>	<u>\$ 677,154</u>	<u>\$ 722,908</u>	<u>\$ 751,769</u>
Business-type activities					
Refuse	(24,419)	32,712	33,169	32,803	32,532
Airport	-	-	3,985	4,283	4,223
Energy Independence Program	-	-	4,487	3,681	2,723
Transit	-	-	15,617	15,967	17,484
Fair	-	-	10,901	10,743	10,072
Marinas	1,638	1,933	2,482	2,284	2,214
Sonoma Water	53,651	50,720	-	-	-
Sonoma Valley County Sanitation District	13,242	12,063	-	-	-
Other business-type activities	39,758	41,754	1,769	1,885	1,789
Total business-type activities expenses	<u>\$ 83,870</u>	<u>\$ 139,182</u>	<u>\$ 72,410</u>	<u>\$ 71,646</u>	<u>\$ 71,037</u>
Total primary government	<u>\$ 923,158</u>	<u>\$ 939,454</u>	<u>\$ 677,226</u>	<u>\$ 722,980</u>	<u>\$ 751,840</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 Refuse restated expenses for adjustment to closure/post closure liability and abandonment of capital asset.

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector

2014-15 (4)					
as restated	2015-16	2016-17	2017-18	2018-19	
\$ 95,094	\$ 109,637	\$ 104,166	\$ 112,173	\$ 93,172	Expenses
272,963	281,574	310,466	306,078	331,051	Governmental activities
36,868	38,964	47,670	52,302	43,324	General government
118,085	132,071	135,564	136,228	134,918	Public protection
201,913	212,754	220,772	208,901	220,590	Public ways and facilities
1,020	1,056	1,118	1,122	1,182	Health and sanitation
14,482	16,004	33,174	33,943	27,355	Public assistance
37,598	35,344	29,136	28,219	26,295	Education
<u>\$ 778,023</u>	<u>\$ 827,404</u>	<u>\$ 882,066</u>	<u>\$ 878,966</u>	<u>\$ 877,887</u>	Recreation and cultural services
					Interest on long-term debt
					Total governmental activities expenses
26,492	5,494	9,935	4,331	6,706	Business-type activities
4,743	5,330	7,596	8,821	9,941	Refuse
2,566	2,581	2,458	2,253	2,299	Airport
16,762	17,923	18,816	19,309	20,252	Energy Independence Program
13,645	10,661	7,199	11,495	10,818	Transit
2,708	2,213	2,497	2,332	2,734	Fair
-	-	-	-	-	Marinas
-	-	-	-	-	Sonoma Water
1,235	1,035	1,238	1,092	1,135	Sonoma Valley County Sanitation District
<u>\$ 68,151</u>	<u>\$ 45,237</u>	<u>\$ 49,739</u>	<u>\$ 49,633</u>	<u>\$ 53,885</u>	Other business-type activities
<u>\$ 778,091</u>	<u>\$ 872,641</u>	<u>\$ 931,805</u>	<u>\$ 928,599</u>	<u>\$ 931,772</u>	Total business-type activities expenses
					Total primary government

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

	2009-10	2010-11	2011-12 (1) as restated	2012-13 (2) as restated	2013-14
Program Revenue					
Governmental activities					
Charges for services					
General government	\$ 66,710	\$ 43,331	\$ 34,924	\$ 53,062	\$ 46,308
Public protection	30,940	31,505	27,092	32,987	29,345
Public ways and facilities	2,365	1,883	7,260	59	43
Health and sanitation	11,285	23,004	24,611	8,055	6,275
Public assistance	1,859	1,377	1,256	12,938	18,021
Education	541	556	62	-	-
Recreation and cultural services	2,824	3,337	3,555	4,011	4,329
Total charges for services	116,524	104,993	98,760	111,112	104,321
Operating grants and contributions	403,381	417,770	395,426	406,152	437,904
Capital grants and contributions	31,048	15,293	4,617	11,116	4,832
Total governmental activities	550,953	538,056	498,803	528,380	547,057
Business - type activities					
Charges for services					
Refuse	33,860	32,640	34,234	34,930	37,993
Airport	-	-	3,650	4,056	4,285
Energy Independence Program	-	-	1,892	2,110	1,957
Transit	-	-	2,157	2,193	2,165
Fair	-	-	9,671	9,455	9,597
Marinas	1,154	1,747	2,172	2,241	2,312
Sonoma Water	42,528	49,296	-	-	-
Sonoma Valley County Sanitation District	10,773	11,529	-	-	-
Other business-type activities	24,092	25,698	1,226	1,904	1,711
Total charges for services	112,407	120,910	55,002	56,889	60,020
Operating grants and contributions	12,594	12,611	12,686	10,584	12,253
Capital grants and contributions	9,888	4,771	7,332	2,340	31,828
Total business - type activities program revenues	134,889	138,292	75,020	69,813	104,101
Total primary government program revenues	\$ 685,842	\$ 676,348	\$ 573,823	\$ 598,193	\$ 651,158
Net (Expense) Revenue					
Governmental activities	\$ (288,335)	\$ (262,216)	\$ (178,351)	\$ (194,528)	\$ (204,172)
Business - type activities	51,019	(890)	2,610	(1,833)	28,182
Total primary government net expenses	\$ (237,316)	\$ (263,106)	\$ (175,741)	\$ (196,361)	\$ (175,990)

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.

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector

	2014-15	2015-16	2016-17	2017-18	2018-19	
						Program Revenue
						Governmental activities
						Charges for services
\$	41,223	\$ 52,021	\$ 40,057	\$ 38,026	\$ 40,737	General government
	32,776	34,737	35,029	37,181	45,579	Public protection
	371	395	407	4,025	3,766	Public ways and facilities
	6,780	6,501	13,938	12,583	10,842	Health and sanitation
	8,190	9,173	3,499	1,544	1,421	Public assistance
	-	-	-	-	-	Education
	4,640	5,193	5,763	5,577	5,992	Recreation and cultural services
	93,980	108,020	98,693	98,936	108,337	Total charges for services
	426,888	471,383	464,039	514,968	501,263	Operating grants and contributions
	7,754	3,102	4,013	3,071	3,318	Capital grants and contributions
	<u>528,622</u>	<u>582,505</u>	<u>566,745</u>	<u>616,975</u>	<u>612,918</u>	Total governmental activities
						Business - type activities
						Charges for services
	29,343	7,380	6,661	7,223	7,619	Refuse
	4,589	4,935	5,764	7,053	6,888	Airport
	3,000	2,845	2,658	2,313	2,033	Energy Independence Program
	2,000	2,035	1,825	1,957	1,804	Transit
	12,353	11,520	9,204	11,268	12,260	Fair
	2,858	2,145	2,343	2,264	2,396	Marinas
	-	-	-	-	-	Sonoma Water
	-	-	-	-	-	Sonoma Valley County Sanitation District
	1,106	1,078	1,158	1,233	803	Other business-type activities
	55,249	31,938	29,613	33,311	33,803	Total charges for services
	12,238	13,232	13,937	15,335	16,960	Operating grants and contributions
	21,369	7,712	10,467	2,868	3,255	Capital grants and contributions
	<u>88,856</u>	<u>52,882</u>	<u>54,017</u>	<u>51,514</u>	<u>54,018</u>	Total business - type activities program revenues
\$	<u>617,478</u>	<u>635,387</u>	<u>620,762</u>	<u>668,489</u>	<u>666,936</u>	Total primary government program revenues
						Net (Expense) Revenue
\$	(249,401)	\$ (244,899)	\$ (315,321)	\$ (261,991)	\$ (264,969)	Governmental activities
	20,705	7,645	4,278	1,881	133	Business - type activities
\$	<u>(228,696)</u>	<u>(237,254)</u>	<u>(311,043)</u>	<u>(260,110)</u>	<u>(264,836)</u>	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)

	2009-10	2010-11	2011-12 (1) as restated	2012-13 (2) as restated	2013-14 (3) as restated
Net (expense) revenue					
Governmental activities	\$ (288,335)	\$ (262,216)	\$ (178,351)	\$ (194,528)	\$ (204,712)
Business-type activities	51,019	(890)	2,610	(1,833)	28,182
Total primary government net expense	<u>(237,316)</u>	<u>(263,106)</u>	<u>(175,741)</u>	<u>(196,361)</u>	<u>(176,530)</u>
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property	216,904	210,717	171,431	183,429	193,221
Documentary transfer	3,114	2,960	3,390	4,301	4,439
Transient occupancy	7,139	7,929	8,757	9,705	11,037
Grants and other governmental revenues not restricted to specific programs	12,208	15,928	33,028	34,360	38,474
Unrestricted investment earnings	17,979	13,883	14,249	8,068	11,305
Other	21,585	25,850	23,765	20,875	16,808
Transfers	(5,315)	(3,998)	2,338	(886)	(1,163)
Special/Extraordinary items	-	55,033	15,455	-	-
Total governmental activities	<u>273,614</u>	<u>328,302</u>	<u>272,413</u>	<u>259,852</u>	<u>274,121</u>
Business-type activities:					
Property tax	205	206	-	-	-
Unrestricted investment earnings	1,229	961	1,697	1,681	2,186
Other	1,104	578	529	568	548
Gain on sale of capital assets	81	20	-	-	-
Transfers	5,315	3,998	(2,338)	886	1,163
Special item	-	-	-	1,343	-
Total business-type activities	<u>7,934</u>	<u>5,763</u>	<u>(112)</u>	<u>4,478</u>	<u>3,897</u>
Total primary government	<u>\$ 281,548</u>	<u>\$ 334,065</u>	<u>\$ 272,301</u>	<u>\$ 264,330</u>	<u>\$ 278,018</u>
Changes in net position:					
Governmental activities	(14,721)	66,086	94,062	65,324	69,409
Business-type activities	58,953	4,873	2,498	2,645	32,079
Total primary government	<u>\$ 44,232</u>	<u>\$ 70,959</u>	<u>\$ 96,560</u>	<u>\$ 67,969</u>	<u>\$ 101,488</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.

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector

2014-15	2015-16	2016-17	2017-18	2018-19
\$ (249,401)	\$ (244,899)	\$ (315,321)	\$ (261,991)	\$ (264,969)
20,705	7,645	4,278	1,881	133
<u>(228,696)</u>	<u>(237,254)</u>	<u>(311,043)</u>	<u>(260,110)</u>	<u>(264,836)</u>
208,316	222,211	233,256	245,274	259,239
4,953	5,541	6,047	6,201	5,585
16,759	14,188	17,701	22,237	22,377
39,153	40,686	42,813	48,721	53,018
6,157	8,331	7,778	10,907	22,758
22,561	17,583	36,532	38,688	39,617
(1,464)	(1,385)	(1,469)	(1,328)	(1,480)
-	-	-	(1,367)	-
<u>296,435</u>	<u>307,155</u>	<u>342,658</u>	<u>369,333</u>	<u>401,114</u>
-	-	-	-	-
25	370	367	868	2,283
70	65	(25)	45	2,066
-	-	-	-	-
1,464	1,385	1,469	1,328	1,480
-	-	-	-	-
<u>1,559</u>	<u>1,820</u>	<u>1,811</u>	<u>2,241</u>	<u>5,829</u>
<u>\$ 297,994</u>	<u>\$ 308,975</u>	<u>\$ 344,469</u>	<u>\$ 372,941</u>	<u>\$ 406,943</u>
47,034	62,256	27,337	107,342	136,145
22,264	9,465	6,089	4,122	5,962
<u>\$ 69,298</u>	<u>\$ 71,721</u>	<u>\$ 33,426</u>	<u>\$ 111,464</u>	<u>\$ 142,107</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 items

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)

	2009-10
General Fund	
Reserved for:	\$ 3,092
Encumbrances	28,331
Unreserved:	
Designated	36,390
Undesignated	37,107
Total general fund	104,920
All Other Governmental Funds	
Reserved for:	
Encumbrances	21,383
Inventories	1,062
Long-term advances	1,072
Prepaid items and deposits	2,197
Debt service	105,636
Unreserved, Reported in:	
Special Revenue Funds:	
Designated	4,513
Undesignated	209,472
Capital Projects Funds	4,261
Total other governmental funds	349,596

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

Notes:

- (1) FY 2010-11 the County implemented GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions, under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned.
- (2) FY 2011-12 net position was restated for the implementation of GASB 61 and restatement of capital assets.

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector

	2014-15	2015-16	2016-17	2017-18	2018-19	
\$	12,074	\$ 14,673	\$ 12,974	\$ 11,306	\$ 8,966	General Fund (1)
	-	-	-	-	-	Nonspendable
	90	3	3	5	15	Restricted
	64,400	73,592	76,290	86,444	111,584	Committed
	55,325	57,497	60,403	53,224	71,294	Assigned
	<u>131,889</u>	<u>145,765</u>	<u>149,670</u>	<u>150,979</u>	<u>191,859</u>	Unassigned
						Subtotal general fund
	5,456	4,326	3,973	3,771	3,763	All Other Governmental Funds
	235,532	222,475	221,115	237,938	275,209	Nonspendable
	6,873	7,024	5,373	8,860	9,152	Restricted
	31,309	48,785	42,193	46,980	46,491	Committed
	(412)	-	-	-	-	Assigned
	<u>278,758</u>	<u>282,610</u>	<u>272,654</u>	<u>297,549</u>	<u>334,615</u>	Unassigned
						Subtotal all other governmental funds
\$	<u>410,647</u>	<u>428,375</u>	<u>422,324</u>	<u>448,528</u>	<u>526,474</u>	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)

	2009-10	2010-11	2011-12 (1) as restated	2012-13	2013-14	2014-15
Revenues (by source):						
Taxes	\$ 239,365	\$ 238,234	\$ 216,720	\$ 231,920	\$ 247,203	\$ 269,220
Licenses, permits and franchise fees	15,966	17,245	22,053	21,962	23,360	24,315
Fines, forfeitures and penalties	18,388	21,872	16,110	24,978	13,312	17,182
Use of money and property	17,752	13,706	13,940	7,276	9,919	5,954
Intergovernmental	424,796	420,612	388,607	401,810	440,438	432,396
Charges for services	77,765	65,293	61,135	74,580	67,657	52,483
Other	20,400	28,285	24,122	20,422	16,782	21,495
Total revenues	<u>814,432</u>	<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	76,465	367,407	72,306	85,869	91,087	97,029
Public protection	253,316	226,418	233,356	243,245	249,862	268,532
Public ways and facilities	23,123	30,048	27,922	25,991	41,824	29,197
Health and sanitation	123,988	120,960	116,802	122,133	123,730	122,444
Public assistance	224,337	217,900	181,425	195,708	210,568	210,166
Education	17,313	16,019	606	611	837	836
Recreation and cultural services	13,919	12,078	12,284	12,037	12,812	14,309
Capital outlay	83,254	41,569	37,105	32,643	46,142	39,679
Debt service:						
Principal	24,956	30,771	10,683	12,149	20,573	8,509
Interest	33,255	45,749	16,714	17,838	13,169	13,178
Total expenditures	<u>873,926</u>	<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>(59,494)</u>	<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	94,339	116,232	98,435	79,641	82,821	86,587
Transfers out	(99,923)	(120,483)	(95,189)	(80,543)	(84,445)	(88,797)
Issuance of long-term debt	5,404	294,410	107	594	10,640	299
Premium on long term debt issuance	-	-	-	-	-	-
Proceeds from sale of capital assets	1,923	-	5,124	125	509	390
Other financing sources/(uses)	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>290,159</u>	<u>8,477</u>	<u>(183)</u>	<u>9,525</u>	<u>(1,521)</u>
Extraordinary item/Special Item	<u>1,743</u>	<u>55,033</u>	<u>15,455</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(57,751)</u>	<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>512,267</u>	<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>\$ 454,516</u>	<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	7.36%	7.17%	4.08%	4.19%	4.41%	2.84%

Notes:

(1) FY 2011-12 net position was restated for the implementation of GASB 61 and restatement of capital assets.

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector

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

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)
2009-10	\$ 67,795,681	\$ 2,554,701	\$ (2,313,446)	\$ 68,036,936	1.00%
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

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	
2009-10	0.21266	0.78734	1.0000	0.06750	0.02593	0.01069	1.10412
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

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, 2019 and June 30, 2010
 (Dollar Amounts in Thousands)

Taxpayer	June 30, 2019:			June 30, 2010:		
	Total Taxes (1)	Rank	Percentage of Total County Taxes	Total Taxes (1)	Rank	Percentage of Total County Taxes
Pacific Gas & Electric Co.	\$ 16,447	1	1.84%	\$ 7,364	2	0.98%
Geysers Power Co. LLC	12,411	2	1.39	7,784	1	0.93
Keysight Technologies Inc.	2,842	3	0.32	1,675	4	0.21
St. Josphe Health Northern CA LLC	1,792	4	0.20			
Pacific Bell Telephone Co.	1,785	5	0.20	1,943	3	0.24
Lytton Rancheria of California	1,739	6	0.19			
Enclave Apartments LLC	1,678	7	0.19			
Ferrari-Carano Vineyards & Winery	1,406	8	0.16			
Jackson Family Investments LLC	1,336	9	0.15			
Foley Family Wines Inc.	1,228	10	0.14			
SC Sonoma Development LLC	-		0.00	906	5	0.11
Quarry Heights LLC	-		0.00	865	6	0.11
Constellation Wines US Inc.	-		0.00	778	7	0.10
Gallo Vineyards Inc.	-		0.00	728	8	0.09
Coddington LLC	-		0.00	681	9	0.09
EMI Santa Rosa LTD	-		0.00	661	10	0.08
Total	<u>\$ 42,664</u>		<u>4.78%</u>	<u>\$ 23,385</u>		<u>2.94%</u>
Total taxes of all taxpayers (2)	<u>\$ 893,578</u>			<u>\$ 794,205</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
2009-10	\$ 680,369	\$ 656,556	96.5%	\$ 23,093	\$ 679,649	99.9%
2010-11	663,601	645,684	97.3%	17,049	662,733	99.9%
2011-12	658,287	642,641	97.6%	14,723	657,364	99.9%
2012-13	653,050	641,750	98.3%	10,358	652,108	99.9%
2013-14	676,858	667,922	98.7%	7,920	675,842	99.8%
2014-15	728,497	721,075	99.0%	6,179	727,254	99.8%
2015-16	778,237	770,592	99.0%	5,795	776,387	99.8%
2016-17	822,153	815,344	99.2%	4,170	819,514	99.7%
2017-18	852,241	844,872	99.1%	-	844,872	99.1%
2018-19	901,683	893,578	99.1%	-	893,578	99.1%

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)

Fiscal Year	Governmental Activities					
	Pension Obligation Bonds	Certificates of Participation	Long-Term Contract Payable	Loans Payable	Notes Payable	Bonds Payable
2009-10	\$ 246,795	\$ 45,058	\$ 106,759	\$ 78,350	\$ 800	\$ 111,575
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

Fiscal Year	Business-Type Activities					Energy Independence Bonds
	Certificates of Participation	Sewer Bonds	Water Bonds	Capital Leases	Notes and Loans Payable	
2009-10	\$ 7,515	\$ 24,663	\$ 24,470	\$ 15,098	\$ -	\$ 29,637
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

Ratios based on Total Primary Debt

Fiscal Year	Population (1)	Percentage of Assessed Value (2)	Percentage of Personal Income	Per Capita (3)
2009-10	493,285	1.16%	3.74%	1,625
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

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.

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector

Governmental Activities								
Special Assessment		Unamortized				Fiscal Year		
Bonds	Capital Leases	Premiums	Subtotal					
\$	5,181	\$	6,364	\$	4,224	\$	605,106	2009-10
	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

Business-Type Activities										
Landfill Closure and	Advances From Other	Unamortized Loss		Subtotal	Total Primary	Fiscal Year				
Postclosure	Governments				Government					
\$	50,225	\$	36,186	\$	(1,276)	\$	186,518	\$	791,624	2009-10
	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

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
2009-10	68,036,936	1,360,739	-	1,360,739	100%
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%

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, 2019
 (Dollar Amounts in Thousands)

2018-19 Taxable Assessed Valuation: \$ 90,168,326

<u>Overlapping Debt and Tax Assessment Debt (1)</u>	Percentage Applicable to Sonoma County Taxable	
	<u>Assessed Valuation</u>	<u>Debt Outstanding</u>
High School Districts	100%	\$ 254,294
Unified School Districts	100%	483,240
Elementary Districts	100%	306,964
Santa Rosa Junior College	100%	225,355
Sonoma County Water Agency	100%	77,613
Total Overlapping Debt and Tax Assessment Debt		\$ <u>1,347,466</u>

<u>Direct Debt (1)</u>	<u>Debt Outstanding</u>	Percentage Applicable to Sonoma County Taxable	Debt Outstanding applicable to taxable assessed valuation
		<u>Assessed Valuation</u>	
Sonoma County Certificates of Participation	\$ 14,929	100%	\$ 14,929
Sonoma County Bonds Payable (2)	36,353	0%	-
Sonoma County Pension Obligation Bonds	352,370	100%	352,370
Sonoma County Loans Payable (3)	67,974	0.04%	27
Sonoma County Long-Term Contract Payable	5,296	100%	5,296
Sonoma County Capital Leases	4,407	100%	4,407
Total Direct Debt	\$ <u>481,329</u>		\$ <u>377,029</u>
Total Combined Overlapping and Direct Debt			\$ <u>1,724,495</u>

Ratio of 2018-19 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.49%
Total Direct Debt	0.42%
Total Combined Overlapping and Direct Debt	1.91%

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 premiums
- (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
2010	493,285	\$ 21,701,296	\$ 43,993	71,010	10.6%
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%

Incorporated Cities Population:

Cloverdale	9,257
Cotati	7,919
Healdsburg	12,501
Petaluma	62,247
Rohnert Park	43,339
Santa Rosa	175,625
Sebastopol	7,885
Sonoma	11,556
Town of Windsor	28,565
Total Incorporated	358,894
Total Unincorporated Areas	141,781
Total Population	500,675

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, 2019 and June 30, 2010

Employer	June 30, 2019			June 30, 2010		
	Number of Employees	Rank	Percent of Total County Employment	Number of Employees	Rank	Percent of Total County Employment
County of Sonoma (1)	3,835	1	1.50%			0.00%
Kaiser Permanente	3,671	2	1.44	2,400	1	0.93
Santa Rosa Junior College (1)	1,644	3	0.64			
St. Joseph Health	1,640	4	0.64	1,781	2	0.69
Keysight Technologies	1,500	5	0.59	1,350	3	0.52
City of Santa Rosa (1)	1,307	6	0.51			
Jackson Family Wines	1,071	7	0.42	640	10	0.25
Sutter Santa Rosa Regional Hospital	1,045	8	0.41	1,097	5	0.43
Amy's Kitchen	1,022	9	0.40	900	7	0.35
Oliver's Market	783	10	0.31			
Medtronic Cardiovascular	-		0.00	1,200	4	0.46
Safeway	-		0.00	1,082	6	0.42
River Rock Casino	-		0.00	660	8	0.26
Wal-Mart Stores	-		0.00	650	9	0.25
Ten largest Employer's	17,518		6.86%	11,760		4.56%
All other employer's	237,682		93.14%	246,340		95.44%
Total Employers	<u>255,200</u>		<u>100.00%</u>	<u>258,100</u>		<u>100.00%</u>

Notes:

(1) Governmental entities were not factored into the 2010 schedule

Source:

Sonoma County Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2010

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:	2009-10	2010-11	2011-12	2012-13	2013-14
General Government					
Board of Supervisors / County Administrator	33	33	28	32	35
General Services	126	119	114	116	119
County Clerk-Assessor-Recorder-PA	119	112	111	114	118
Auditor-Controller / Treasurer-Tax Collector	108	105	93	97	96
County Counsel	37	37	36	36	38
Human Resources	62	56	47	50	56
Information Systems	137	123	107	107	107
Economic Development	9	8	8	11	12
Public Protection					
District Attorney	129	124	113	114	120
Public Defender	57	54	50	52	52
Sheriff	711	660	624	634	648
Probation	318	301	279	278	285
Permit and Resource Management	140	121	101	102	101
Emergency Services	26	25	25	27	27
Child Support Services	129	115	108	102	99
Agricultural Commissioner	68	37	43	37	41
Northern Sonoma County Air Pollution Control	6	6	6	6	6
Public Assistance					
Human Services and IHSS	642	671	666	698	784
Health Services					
H.S.-Administration and other	101	48	56	59	69
Public Health	180	211	211	202	200
Mental Health	173	158	172	190	196
Alcohol, Drug & Tobacco	61	40	39	41	44
Special Revenue Funds	6	6	6	7	25
County Medical Services Program	-	-	-	26	35
Public Ways & Facilities					
Roads	149	128	128	128	137
Cultural & Recreational					
Regional Parks (1)	148	134	126	117	127
Agricultural Preservation and Open Space District	26	29	29	28	29
Education					
U.C. Cooperative Extension	8	6	5	5	5
Enterprise Funds					
Integrated Waste Enterprise Fund (2)	42	39	40	41	41
Airport Enterprise Fund	13	13	15	15	15
Transit	7	7	7	7	6
Fairgrounds	37	38	37	34	34
Discrete Component Units					
Community Development Commission	41	41	43	34	35
Sonoma Water	226	231	230	243	250
Library (3)	138	138	138	138	138
	<u>4,213</u>	<u>3,974</u>	<u>3,841</u>	<u>3,928</u>	<u>4,130</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>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	FTE'S:
					General Government
37	39	38	45	57	Board of Supervisors / County Administrator
119	111	110	107	102	General Services
109	102	103	105	107	County Clerk-Assessor-Recorder-PA
92	88	90	93	99	Auditor-Controller / Treasurer-Tax Collector
38	39	41	44	43	County Counsel
57	55	56	59	67	Human Resources
117	100	102	99	99	Information Systems
10	12	12	12	12	Economic Development
					Public Protection
121	115	122	126	125	District Attorney
49	49	51	51	50	Public Defender
635	603	625	624	611	Sheriff
286	291	267	262	262	Probation
108	105	112	133	151	Permit and Resource Management
24	23	21	17	9	Emergency Services
98	85	85	87	84	Child Support Services
32	32	37	36	36	Agricultural Commissioner
6	6	6	6	-	Northern Sonoma County Air Pollution Control
					Public Assistance
836	891	877	834	847	Human Services and IHSS
					Health Services
75	66	65	82	76	H.S.-Administration and other
206	213	210	193	197	Public Health
212	201	226	205	190	Mental Health
38	35	39	45	14	Alcohol, Drug & Tobacco
26	25	20	22	9	Special Revenue Funds
39	31	30	17	20	County Medical Services Program
					Public Ways & Facilities
124	118	113	117	121	Roads
					Cultural & Recreational
79	81	79	88	88	Regional Parks (1)
27	24	25	25	25	Agricultural Preservation and Open Space District
					Education
5	5	5	4	5	U.C. Cooperative Extension
					Enterprise Funds
40	9	10	8	9	Integrated Waste Enterprise Fund (2)
14	15	16	16	18	Airport Enterprise Fund
6	5	5	5	5	Transit
36	27	25	27	27	Fairgrounds
					Discrete Component Units
36	39	43	41	46	Community Development Commission
212	215	228	222	224	Sonoma Water
-	-	-	-	-	Library (3)
<u>3,949</u>	<u>3,855</u>	<u>3,894</u>	<u>3,857</u>	<u>3,835</u>	

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

Function/Program	2009-10	2010-11	2011-12	2012-13	2013-14
Law & Justice					
Filed Felonies/New Cases/New VOPs - DA/PD	2,533	2,196	2,066	2,321	2,511
Misdemeanor/Felony Court Appearances - DA/PD	126,841	139,428	124,854	123,008	130,135
Public Safety					
Fire Prevention Inspections (1)	-	-	-	-	-
Dispatch Calls - Sheriff	132,978	124,158	126,882	126,959	125,149
Adult Detention Facility Bookings - Sheriff	20,890	17,903	18,000	17,773	17,703
Juvenile Hall Average Daily Population	85	90	84	80	76
Health & Public Assistance					
Birth Certificates Registered - Health Services	5,880	5,532	5,188	5,058	5,166
Emergency Medical Responses - Health Services	54,000	53,417	43,278	45,980	50,634
Total Collections - Child Support Enforcement (4)	\$ 29,743	\$ 30,363	\$ 28,574	\$ 28,372	\$ 28,699
Community Resources & Public Facilities					
Permit & Resource Management:					
Code Enforcement Cases	1,203	870	850	877	899
Building Permits Issued	15,914	16,340	16,690	-	16,517
Integrated Waste					
Tonnage - Transportation & Public Works (2)	240,000	240,000	240,000	230,837	267,251
Diverted Tonnage - Transportation & Public Works	106,625	107,356	110,000	110,000	109,000
Regional Parks					
Park Visitors	4,958,390	4,605,999	4,064,068	5,383,600	5,843,143
Veterans/Community Center (3):					
Events	4,095	4,145	4,397	3,655	4,788
Attendance	360,950	387,500	319,317	280,885	312,570

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 was not available at time of reporting, the operating indicator has changed, or these statistics are no longer available.

Source:

Sonoma County Departments

2014-15	2015-16	2016-17	2017-18	2018-19	Function/Program
2,706	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
1,417	1,321	1,393	1,737	-	Fire Prevention Inspections (1)
115,351	114,980	111,568	114,599	105,357	Dispatch Calls - Sheriff
16,881	15,953	15,987	16,516	18,498	Adult Detention Facility Bookings - Sheriff
72	60	54	41	-	Juvenile Hall Average Daily Population
					Health & Public Assistance
5,224	5,380	4,997	4,715	4,642	Birth Certificates Registered - Health Services
55,157	50,567	66,680	70,310	75,000	Emergency Medical Responses - Health Services
\$ 29,038	\$ 31,063	\$ 34,120	\$ 35,220	\$ 34,421	Total Collections - Child Support Enforcement
					Community Resources & Public Facilities
					Permit & Resource Management:
931	1,075	994	1,890	1,821	Code Enforcement Cases
5,450	6,004	5,933	8,625	9,094	Building Permits Issued
					Integrated Waste
266,913	292,867	297,282	1,216,047	361,092	Tonnage - Transportation & Public Works (2)
119,566	102,302	85,696	85,365	92,507	Diverted Tonnage - Transportation & Public Works
					Regional Parks
5,545,143	5,084,152	5,376,723	5,317,133	5,506,506	Park Visitors
					Veterans/Community Center (3):
1,910	2,912	3,793	1,583	2,078	Events
199,883	255,018	343,136	135,182	207,640	Attendance

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

Function	2009-10	2010-11	2011-12	2012-13	2013-14
Sheriff:					
Stations	3	3	3	3	3
Sub-Stations (2)	5	5	5	5	5
Patrol Units	140	132	155	179	186
Helicopter	1	1	1	1	1
Marine Craft	4	4	5	5	5
Streets And Highways:					
Streets (miles)	1,382	1,382	1,382	1,382	1,382
Bridges (longer then 20 feet)	326	326	332	330	332
Traffic Lights:					
Traffic Lights - County Only	35	35	35	37	38
Traffic Lights - Shared With Cities	3	3	3	3	3
Traffic Lights - Shared With State	23	24	24	26	27
Total Traffic Lights	<u>61</u>	<u>62</u>	<u>62</u>	<u>66</u>	<u>68</u>
Parks And Recreation:					
Acreage Open to Public (1)	8,855	8,855	49,882	57,980	11,372
Sonoma Water:					
Water Mains (miles)	110	110	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	128,800	133,000	128,800	128,800
Sanitation:					
Sanitary Sewers (miles)	250	250	250	252	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)	88	76	82	81	81

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 17-18, changed measurement from "thousands of gallons" to "millions of gallons per day"

Source:

Sonoma County Departments

2014-15	2015-16	2016-17	2017-18	2018-19	Function
					Sheriff:
3	3	3	3	3	Stations
5	5	5	2	2	Sub-Stations (2)
161	157	159	146	148	Patrol Units
1	1	1	1	1	Helicopter
5	5	5	5	5	Marine Craft
					Streets And Highways:
1,382	1,379	1,379	1,368	1,368	Streets (miles)
332	328	328	328	328	Bridges (longer then 20 feet)
					Traffic Lights:
38	38	40	38	38	Traffic Lights - County Only
3	3	3	3	1	Traffic Lights - Shared With Cities
30	30	30	30	31	Traffic Lights - Shared With State
<u>71</u>	<u>71</u>	<u>73</u>	<u>71</u>	<u>70</u>	Total Traffic Lights
					Parks And Recreation:
9,403	11,037	11,036	11,071	12,556	Acreage Open to Public (1)
					Sonoma Water:
90	90	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	128,800	129,000	129,000	129,000	Tank Storage Capacity (thousands of gallons)
					Sanitation:
230	230	230	230	230	Sanitary Sewers (miles)
13,439	13,439	13,439	13,439	-	Treatment Capacity (thousands of gallons)
-	-	-	5.362	4.862	Treatment Capacity (Avg. Daily Dry Weather Flow, MGD) (3)
					Transit:
80	83	80	83	83	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).