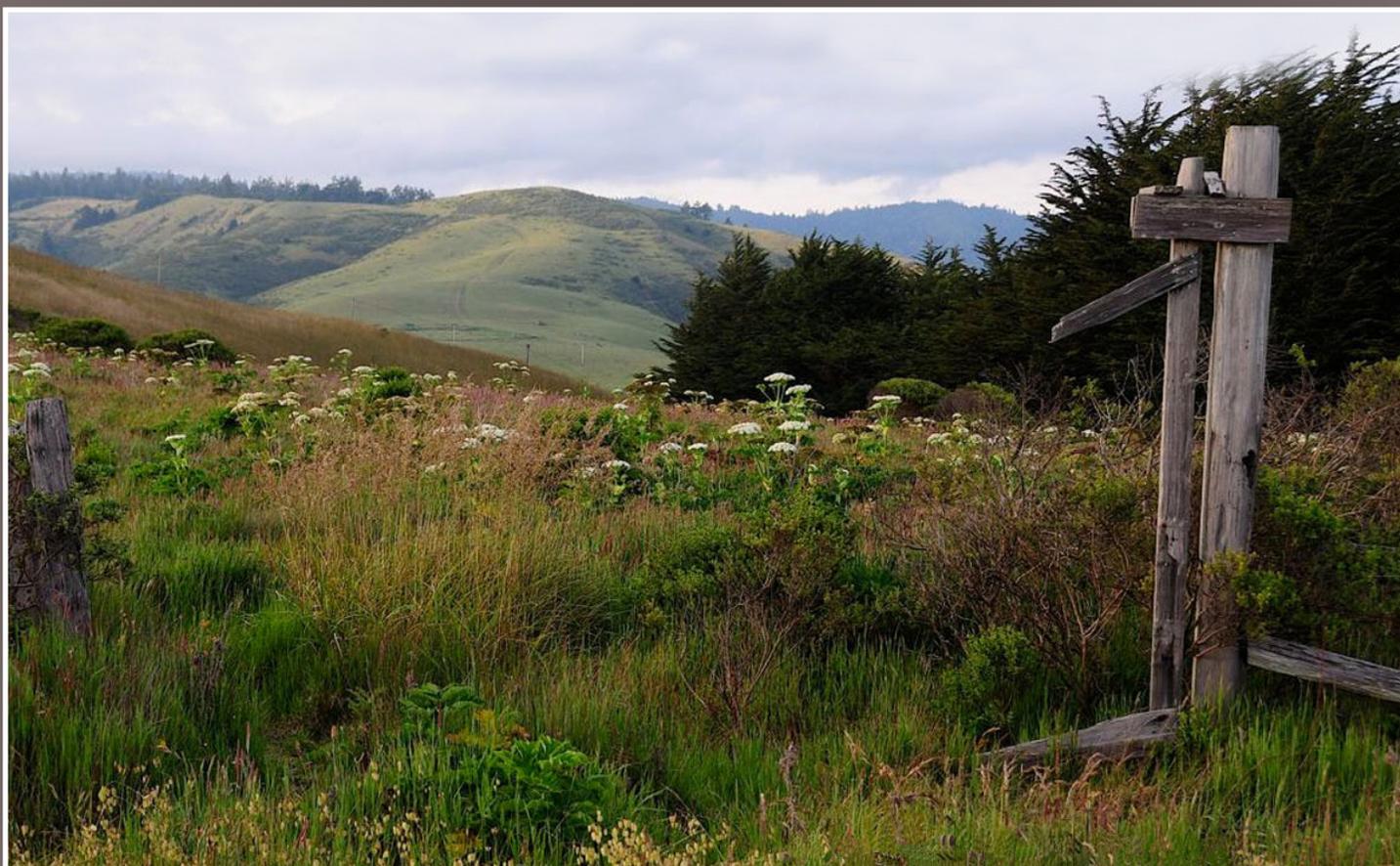


ANNUAL COMPREHENSIVE
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2021



Sonoma County California

Cover Photo

Carrington Coast Ranch

Carrington Coast Ranch hosts a diversity of natural habitats, including coastal prairie, coastal scrub, freshwater and saltwater wetlands, and tidal marsh. The ranch is primarily open grassland, which affords spectacular views of the ocean.

The 335-acre coastal property just north of Salmon Creek will eventually be open to the public as a regional park and open space preserve providing a critical segment of the 1,200-mile California Coastal Trail and link to public lands to the north and south. The development of public trails on the Carrington property will provide a safe route for hikers between Marshall Gulch and Salmon Creek.

Photo Courtesy of Sonoma County Regional Parks

Mission Statement Photos

Bodega Head and Sonoma County Grapevines

Courtesy of Diana Wilson

COUNTY OF SONOMA
STATE OF CALIFORNIA

ANNUAL **C**OMPREHENSIVE **F**INANCIAL **R**EPORT

For The Fiscal Year Ended
June 30, 2021



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

Erick Roeser
Auditor-Controller-Treasurer-Tax Collector



TABLE OF CONTENTS

Page(s)

INTRODUCTORY SECTION

Letter to the Board of Supervisors and Citizens of the County i-viii
 Directory of Appointed and Elected Officials x-xi
 County Organizational Chart..... xii

FINANCIAL SECTION

INDEPENDENT AUDITOR’S REPORT 1
 MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited) 7

BASIC FINANCIAL STATEMENTS:

Government-Wide Financial Statements:

Statement of Net Position 24
 Statement of Activities 26

Fund Financial Statements:

Governmental Funds:

Balance Sheet 28
 Reconciliation of the Balance Sheet to Statement of Net Position 29
 Statement of Revenues, Expenditures and Changes in Fund Balances 30
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
 to the Statement of Activities 31

Proprietary Funds:

Statement of Net Position 32
 Statement of Revenues, Expenses and Changes in Fund Net Position 35
 Statement of Cash Flows 36

Fiduciary Funds:

Statement of Net Position 38
 Statement of Changes in Fiduciary Net Position 39

Notes to the Basic Financial Statements:

(1) Summary of Significant Accounting Policies 41
 (2) Cash and Investments 51
 (3) Receivables 66
 (4) Interfund Transactions 66
 (5) Capital Assets 68
 (6) Deferred Outflows of Resources 70
 (7) Payables 71
 (8) Advances from Grantors and Third Parties 71
 (9) Operating Leases 71
 (10) Long-Term Liabilities 72
 (11) Employees’ Retirement Plans 79
 (12) Other Postemployment Benefits (OPEB) 84
 (13) Risk Management 90

TABLE OF CONTENTS (Continued)

Page(s)

(14) Landfill Closure and Postclosure Care Costs 91

(15) Commitments and Contingencies 92

(16) Deferred Inflows of Resources..... 92

(17) Service Concession Arrangement..... 93

(18) Successor Agency Private Purpose Trust Fund..... 94

(19) Net Position/Fund Balances 95

(20) Special Item Transfer of Operations 96

(21) Net Position Restatement – GASB 84 96

REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)

Pension Plan:

Schedule of County’s Proportionate Share of the Net Pension Liability 99

Schedule of County Pension Contributions 99

OPEB:

Schedule of County's Net OPEB Plan Liability and Related Ratios 100

Schedule of OPEB Plan Investment Returns..... 100

Schedule of County OPEB Contributions 100

Schedule of Changes in Net OPEB Liability and Related Ratios..... 101

Budgetary Comparison Schedules:

General Fund..... 102

Human Services Special Revenue Fund 104

Health and Sanitation Special Revenue Fund..... 105

Open Space Special Tax Account Special Revenue Fund 106

Notes to Required Supplementary Information..... 107

OTHER SUPPLEMENTARY INFORMATION

Combining and Individual Fund Statements and Schedules:

Nonmajor Governmental Funds:

Combining Balance Sheet 111

Combining Statement of Revenues, Expenditures and Changes in Fund Balances..... 112

Nonmajor Special Revenue Funds:

Combining Balance Sheet..... 113

Combining Statement of Revenues, Expenditures and Changes in Fund Balances..... 114

Nonmajor Enterprise Funds:

Combining Statement of Net Position 116

Combining Statement of Revenues, Expenses and Changes in Fund Net Position 117

Combining Statement of Cash Flows 118

Custodial Funds:

Custodial External Investment Pool Funds Combining Statement of Net Position 120

Custodial External Investment Pool Funds Combining Statement of Changes in Fiduciary Net Position 121

Other Custodial Funds Combining Statement of Net Position 122

Other Custodial Funds Combining Statement of Changes in Fiduciary Net Position 123

TABLE OF CONTENTS (Continued)

	<u>Page(s)</u>
<i>Budgetary Comparison Schedules:</i>	
Capital Projects Fund.....	124
Debt Service Fund.....	125
Community Investment Special Revenue Fund.....	126
Agricultural Preservation and Open Space District Special Revenue Fund	127
Roads Special Revenue Fund.....	128
Mandated Revenues Special Revenue Fund	129
2011 Realignment Special Revenue Fund	130
Special Districts Fund.....	131
<i>Internal Service Funds:</i>	
Combining Statement of Net Position	133
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	134
Combining Statement of Cash Flows	135
<i>Discrete Component Units:</i>	
Combining Statement of Net Position.....	137
Combining Statement of Activities.....	138
 <u>STATISTICAL SECTION (Unaudited)</u>	
Net Position by Category.....	142
Expenses by Function	144
Changes in Net Position	146
Net Expenses by Function	148
Fund Balances of Governmental Funds.....	150
Changes in Fund Balances of Governmental Funds	152
Assessed Value of Taxable Property	154
Property Tax Rates – Direct and Overlapping Governments	155
Principal Revenue Taxpayers.....	156
Property Tax Levies and Collections.....	157
Ratios of Outstanding Debt.....	158
Computation of Legal Debt Margin.....	160
Schedule of Direct and Overlapping Debt.....	161
Demographics and Economic Statistics.....	162
Major Employers	163
County Employees by Function.....	164
Operating Indicators by Function/Program	166
Capital Assets Statistics by Function	168
 <i>GLOSSARY</i>	
Glossary	171



INTRODUCTORY SECTION



ERICK ROESER
AUDITOR-CONTROLLER
TREASURER-TAX COLLECTOR

AUDITOR-CONTROLLER
TREASURER-TAX COLLECTOR
585 FISCAL DRIVE, SUITE 100
SANTA ROSA, CA 95403
PHONE (707) 565-2631
FAX (707) 565-3489



JONATHAN KADLEC
ASSISTANT AUDITOR-CONTROLLER
TREASURER-TAX COLLECTOR

AMANDA RUCH, CPA
ASSISTANT AUDITOR-CONTROLLER
TREASURER-TAX COLLECTOR

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

December 22, 2021

To the Board of Supervisors and Citizens of Sonoma County:

The Annual Comprehensive Financial Report (ACFR) of the County of Sonoma (County) for the fiscal year ended June 30, 2021, is hereby submitted in compliance with Sections 25250 and 25253 of the Government Code of the State of California. The title of this report was changed in accordance with Government Accounting Standards Board Statement 98 and, in previous years, was titled the Comprehensive Annual Financial Report.

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, 2021.

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 484,207. 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 3,860 full-time employees in fiscal year 2020-21 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, the Sonoma County Public Financing Authority, and Sonoma County Employees' Retirement Association. Seven discrete component units are presented in the financial statements, separate from the primary government: Sonoma County Community Development Commission (CDC), Sonoma County Water Agency (identified herein as Sonoma Water), four sanitation districts (Sonoma Valley County Sanitation District, Russian River County Sanitation District, South Park County Sanitation District, and Occidental County Sanitation District) and the Sonoma County Water and Wastewater Financing Authority.

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

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.

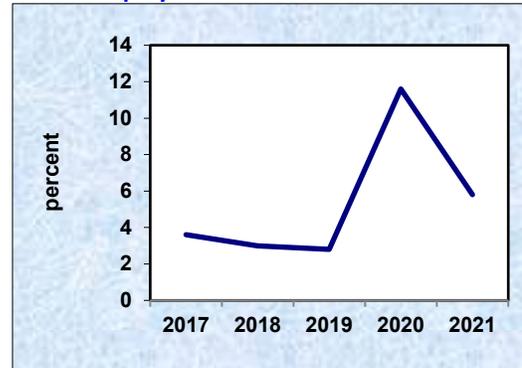
FACTORS AFFECTING ECONOMIC CONDITION

The factors herein are measured at various points in time depending on the most recent information available.

Economy

- During Fiscal Year 2020-21 Sonoma County experienced positive signs of economic conditions including decreases in the unemployment rate and indications of transient occupancy tax rebounding from pandemic lows.
- As of June 2021, median home prices increased. Sonoma County remains one of the more affordable Bay Area counties.

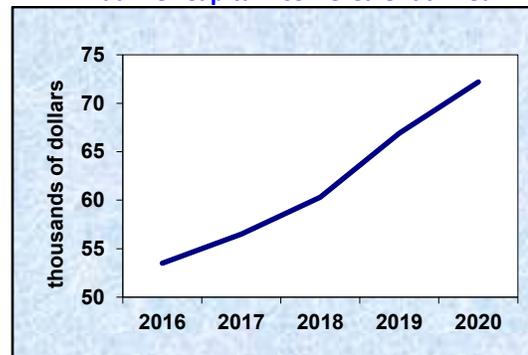
Unemployment Rate as of June 30



Unemployment

- As of June 2021, the County's unemployment rate decreased to 5.8% from 11.6% in June 2020. This is lower than both California's unemployment rate of 8.0% and the national unemployment rate of 5.9% as of June 2021.
- As of September 2021, the County unemployment rate was 4.5% compared to 7.2% in September 2020, and the County's September 2021 rate is lower than both the California and national unemployment rates of 6.4% and 4.6%, respectively.

Annual Per Capita Income-Calendar Year



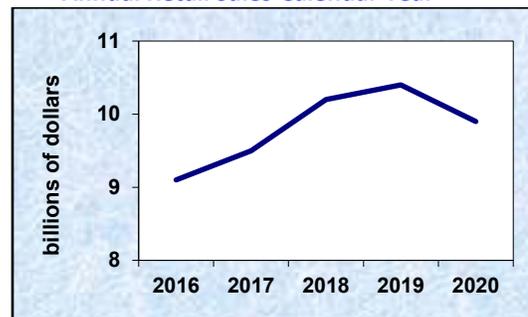
Income

- County per capita personal income increased to \$72,213 for the 2020 calendar year, from \$66,884 for the 2019 calendar year.

Retail Sales

- Retail sales county-wide decreased 4.8% to \$9.9 billion for the 2020 calendar year, from \$10.4 billion for the 2019 calendar year.
- County unincorporated area retail sales decreased 4.6% to \$2.0 billion in 2020 calendar year, from \$2.1 billion in the 2019 calendar year.

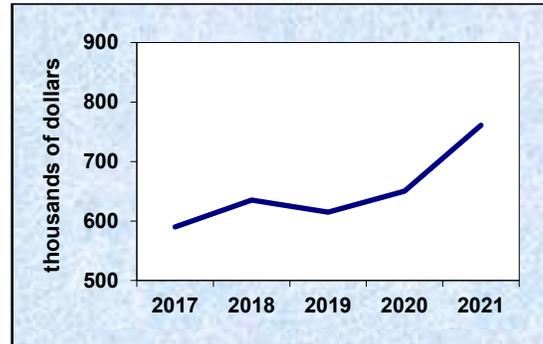
Annual Retail Sales-Calendar Year



Real Estate

- As of June 2021, the median home price increased 17.0% to \$760,500 from \$650,000 in June 2020.
- Certified valuation of secured and unsecured property, including residential and non-residential, increased 4.7% to \$98.6 billion for fiscal year 2020-21 from \$94.2 billion for fiscal year 2019-20.
- Certified valuation of residential property increased 4.8% to \$67.9 billion for fiscal year 2020-21 from \$64.8 billion for fiscal year 2019-20.
- Certified valuation of non-residential property increased 4.4% to \$30.7 billion for fiscal year 2020-21 from \$29.4 billion for fiscal year 2019-20.

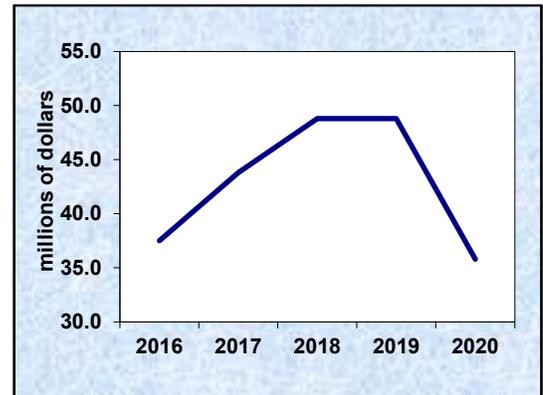
Median Home Price as of June 30



Tourism

- Sonoma County's lodging industry average annual occupancy decreased to 53.0% in calendar year 2020 from 71.0% in calendar year 2019.
- County-wide transient occupancy tax (TOT) collections decreased 26.4% to \$35.9 million in 2020 compared to \$48.8 million in 2019. Subsequently, TOT increased 47.1% to \$17.5 million for the first two quarters of 2021, compared to \$11.9 million for the first two quarters of 2020.

Annual Transient Occupancy Tax-
Calendar Year



FINANCIAL INDICATORS

The reporting period for the financial indicators is fiscal year 2020-21. County and other governmental agency's transient occupancy tax increased 50.0%, local sales tax increased 19.5%, and the County's largest revenue source, secured property taxes, increased 4.5%. These increases were driven by significant increases in the second half of the fiscal year. The County General Fund's share of secured property tax revenue increased 4.6%.

California's 2021-22 Budget Act notes a \$262.6 billion spending plan. The state budget will significantly aid millions of Californians being paid low wages, including those who have suffered job loss and are struggling to support themselves and their families, who continue to face housing and food insecurities, lack of child care support, and those who are seeking education and training to gain new skills and secure good jobs. Other key areas of investment include: higher education, students and adult learners; social safety net resources for working families; workforce development; broadband access for all; and providing support for business and the economy.

GOALS AND INITIATIVES

On March 2, 2021, the Sonoma County Board of Supervisors approved a Five-Year Strategic Plan that includes a broad spectrum of goals that will shape the County's priorities and activities in the coming years. The Strategic Plan identifies five specific pillars: Healthy and Safe Communities; Organizational Excellence; Racial Equity and Social Justice; Climate Action and Resiliency; and Resilient Infrastructure. Each of these pillars have accompanying goals and objectives. See <https://sonomacounty.ca.gov/Board-of-Supervisors/Strategic-Plan/>

Pillar I - Healthy and Safe Communities

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

- Goal 1: Expand integrated system of care to address gaps in services to the County's most vulnerable
- Goal 2: Establish equitable and data-driven distribution of services
- Goal 3: In collaborations with cities, Increase affordable housing development near transportation and easy access to services
- Goal 4: Reduce the County's overall homeless population by 10% each year by enhancing services through improved coordination and collaboration
- Goal 5: Continue to invest in public safety so that residents and visitors feel safe in our community

Pillar II - Organizational Excellence

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

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

Pillar III - Racial Equity and Social Justice

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

- Goal 1: Foster a County organizational culture that supports the commitment to achieving racial equity
- Goal 2: Implement strategies to make the County workforce reflect County demographic across all levels

- Goal 3: Ensure racial equity throughout all County policy decisions and service delivery
- Goal 4: Engage community and stakeholder groups to develop priorities and to advance racial equity

Pillar IV - Climate Action and Resiliency

Make Sonoma County carbon neutral by 2030.

- Goal 1: Continue to invest in wildfire preparedness and resiliency strategies
- Goal 2: Invest in the community to enhance resiliency and become carbon neutral by 2030
- Goal 3: Make all County facilities carbon free and zero waste and resilient
- Goal 4: Maximize sustainability and emissions reductions in all County Fleet vehicles
- Goal 5: Maximize opportunities for mitigation of climate change and adaptation through land conservation work and land use policies

Pillar V - Resilient Infrastructure

Enhance community resilience to fire and other hazards by investing in County facilities and infrastructure; including roads, buildings and property, communications, and flood protection.

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

The following highlights represent a partial list of initiatives accomplished in fiscal year 2020-21 in support of the Goals noted above:

- Negotiated and drafted legal documents supporting the Community Development Commission's purchase of two hotels to provide critical housing for the homeless under Project Homekey
- Responded to a 24% increase in calls to the Homeless Outreach Services Team, due to clients experiencing housing and economic uncertainty resulting from the pandemic
- Adult and Aging collaborated with Disability Services and Legal Center to become designated as an Emerging Aging and Disability Resource Connection (ADRC) with funding allocated from the California Department of Aging
- Implemented the Hiring + Diversity: A Best Practices Toolkit for all County departments and special districts
- Board adoption of Vital Lands Initiative (VLI) which provides the framework to permanently protect the unique natural and working landscapes of Sonoma County
- Systems developed to support the Department of Health Services' efforts to deploy COVID-19 testing and notifications.
- Deployed remote working technologies to support and ensure continuity of County operations, emergency response efforts, and service delivery to the community due to impacts from COVID-19
- Sonoma Water constructed 10,600 feet of sewer collection system that was damaged by the 2017 Sonoma Complex Fires

LONG-TERM FISCAL OUTLOOK

Looking ahead, the economic recovery is expected to continue. The largest financial impact of the COVID-19 pandemic was likely felt in fiscal year 2019-20, with recovery of key County revenue streams largely returning in fiscal year 2020-21. While the County expects revenues to remain generally flat, the current rates of high inflation are a concern.

By all accounts, the housing market has remained strong. However, while the residential market has been strong, the commercial property market has struggled. While much less dependent on commercial property taxes than more urban areas, this will reduce growth in the County's tax base.

Sales tax revenues have rebounded in Sonoma County and statewide. Other revenue sources, including state and federal funding, fines, and franchise fees, also nearly rebounded to pre-pandemic levels during FY2020-21.

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

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

RELEVANT FINANCIAL POLICIES

Balanced Budget

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

Expenditure Management & Control

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

Debt Management

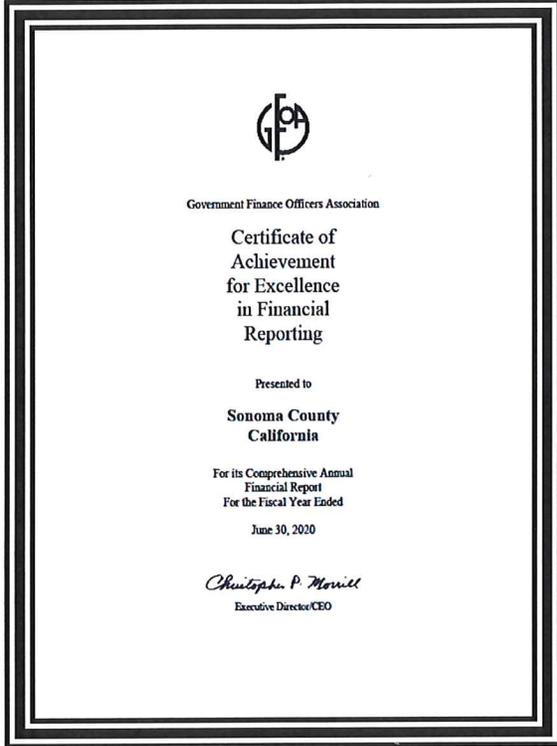
The County has a Debt Advisory Committee (DAC) to provide guidance and support related to all County debt issuance and management. The DAC provides the County Administrator and the Board of Supervisors a review process to ensure that all potential debt obligations are evaluated for cost effectiveness,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

Fund Balance Reserve

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

AWARDS AND ACKNOWLEDGMENTS

Financial Reporting Certificate of Achievement: The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the County’s CAFR for the fiscal year ended June 30, 2020. This was the twenty-ninth 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, 2020. This was the twenty-sixth 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, 2020. The County has received this prestigious award twenty-three 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 Annual Comprehensive Financial Report was achieved through the combined efforts of numerous individuals. We are especially grateful to the Auditor-Controller-Treasurer-Tax Collector’s Office staff for their special efforts and our auditors, Eide Bailly LLP, for their outstanding efforts and many hours, which helped us achieve our objectives of timely and accurate financial reporting. We would also like to thank all the County departments who participated in its preparation and the Board for its leadership, responsibility, and action that ensure the general fiscal health and integrity of the County.

Respectfully Submitted,



Sheryl Bratton
County Administrator



Erick Roeser
Auditor-Controller-Treasurer-Tax Collector



DIRECTORY OF APPOINTED AND ELECTED OFFICIALS

APPOINTED OFFICERS & DEPARTMENT HEADS

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

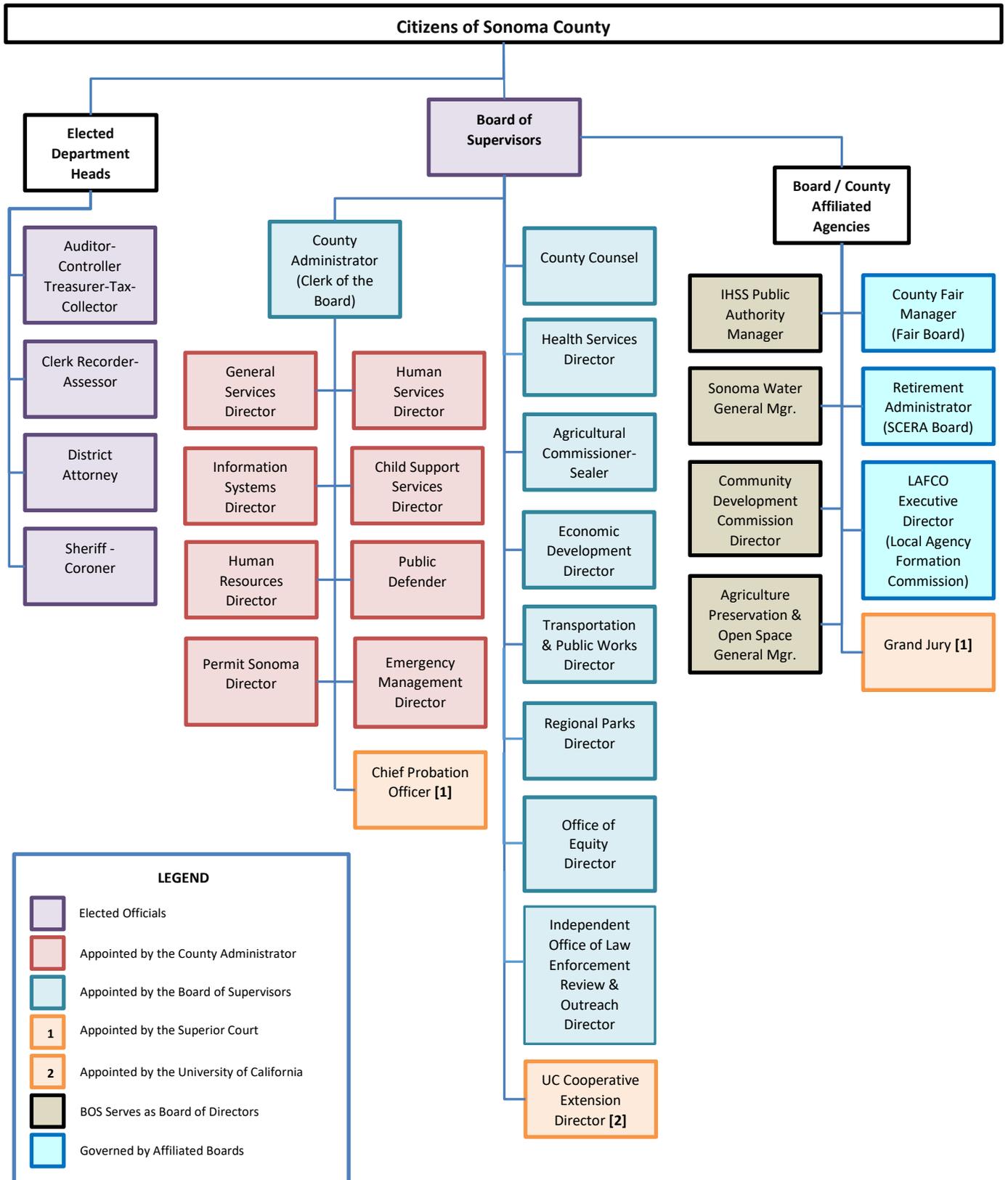
DIRECTORY OF APPOINTED AND ELECTED OFFICIALS

ELECTED OFFICIALS

Board of Supervisors:

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

COUNTY ORGANIZATIONAL CHART



FINANCIAL SECTION





CPAs & BUSINESS ADVISORS
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, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Sonoma County Agricultural Preservation and Open Space District (nonmajor governmental fund), Refuse Fund (major enterprise fund), Airport Fund (major enterprise fund), Energy Independence Program Fund (major enterprise fund), Transit Fund (major enterprise fund), Community Development Commission (discretely presented component unit), Sonoma County Water Agency (discretely presented component unit), Sonoma Valley County Sanitation District (nonmajor discretely presented component unit), Russian River County Sanitation District (nonmajor discretely presented component unit), South Park County Sanitation District (nonmajor discretely presented component unit), Occidental County Sanitation District (nonmajor discretely presented component unit), Sonoma County Fair and Exposition, Inc. (nonmajor enterprise fund) and the Sonoma County Employees' Retirement Association (SCERA) (fiduciary 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	18%	30%	1%
Business-Type Activities	96%	95%	92%
Aggregate remaining fund information	58%	67%	12%
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, 2021, 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.

Emphasis of Matter

As discussed in Note 1 and Note 21 to the financial statements, the County has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which has resulted in restatements of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules for the Sonoma County Employees' Retirement Association (SCERA) plan and the Sonoma County Other Postemployment Healthcare plan, and the budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We, and the other auditors, have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United

States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2021, 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 22, 2021



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, 2021. 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 \$1.7 billion at June 30, 2021, an increase from prior year of \$446.1 million.
- The County's net position included \$1.5 billion net investment in capital assets, \$372.5 million in restricted net position offset by a \$206.5 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 \$784.8 million, an increase of \$250.6 million over prior year. Amounts available for spending include restricted, committed, assigned, and unassigned fund balances and total 98.4% of ending fund balance. Of this amount, \$364.4 million is restricted by law or externally imposed requirements, \$13.5 million is committed for specific purposes, \$303.6 million is assigned to specific purposes determined by the Board of Supervisors and the County Administrator's Office, \$91.1 million is unassigned. \$12.2 million is nonspendable.
- The General Fund unassigned fund balance was \$91.1 million, or 17.5% 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
- Sonoma County Employees' Retirement Association (SCERA)

The County's discrete component units include:

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

Fund Financial Statements

Fund financial statements are groupings of related accounts used to maintain control over resources that are segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows, outflows, and balances of spendable resources. This information is useful in assessing what financial resources are available or may be needed in the future to finance County programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

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

Proprietary Funds

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

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

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

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

Fiduciary Funds

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

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

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

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 \$1.7 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	
	2021	2020	2021	2020	2021	2020	Dollar Change	Percent Change
Assets:								
Current and other assets	\$ 1,088,288	\$ 755,577	\$ 116,608	\$ 116,505	\$ 1,204,896	\$ 872,082	\$ 332,814	38.2%
Capital assets, net of depreciation	1,396,668	1,340,463	166,807	165,234	1,563,475	1,505,697	57,778	3.8%
Total assets	2,484,956	2,096,040	283,415	281,739	2,768,371	2,377,779	390,592	16.4%
Deferred outflows of resources	113,375	116,621	2,021	2,720	115,396	119,341	(3,945)	(3.3%)
Liabilities:								
Current and other liabilities	252,522	177,905	13,411	14,400	265,933	192,305	73,628	38.3%
Long-term liabilities	743,915	841,335	53,763	58,820	797,678	900,155	(102,477)	(11.4%)
Total liabilities	996,437	1,019,240	67,174	73,220	1,063,611	1,092,460	(28,849)	(2.6%)
Deferred inflows of resources	110,466	139,871	35,323	36,542	145,789	176,413	(30,624)	(17.4%)
Net position:								
Net investment in capital assets	1,359,263	1,293,820	149,102	149,934	1,508,365	1,443,754	64,611	4.5%
Restricted	351,841	281,953	20,640	16,654	372,481	298,607	73,874	24.7%
Unrestricted	(219,676)	(522,223)	13,197	8,109	(206,479)	(514,114)	307,635	59.8%
Total net position	\$ 1,491,428	\$ 1,053,550	\$ 182,939	\$ 174,697	\$ 1,674,367	\$ 1,228,247	\$ 446,120	36.3%

Analysis of Net Position

The County’s total net position increased 36.3% 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 \$1.5 billion at fiscal year-end, and consists of investment in capital assets (net of accumulated depreciation) of \$1.6 billion less related debt, an increase of \$64.6 million, or 4.5%.

Restricted Net Position

Restricted net position of \$372.5 million represents resources that are subject to external restrictions on their use, or by enabling legislation.

Restricted net position increased \$73.9 million or 24.7%. The primary changes to restricted net position, by function, include:

- Health Services increased \$48.5 million primarily due to the Behavioral Health Stabilization Fund, Mental Health Services Act funding increases and program savings in the Mental Health Realignment Fund
- Public Protection increased by \$4.0 million due in the most part to increases in Sheriff and Probation realignment revenues
- Agricultural Preservation and Open Space increased \$8.2 million mostly due to sales tax revenues
- Parks donations, mitigation and operations increased \$2.9 million primarily due to Measure M revenues
- Public assistance increased \$6.7 million primarily due to 1991 realignment additional funding and the Title IV- E pilot program final funding

Unrestricted Net Position

The County's unrestricted net position deficit of \$514.1 million was reduced by \$307.6 million to a deficit of \$206.5 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 (net revenue), of the Primary Government (Governmental and Business-Type Activities) increased 225.1% to \$446.1 from \$137.2 million in prior year.

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

	Governmental Activities		Business-Type Activities		Total		Total	
	2021	2020	2021	2020	2021	2020	Dollar Change	Percent Change
Revenues:								
Program revenues:								
Charges for services	\$ 108,825	\$ 107,621	\$ 25,385	\$ 30,920	\$ 134,210	\$ 138,541	\$ (4,331)	(3.1%)
Operating grants and contributions	633,524	510,514	21,099	18,729	654,623	529,243	125,380	23.7%
Capital grants and contributions	3,681	2,143	6,195	5,357	9,876	7,500	2,376	31.7%
General revenues:								
Property taxes	290,134	274,643	-	-	290,134	274,643	15,491	5.6%
Documentary transfer taxes	9,071	6,817	-	-	9,071	6,817	2,254	33.1%
Transient occupancy taxes	24,289	16,234	-	-	24,289	16,234	8,055	49.6%
Grants and other unrestricted governmental revenues	66,463	55,566	-	-	66,463	55,566	10,897	19.6%
Unrestricted investment earnings	7,304	15,402	264	1,592	7,568	16,994	(9,426)	(55.5%)
Other	217,255	44,753	1,285	1,439	218,540	46,192	172,348	373.1%
Total operating revenues	<u>1,360,546</u>	<u>1,033,693</u>	<u>54,228</u>	<u>58,037</u>	<u>1,414,774</u>	<u>1,091,730</u>	<u>323,044</u>	<u>29.6%</u>
Expenses:								
General government	174,850	120,051	-	-	174,850	120,051	54,799	45.6%
Public protection	315,399	326,507	-	-	315,399	326,507	(11,108)	(3.4%)
Public ways and facilities	41,555	52,321	-	-	41,555	52,321	(10,766)	(20.6%)
Health and sanitation	126,113	124,539	-	-	126,113	124,539	1,574	1.3%
Public assistance	211,766	213,416	-	-	211,766	213,416	(1,650)	(0.8%)
Education	1,047	1,237	-	-	1,047	1,237	(190)	(15.4%)
Recreation and cultural services	28,821	28,405	-	-	28,821	28,405	416	1.5%
Interest on long-term debt	21,752	24,259	-	-	21,752	24,259	(2,507)	(10.3%)
Refuse	-	-	5,500	4,971	5,500	4,971	529	10.6%
Airport	-	-	11,028	10,844	11,028	10,844	184	1.7%
Energy Independence Program	-	-	2,417	2,306	2,417	2,306	111	4.8%
Transit	-	-	18,505	20,410	18,505	20,410	(1,905)	(9.3%)
Fair	-	-	5,954	11,222	5,954	11,222	(5,268)	(46.9%)
Marinas	-	-	2,843	2,678	2,843	2,678	165	6.2%
Other	-	-	1,104	1,050	1,104	1,050	54	5.1%
Total operating expenses	<u>921,303</u>	<u>890,735</u>	<u>47,351</u>	<u>53,481</u>	<u>968,654</u>	<u>944,216</u>	<u>24,438</u>	<u>2.6%</u>
Excess before transfers	439,243	142,958	6,877	4,556	446,120	147,514	298,606	202.4%
Transfers / special item	(1,365)	(11,900)	1,365	1,599	-	(10,301)	10,301	(100.0%)
Change in net position	<u>437,878</u>	<u>131,058</u>	<u>8,242</u>	<u>6,155</u>	<u>446,120</u>	<u>137,213</u>	<u>308,907</u>	<u>225.1%</u>
Net position, beginning of year	1,053,550	922,492	174,697	168,542	1,228,247	1,091,034	137,213	12.6%
Net position, end of year	<u>\$ 1,491,428</u>	<u>\$1,053,550</u>	<u>\$ 182,939</u>	<u>\$ 174,697</u>	<u>\$ 1,674,367</u>	<u>\$ 1,228,247</u>	<u>\$ 446,120</u>	<u>36.3%</u>

Analysis of Governmental Activities

Governmental activities increased the County's net position \$437.9 million and accounted for 98.2% of the County's total increase in net position from current year activities. Governmental activities operating revenues exceeded operating expenses by \$439.2 million. Transfers to business-type activities and special items decreased net position by \$1.4 million.

Revenues:

Operating revenues for the County's governmental activities increased 31.6% from the prior year amount of \$1.0 million to \$1.4 million. Revenues are divided into two categories: program revenues and general revenues.

Program Revenues:

Program revenues increased \$125.8 million or 20.3%, from the prior year to \$746.0 million. 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 54.8% of the County's funding for governmental activities.

- Operating grants and contributions increased by \$123.0 million or 24.1% to \$633.5 million due primarily to:
 - General government increase of \$60.7 million due in most part to Federal CARES emergency and State disaster funding
 - Public protection increase of \$6.7 million primarily related to increased State Prop 172 Public Safety funds to Law Enforcement and probation, and Disaster recovery
 - Public ways and facilities increase of \$10.6 million due to increased grant funding for projects under construction offset by decreases in 2017 wildfires and 2019 floods funding
 - Health and sanitation increase of \$28.2 million primarily due to:
 - \$5.9 million 1991 Realignment increased revenues and backfill funding
 - \$2.4 million increase in Federal Financial Participation reimbursements
 - \$9.0 million increase in Mental Health Services Act funding
 - \$5.6 million increase due to new COVID-19 unit within the Department of Health Services
 - \$3.2 increase in the Behavioral Health Stabilization fund
 - Public assistance increase of \$17.1 million primarily due to:
 - \$5.5 million increased Realignment revenues including one-time advance for economic downturn
 - \$7.5 million increased program funding for case load increases related to COVID-19
 - \$2.7 million increase in Welfare Programs related to adoption and foster family payments
 - \$1.2 million final funding for the Title IV-E Waiver fund

General Revenues:

General revenues had an overall increase of \$201.1 million, or 48.6%, to \$614.5 from the prior year. These revenues include general taxes that provide the Board of Supervisors with discretionary spending ability. The primary reasons for the increase are as follows:

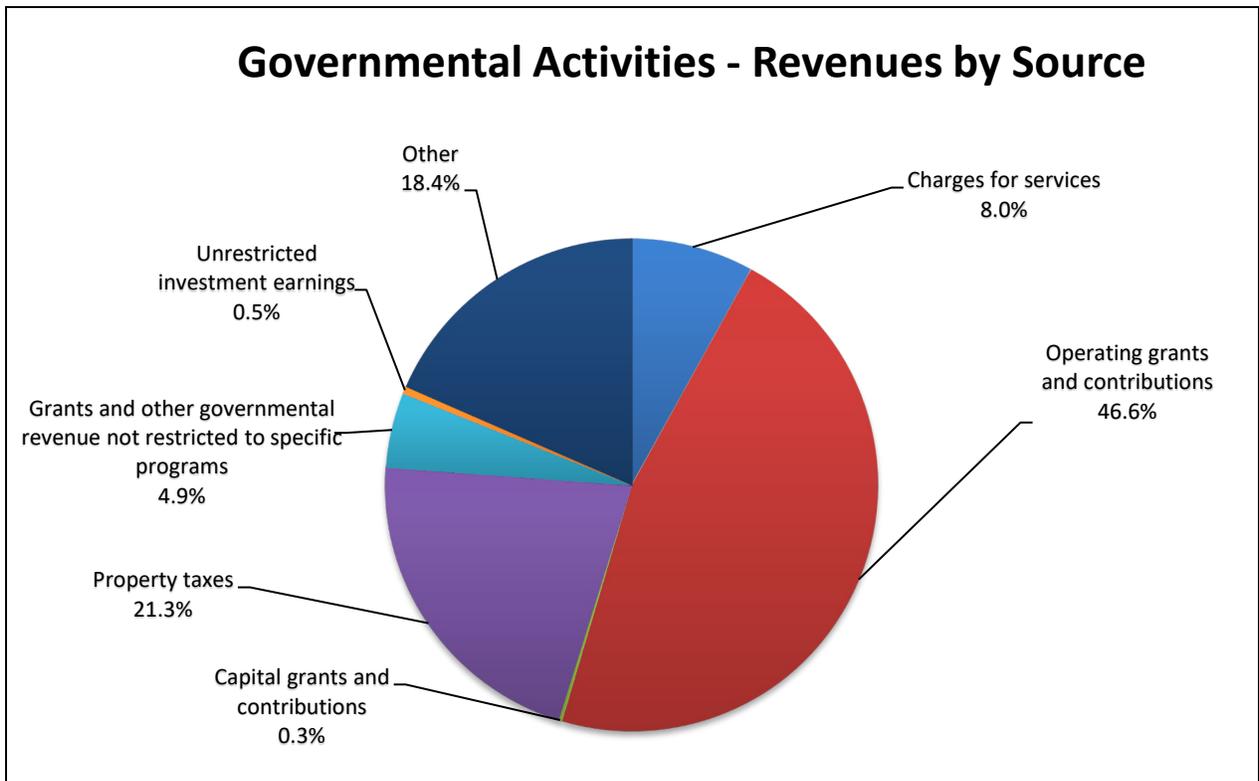
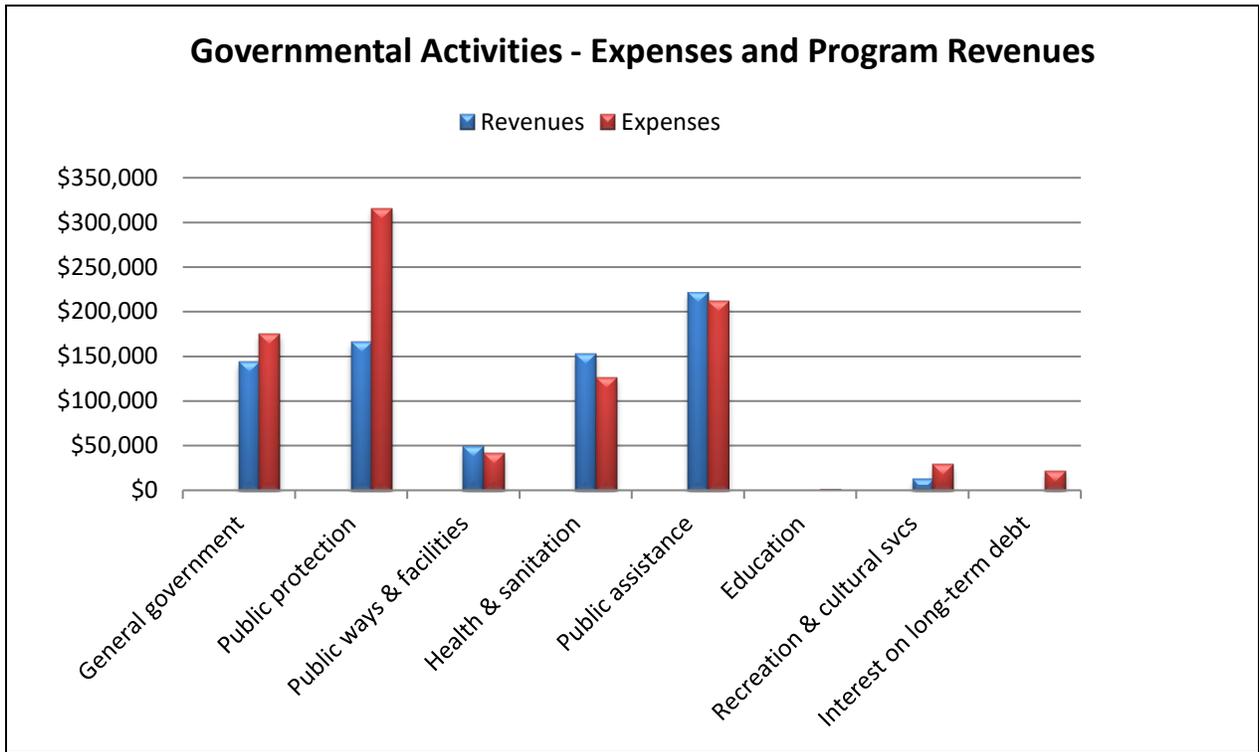
- Property tax revenue \$15.5 million increase attributable to growth in assessed values and change in methodology for calculation of the residual tax increment from the former redevelopment agencies
- Transient occupancy tax revenue increased \$8.1 million due to relaxed COVID-19 travel restrictions
- Grants and other unrestricted revenues increased \$10.9 million primarily due to increased sales and use tax revenues
- Investment earnings decreased \$8.1 million in total for interest and unrealized gains and losses
- Other general revenues increased \$172.5 million mostly due to the 2017 PG&E Wildfire settlement of \$149.3 million and the Kincade Fire settlement of \$20.6 million

Expenses:

Total expenses for governmental activities increased \$30.6 million from prior year to \$921.3. The primary reasons for the increase are as follows:

- General government expenses increased \$54.8 million, or 45.6% due in most part to:
 - Increase in salaries and benefits largely related to COVID-19 response and recovery
 - Increase in service and supplies related to COVID-19 response and recovery; including creating care sites, non-congregate sheltering, COVID vaccinations, testing and contact tracing
 - Increase in other charges primarily related to tribal mitigation expenditures, fire related community grants and COVID-19 community support programs
 - Increase in capital expenditures related to fleet machinery and equipment acquisitions, voter equipment to support mail ballot election processes, and various intangible software projects
 - Decrease in pension and OPEB related expenses due to favorable rate of return on assets and changes in actuarial assumptions
- Public protection expenses decreased \$11.1 million, or 3.4% primarily due to:
 - Decrease in pension and OPEB related expenses due to favorable rate of return on assets and changes in actuarial assumptions
- Public ways and facilities expenses decreased \$10.8 million, or 20.6% due to:
 - Decrease in services and supplies due to current public health restrictions
 - Offset by increases in capital expenditures
 - Decrease in pension and OPEB related expenses due to favorable rate of return on assets and changes in actuarial assumptions

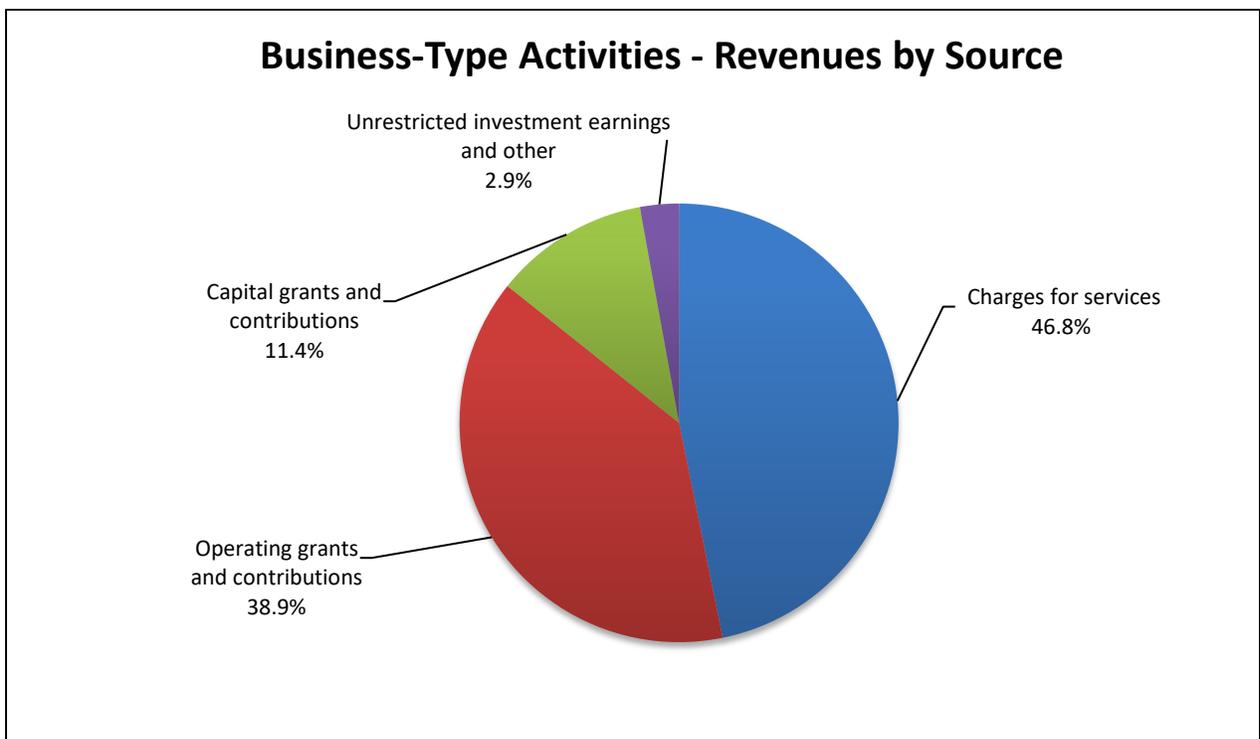
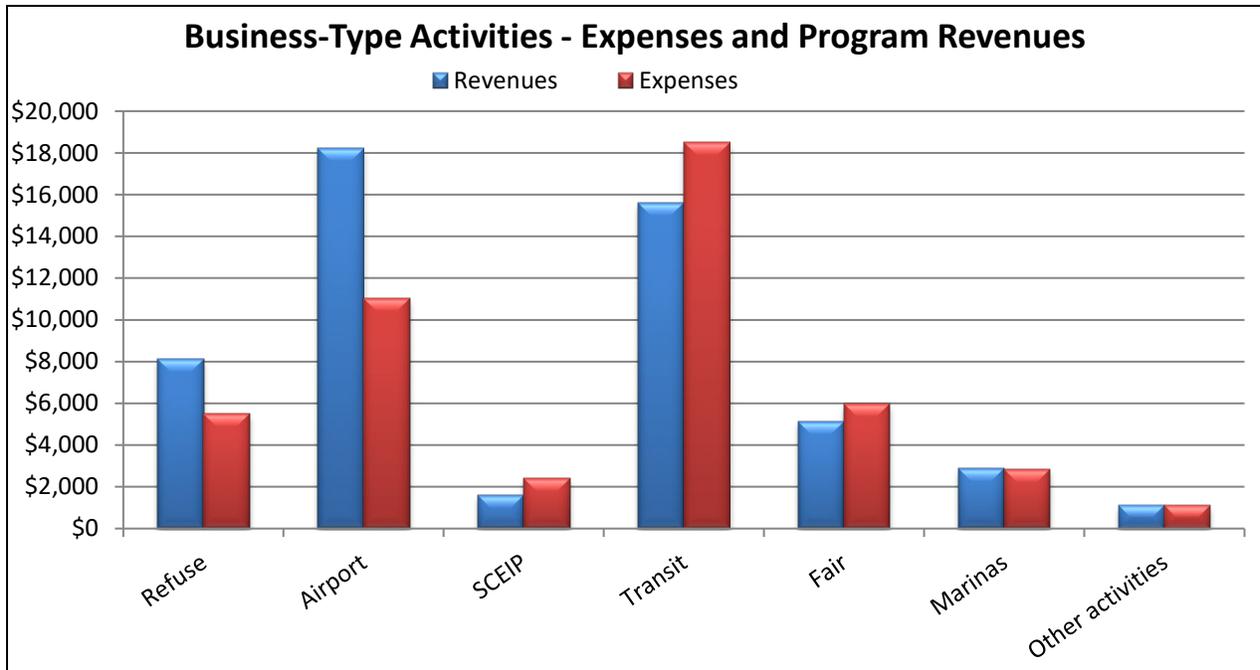
Governmental Activities Comparisons



Business-Type Activities Comparison

Business-type activities net position increased by \$8,242, from \$174,697 to \$182,939 for the year ended June 30, 2021.

Revenues for the County’s business-type activities had a decrease from the prior year of \$3,809 or 6.6% to \$54,228.



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, 2021, the County's governmental funds reported combined fund balances of \$784.8 million, an increase of \$250.6 million compared to fiscal year 2020. The components of fund balance are as follows, and with the exception of nonspendable fund balance, are available for appropriation at any time (See Note 19 – Net Position/Fund Balances):

- Nonspendable fund balance, \$12.2 million, consists of amounts that are not spendable in form or are legally or contractually required to be maintained intact and primarily consists of inventories of \$0.9, prepaid items and deposits of \$5.9 and advances of \$5.4
- Restricted fund balance, \$364.4 million, 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 - \$74.3
 - Capital projects and equipment replacement - \$42.7
 - Debt service - \$10.3
 - Parks donations, mitigation and operations - \$9.8
 - Courthouse/Criminal Justice Construction - \$1.6
 - Health services programs - \$112.5
 - Fire and emergency services - \$2.7
 - Public assistance - \$37.2
 - Lighting districts - \$10.6
 - Public protection - \$55.7
 - Clerk, Recorder, Assessor operations - \$5.4
 - Other - \$1.6
- Committed fund balance, \$13.5 million, consists of amounts that have been committed to specific purposes by the Board of Supervisors and consists of amounts committed to:
 - Community investment - \$11.2
 - Road activities and other- \$2.3
- Assigned fund balance, \$303.6 million, 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 - \$44.9
 - Chanate hospital demolition - \$10.2
 - Tribal development impact mitigation - \$30.0
 - Redevelopment agencies - \$4.4
 - General services - \$9.3
 - Public protection - \$6.9
 - Encumbrances - \$10.0
 - Fire settlement projects - \$147.1
 - Projected budget deficit - \$8.2
 - Cannabis program - \$6.0
 - Other programs - \$26.6

- Unassigned fund balance of \$91.1 million represents the residual classification for the General Fund

Approximately 98.4%, or \$772.6 million, 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 92.7%, or \$180.9 million, to \$376.2 million at June 30, 2021. The nonspendable portion of fund balance was \$8.5 million. The spendable portion was \$367.8 million an increase of \$183.6, or 99.7%, over the prior year balance of \$184.2 million.

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 72.1% of total General Fund expenditures. Total spendable fund balance equates to 70.5% of total General Fund expenditures. Of the General Fund spendable fund balance, \$276.5 million, or 75.2%, was assigned. There was no restricted fund balance. General Fund unassigned fund balance at June 30, 2021, was \$91.1 million, or 24.8% of spendable fund balance, an increase of \$53.2 from the prior year balance of \$37.9 million.

Other - Governmental Funds

As compared with the prior year, the total fund balances of the remaining governmental funds increased 20.5%, or \$69.6 million, to \$408.6 million with the following significant changes:

- Human Services fund balance increased \$5.4 million, from \$28.4 to \$33.8 million primarily due to one-time state backfill for sales tax revenue, increase in federal benefit assistance funding (e.g., CalFresh, Medi-Cal and Foster Care) and final funding from the 5-year pilot program Title IV-E
- Health and Sanitation fund balance increased \$43.3 million, from \$63.0 to \$106.3 million primarily due to the newly established Behavioral Health Stabilization fund, increased revenues within Mental Health Services Act Fund and program funding due to Health Services response to COVID-19
- Open Space Special Tax Account increased \$7.8 million, from \$52.7 to \$60.5 million primarily the result of increased Measure F sales tax allocations and decrease in capital asset acquisition transfers
- Community Investment fund balance increased \$6.1 million, from \$5.1 to \$11.2 million due to increase in transient occupancy taxes collected resulting from relaxed COVID-19 travel restrictions
- Roads fund balance decreased \$6.7 million, from \$32.1 to \$25.4 million primarily due to increased construction costs
- Capital Projects fund balance decreased \$5.9 million, from \$24.3 to \$18.4 million primarily due to funding spent on the following capital projects:
 - Tidelands Cannery Demo
 - Veteran Buildings
 - MADF Connection corridor
- Mandated funds increased \$9.5 million due primarily to
 - Tobacco settlement bonds refunding
 - Additional charges for services revenue related to homeowner refinancing at lower interest rates
- 2011 Realignment increased \$8.1 million, from \$37.1 to \$45.2 million primarily due to
 - Behavioral Health realignment unspent revenue
 - Probation realignment revenue increases combined with decreased expenditures due to COVID-19 public health restrictions
- Special Districts increased \$4.1 million, from \$20.1 to \$24.2 million primarily due to increase in Measure M sales tax revenues which support Sonoma County's regional and city parks

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 \$8.2 million in the current year primarily due to:

- Refuse net position increased \$3.7 million, and is primarily related to increase in service concession arrangement revenues from landfill operations combined with the reduction in services and supplies expense related to post closure care liability
- Airport net position increased \$8.0 million, primarily related to increases in Rent/Concession revenue and FAA and CARES Act Grant funding
- Transit net position decreased \$2.8 million, primarily due to the depreciation of assets

Current year activities of the internal service funds (ISF) increased the net position of the ISF \$133.8 million primarily due to the following:

- Employee retirement fund net position increased \$93.3 million primarily as a result of a favorable return on the market value of assets during calendar year 2020 that was greater than the assumed rate of return
- Other Postemployment Benefits (OPEB) net position increased by \$38.2 million, 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 \$119.2 million over the original budget, or 26.6%; primarily due to increases related to COVID-19 response and recovery and 2017 wildfire Board approved projects.

Revenues:

General Fund actual revenues were \$43.1 million more than final budget revenue estimates. The main reasons are as follows:

- Tax revenues increased \$21.0 million over budget primarily due to growth in real property assessed value and change in methodology for calculating the residual tax increment from the former redevelopment agencies
- Intergovernmental revenue increased \$11.6 million due to increased Graton Tribal revenues, Federal Cares Funding for COVID-19 and increased Proposition 172 sales tax revenues
- Charges for services decreased \$13.4 million primarily due to:
 - Decreases in external client technology services and supplies due to lifting COVID-19 restrictions
 - PRMD reduction in new projects, environmental review and slowdown in cannabis permitting
- Other revenues increased \$23.1 million over budget primarily due to the Kincadee fire settlement

Expenditures:

General Fund variance between the final budget and actual expenditures resulted in \$36.0 million of unspent appropriations. Key variances are as follows:

- \$19.2 million savings in General Government expenditures related to recruitment/hiring delays, less demand for certain services and Open Space Tax expenditures less than anticipated
- \$20.9 savings in Public Protection primarily related to services and supplies
 - PRMD Reduction in cost plan charges and contract spending
 - Department of Emergency Management Hazardous Mitigation and State Homeland Security Grant Programs and related expenditures not realized in FY 2020-21
 - Probation's interruption of client services for both adult and juvenile programs due to public health restrictions
 - Sheriff revenue fund expenditures were under spent due to deferred maintenance, staffing shortages and reduced jail population

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The County's capital assets for its governmental and business-type activities as of June 30, 2021 were \$1.6 billion. Capital assets include land, intangible assets, buildings and improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total net increase in the County's capital assets for the current fiscal year was \$57,778 or 3.8%.

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

	Governmental Activities		Business-Type Activities		Total		Total	
	2021	2020	2021	2020	2021	2020	Dollar Change	Percent Change
	Capital assets, non-depreciable:							
Land	\$ 365,201	\$ 369,685	\$ 27,724	\$ 27,050	\$ 392,925	\$ 396,735	\$ (3,810)	(1.0%)
Intangible assets	402,549	392,030	-	-	402,549	392,030	10,519	2.7%
Work in progress	6,874	7,419	-	-	6,874	7,419	(545)	(7.3%)
Construction in progress	121,520	88,010	7,473	7,768	128,993	95,778	33,215	34.7%
Total capital assets, non-depreciable	896,144	857,144	35,197	34,818	931,341	891,962	39,379	4.4%
Capital assets, depreciable:								
Intangible assets	14,295	14,222	3,388	3,889	17,683	18,111	(428)	(2.4%)
Infrastructure	176,994	158,776	11,496	12,018	188,490	170,794	17,696	10.4%
Buildings and improvements	268,113	274,479	103,061	99,268	371,174	373,747	(2,573)	(0.7%)
Land improvements	8,085	8,704	173	188	8,258	8,892	(634)	(7.1%)
Machinery and equipment	33,037	27,138	13,492	15,053	46,529	42,191	4,338	10.3%
Total capital assets, depreciable	500,524	483,319	131,610	130,416	632,134	613,735	18,399	3.0%
Total	\$ 1,396,668	\$ 1,340,463	\$ 166,807	\$ 165,234	\$ 1,563,475	\$ 1,505,697	\$ 57,778	3.8%

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

Non-depreciable intangible assets for governmental activities increased \$10.5 million primarily due to 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 \$4.5 million.

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

Total CIP increased \$33.2 million. Capital outlay of \$75.9 was offset by project completions, transfers, and retirements of \$42.7.

The County completed and capitalized CIP projects totaling approximately \$42.6 million. Major and other completed projects include:

- Transportation & Public Works, improvements to multiple county roads - \$29.1
- Probation, Integrated Justice Services (IT) - \$1.8
- ISD, Geographic Information & Web Services - \$1.2
- Sheriff, MADF expansion roof - \$1.1

The County acquired an additional \$11.4 million in depreciable assets and recorded total depreciation of \$41.2 against all depreciable capital assets. Capital asset disposals totaled \$227 thousand net of accumulated depreciation.

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

Debt Administration

At the end of the current fiscal year, the County had total long-term liabilities of \$ 891.8 million.

	Governmental Activities		Business-Type Activities		Total		Total	
	2021	2020	2021	2020	2021	2020	Dollar Change	Percent Change
Compensated absences	\$ 40,763	\$ 35,360	\$ 616	\$ 627	\$ 41,379	\$ 35,987	\$ 5,392	15.0%
Self-Insurance	56,790	52,870	-	-	56,790	52,870	3,920	7.4%
Certificates of participation	11,252	13,170	-	-	11,252	13,170	(1,918)	(14.6%)
Bonds and bond premium payable	93,287	29,536	23,356	25,128	116,643	54,664	61,979	113.4%
Pension obligation bonds	286,690	321,415	-	-	286,690	321,415	(34,725)	(10.8%)
Notes payable	840	-	996	256	1,836	256	1,580	617.2%
Loans payable	-	66,485	16,150	16,601	16,150	83,086	(66,936)	(80.6%)
Other Long-term obligations	7,352	8,571	10,258	11,169	17,610	19,740	(2,130)	(10.8%)
Net pension liability	152,944	183,040	2,672	4,319	155,616	187,359	(31,743)	(16.9%)
Net OPEB liability	184,512	213,111	3,330	3,608	187,842	216,719	(28,877)	(13.3%)
Total	\$ 834,430	\$ 923,558	\$ 57,378	\$ 61,708	\$ 891,808	\$ 985,266	\$ (93,458)	(9.5%)

Long-term liabilities decreased by \$93.5 million, or 9.5%, during the current fiscal year ended June 30, 2021.

The decrease was primarily due to the following:

- Net pension liability decrease of \$31.7, due to favorable returns on investments at Sonoma County Employee's Retirement Association (SCERA)
- Pension obligation bonds decrease of \$34.7, due to scheduled principal payments
- Net OPEB liability decrease of \$28.9, due to actuarial experience gain and valuation assumption changes
- Loans payable decrease of \$66.9 and bond premium payable increase of \$62.0, net change of \$4.9, the result of issuing refunding debt and reclassification of Tobacco Settlement Bonds from Loans payable to Bonds payable

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

During Fiscal Year 2020-21 Sonoma County experienced positive signs of economic conditions including decreases in the unemployment rate and median home price increases. In addition, County per capita personal income increased in the most recent calendar year. Looking ahead, the economic recovery is expected to continue. While the County expects its revenues to remain generally flat, the current rates of high inflation are a concern.

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, 2021

(Dollars in Thousands)

	Primary Government			Discrete Component Units		
	Governmental	Business-	Total	Sonoma	Community	Nonmajor
	Activities	Type Activities		Water	Development Commission	Component Units
ASSETS						
Cash and investments	\$ 902,328	\$ 69,111	\$ 971,439	\$ 169,081	\$ 30,490	\$ 30,954
Restricted cash and investments	11,464	14,245	25,709	29,971	1,393	6,277
Receivables, net	29,229	26,429	55,658	21,454	94,898	1,950
Inventories	900	985	1,885	-	-	-
Assets held for resale	10,958	-	10,958	-	4,200	-
Due from other governments	125,938	5,292	131,230	-	-	379
Advances to other governments	840	17	857	-	-	-
Prepaid expenses and deposits	6,349	811	7,160	2,389	380	4
Internal balances	282	(282)	-	-	-	-
Capital assets:						
Nondepreciable	896,144	35,197	931,341	144,520	7,714	11,209
Depreciable, net	500,524	131,610	632,134	191,395	16,327	113,886
Total assets	<u>2,484,956</u>	<u>283,415</u>	<u>2,768,371</u>	<u>558,810</u>	<u>155,402</u>	<u>164,659</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charge on refunding/other	2,094	-	2,094	451	-	75
Deferred amounts related to pensions	80,810	1,186	81,996	4,127	606	-
Deferred amounts related to OPEB	30,471	835	31,306	2,565	533	-
Total deferred outflows of resources	<u>113,375</u>	<u>2,021</u>	<u>115,396</u>	<u>7,143</u>	<u>1,139</u>	<u>75</u>
LIABILITIES						
Accounts payable and accrued liabilities	68,233	4,919	73,152	10,853	6,381	1,909
Due to other governments	9,401	1,910	11,311	455	328	-
Advances from grantors and third parties	69,796	1,268	71,064	-	-	-
Deposits from others	1,935	331	2,266	18	-	-
Interest payable	2,023	471	2,494	2,242	-	276
Other liabilities	10,619	897	11,516	5,212	319	-
Long-term liabilities:						
Due within one year	90,515	3,615	94,130	8,881	1,074	2,433
Due in more than one year	743,915	53,763	797,678	143,333	4,666	18,834
Total liabilities	<u>996,437</u>	<u>67,174</u>	<u>1,063,611</u>	<u>170,994</u>	<u>12,768</u>	<u>23,452</u>
DEFERRED INFLOWS OF RESOURCES						
Service concession arrangement/other	221	33,368	33,589	-	-	-
Deferred amounts related to pensions	88,628	1,415	90,043	5,749	906	-
Deferred amounts related to OPEB	21,617	540	22,157	2,208	253	-
Total deferred inflows of resources	<u>110,466</u>	<u>35,323</u>	<u>145,789</u>	<u>7,957</u>	<u>1,159</u>	<u>-</u>

See accompanying notes to the basic financial statements

COUNTY OF SONOMA, CALIFORNIA
Statement of Net Position (Continued)
June 30, 2021
(Dollars in Thousands)

	Primary Government			Discrete Component Units		
	Governmental Activities	Business- Type Activities	Total	Sonoma Water	Community Development Commission	Nonmajor Component Units
NET POSITION						
Net investment in capital assets	1,359,263	149,102	1,508,365	221,683	22,461	106,887
Restricted:						
Capital projects	30,150	-	30,150	-	-	-
Debt service	10,340	-	10,340	-	-	-
Agricultural preservation and open spaces	74,350	-	74,350	-	-	-
Health services programs	112,459	-	112,459	-	-	-
Public protection	55,726	-	55,726	-	-	-
Public assistance	37,161	-	37,161	-	-	-
Parks donations, mitigation and operations	9,836	-	9,836	-	-	-
Lighting districts	10,511	-	10,511	-	-	-
Fire and emergency services	2,726	-	2,726	-	-	-
Courthouse/Criminal Justice Construction	1,599	-	1,599	-	-	-
Clerk, Recorder, Assessor operations	5,401	-	5,401	-	-	-
Other programs	1,582	1,801	3,383	-	-	-
Refuse Central Landfill	-	9,598	9,598	-	-	-
Committed Cities collections	-	7,293	7,293	-	-	-
Airport Passenger Facility	-	1,948	1,948	-	-	-
Discrete Component Units	-	-	-	98,564	748	4,890
Total restricted	<u>351,841</u>	<u>20,640</u>	<u>372,481</u>	<u>98,564</u>	<u>748</u>	<u>4,890</u>
Unrestricted	<u>(219,676)</u>	<u>13,197</u>	<u>(206,479)</u>	<u>66,755</u>	<u>119,405</u>	<u>29,505</u>
Total net position	<u>\$ 1,491,428</u>	<u>\$ 182,939</u>	<u>\$ 1,674,367</u>	<u>\$ 387,002</u>	<u>\$ 142,614</u>	<u>\$ 141,282</u>

See accompanying notes to the basic financial statements

COUNTY OF SONOMA, CALIFORNIA

Statement of Activities

For the Year Ended June 30, 2021

(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	\$ 174,850	\$ 43,588	\$ 98,941	\$ 1,270
Public protection	315,399	41,047	124,609	755
Public ways and facilities	41,555	4,601	44,730	-
Health and sanitation	126,113	10,470	142,256	143
Public assistance	211,766	1,358	219,770	19
Education	1,047	-	5	-
Recreation and cultural services	28,821	7,761	3,213	1,494
Interest on long-term debt	<u>21,752</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>921,303</u>	<u>108,825</u>	<u>633,524</u>	<u>3,681</u>
Business-type activities:				
Refuse	5,500	8,069	35	-
Airport	11,028	6,359	6,750	5,102
Energy Independence Program	2,417	1,603	-	-
Transit	18,505	212	14,314	1,093
Fair	5,954	5,131	-	-
Marinas	2,843	2,882	-	-
Other	<u>1,104</u>	<u>1,129</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>47,351</u>	<u>25,385</u>	<u>21,099</u>	<u>6,195</u>
Total primary government	<u>\$ 968,654</u>	<u>\$ 134,210</u>	<u>\$ 654,623</u>	<u>\$ 9,876</u>
Discrete Component Units:				
Sonoma Water	\$ 98,480	\$ 79,303	\$ 6,506	\$ 1,050
Community Development Commission	72,731	-	73,667	18,683
Sonoma Valley Sanitation District	15,404	17,675	1,640	171
Russian River Sanitation District	7,272	5,466	-	178
South Park Sanitation District	3,109	4,266	123	-
Occidental Sanitation District	<u>1,242</u>	<u>371</u>	<u>2</u>	<u>992</u>
Total Discrete Component Units	<u>\$ 198,238</u>	<u>\$ 107,081</u>	<u>\$ 81,938</u>	<u>\$ 21,074</u>
GENERAL REVENUES:				
Taxes:				
Property				
Documentary transfer				
Transient occupancy				
Grants and other governmental revenue not restricted to specific programs				
Unrestricted investment earnings				
Other				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
Net position, end of year				

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position

Primary Government			Discrete Component Units		
Governmental Activities	Business-Type Activities	Total	Sonoma Water	Community Development Commission	Nonmajor Component Units
\$ (31,051)	\$ -	\$ (31,051)			
(148,988)	-	(148,988)			
7,776	-	7,776			
26,756	-	26,756			
9,381	-	9,381			
(1,042)	-	(1,042)			
(16,353)	-	(16,353)			
(21,752)	-	(21,752)			
<u>(175,273)</u>	<u>-</u>	<u>(175,273)</u>			
-	2,604	2,604			
-	7,183	7,183			
-	(814)	(814)			
-	(2,886)	(2,886)			
-	(823)	(823)			
-	39	39			
-	25	25			
-	<u>5,328</u>	<u>5,328</u>			
<u>(175,273)</u>	<u>5,328</u>	<u>(169,945)</u>			
			\$ (11,621)	\$ -	\$ -
			-	19,619	-
			-	-	4,082
			-	-	(1,628)
			-	-	1,280
			-	-	<u>123</u>
			<u>(11,621)</u>	<u>19,619</u>	<u>3,857</u>
290,134	-	290,134	22,109	-	-
9,071	-	9,071	9,723	-	-
24,289	-	24,289	-	-	-
66,463	-	66,463	-	-	-
7,304	264	7,568	709	2,367	112
217,255	1,285	218,540	-	(413)	-
(1,365)	1,365	-	-	-	-
<u>613,151</u>	<u>2,914</u>	<u>616,065</u>	<u>32,541</u>	<u>1,954</u>	<u>112</u>
437,878	8,242	446,120	20,920	21,573	3,969
<u>1,053,550</u>	<u>174,697</u>	<u>1,228,247</u>	<u>366,082</u>	<u>121,041</u>	<u>137,313</u>
\$ <u>1,491,428</u>	\$ <u>182,939</u>	\$ <u>1,674,367</u>	\$ <u>387,002</u>	\$ <u>142,614</u>	\$ <u>141,282</u>

FUNCTION/PROGRAM ACTIVITIES

Primary government:

Governmental activities:

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

Business-type activities:

- Refuse
- Airport
- Energy Independence Program
- Transit
- Fair
- Marinas
- Other
- Total business-type activities

Total primary government

Discrete Component Units:

- Sonoma Water
- Community Development Commission
- Sonoma Valley Sanitation District
- Russian River Sanitation District
- South Park Sanitation District
- Occidental Sanitation District
- Total Discrete Component Units

GENERAL REVENUES:

- Taxes:
 - Property
 - Documentary transfer
 - Transient occupancy
- Grants and other governmental revenue not restricted to specific programs
- Unrestricted investment earnings
- Other
- Transfers
- Total general revenues and transfers

Change in net position

Net position, beginning of year

Net position, end of year

See accompanying notes to the basic financial statements

COUNTY OF SONOMA, CALIFORNIA

Balance Sheet

Governmental Funds

June 30, 2021

(Dollars in Thousands)

	General Fund	Human Services Special Revenue	Health and Sanitation Special Revenue	Open Space Special Tax Account Special Revenue	Other Funds	Total
ASSETS						
Assets:						
Cash and investments	\$ 430,093	\$ 14,671	\$ 93,152	\$ 55,744	\$ 185,779	\$ 779,439
Cash and investments with trustee	33	-	-	-	10,341	10,374
Accounts receivable	16,519	106	1,799	4,742	5,498	28,664
Due from other funds	6,966	997	-	-	-	7,963
Inventories	175	-	-	-	725	900
Due from other governments	30,245	27,388	49,368	-	18,702	125,703
Advances to other funds	5,355	-	-	-	-	5,355
Advances to other governments	840	-	-	-	-	840
Prepaid items and deposits	2,927	2,535	30	-	462	5,954
Total assets	<u>\$ 493,153</u>	<u>\$ 45,697</u>	<u>\$ 144,349</u>	<u>\$ 60,486</u>	<u>\$ 221,507</u>	<u>\$ 965,192</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued salaries and benefits	\$ 42,956	\$ 1,647	\$ 9,467	\$ -	\$ 10,243	\$ 64,313
Due to other funds	-	485	4,443	-	1,730	6,658
Due to other governments	4,646	2,421	1,928	-	356	9,351
Advances from grantors and third parties	54,854	7,094	7,688	-	160	69,796
Deposits from others	1,899	-	-	-	13	1,912
Notes payable	840	-	-	-	-	840
Compensated absences	1,996	72	-	-	16	2,084
Other liabilities	293	-	5,185	-	581	6,059
Total liabilities	<u>107,484</u>	<u>11,719</u>	<u>28,711</u>	<u>-</u>	<u>13,099</u>	<u>161,013</u>
DEFERRED INFLOWS OF RESOURCES						
Government-mandated transactions	104	117	-	-	-	221
Unavailable revenue	9,352	30	9,273	-	455	19,110
Total deferred inflows of resources	<u>9,456</u>	<u>147</u>	<u>9,273</u>	<u>-</u>	<u>455</u>	<u>19,331</u>
FUND BALANCES						
Nonspendable	8,457	2,535	30	-	1,187	12,209
Restricted	-	31,296	106,335	60,486	166,275	364,392
Committed	124	-	-	-	13,358	13,482
Assigned	276,514	-	-	-	27,133	303,647
Unassigned	91,118	-	-	-	-	91,118
Total fund balances	<u>376,213</u>	<u>33,831</u>	<u>106,365</u>	<u>60,486</u>	<u>207,953</u>	<u>784,848</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 493,153</u>	<u>\$ 45,697</u>	<u>\$ 144,349</u>	<u>\$ 60,486</u>	<u>\$ 221,507</u>	<u>\$ 965,192</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, 2021
 (Dollars in Thousands)

Fund balances - total governmental funds		\$ 784,848
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		1,385,317
Assets held for sale used in governmental activities are not financial resources and therefore are not reported in the governmental funds		10,958
Certain amounts are not available to pay current period expenditures and therefore are not reported in the governmental funds		
Deferred charge on refunding		2,094
Deferred amounts related to pensions		(65)
Deferred amounts related to OPEB		228
Certain amounts are not available to pay current period expenditures and therefore are deferred inflows of resources in the governmental funds		19,110
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		(557,495)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds		
Accrued interest payable	(631)	
Compensated absences	(38,306)	
Contracts payable	(3,972)	
Bonds payable	(83,460)	
Bond premium	(9,827)	
Certificates of participation	(11,252)	
Net pension liability	(1,252)	
Net OPEB liability	(1,487)	
Capital lease obligations	(3,380)	(153,567)
Net position of governmental activities		<u>\$ 1,491,428</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, 2021
(Dollars in Thousands)

	General Fund	Human Services Special Revenue	Health and Sanitation Special Revenue	Open Space Special Tax Account Special Revenue	Other Funds	Total
Revenues:						
Taxes	\$ 328,163	\$ -	\$ 526	\$ 28,847	\$ 32,421	\$ 389,957
Licenses, permits and franchise fees	20,481	68	7,253	-	4,385	32,187
Fines, forfeitures and penalties	12,794	35	713	-	2,958	16,500
Use of money and property	6,120	93	176	98	508	6,995
Intergovernmental	179,400	192,320	132,148	-	133,347	637,215
Charges for services	46,760	1,255	3,562	-	8,561	60,138
Other	176,227	8,595	19,288	-	18,682	222,792
Total revenues	769,945	202,366	163,666	28,945	200,862	1,365,784
Expenditures:						
Current:						
General government	185,876	-	-	-	7,988	193,864
Public protection	296,513	-	5,490	-	58,632	360,635
Public ways and facilities	208	-	-	-	37,184	37,392
Health and sanitation	-	-	140,999	-	6,394	147,393
Public assistance	-	219,137	-	-	28,550	247,687
Education	1,169	-	-	-	-	1,169
Recreation and cultural services	22,885	-	-	-	8,950	31,835
Capital outlay	11,983	95	1,690	-	71,371	85,139
Debt service:						
Principal	2,345	-	-	-	20,229	22,574
Interest and other	455	-	-	-	5,054	5,509
Total expenditures	521,434	219,232	148,179	-	244,352	1,133,197
Excess (deficiency) of revenues over (under) expenditures	248,511	(16,866)	15,487	28,945	(43,490)	232,587
Other financing sources (uses):						
Transfers in	15,020	25,340	28,177	-	76,073	144,610
Transfers out	(83,270)	(3,000)	(341)	(21,133)	(38,010)	(145,754)
Issuance of long-term debt	-	-	-	-	66,636	66,636
Premium on long-term debt issued	-	-	-	-	7,746	7,746
Proceeds from sale of capital assets	725	-	-	-	30	755
Debt refunding	-	-	-	-	(55,967)	(55,967)
Total other financing sources (uses)	(67,525)	22,340	27,836	(21,133)	56,508	18,026
Net change in fund balances	180,986	5,474	43,323	7,812	13,018	250,613
Fund balances, beginning of year	195,227	28,357	63,042	52,674	194,935	534,235
Fund balances, end of year	\$ 376,213	\$ 33,831	\$ 106,365	\$ 60,486	\$ 207,953	\$ 784,848

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, 2021
(Dollars in Thousands)

Net change in fund balances - total governmental funds:		\$ 250,613
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	85,139	
Depreciation expense	(29,268)	
Other related capital adjustments	<u>(5)</u>	55,866
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		
		(183)
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		
		662
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds		
		(5,572)
Issuance of long-term debt provides current financial resources to governmental funds. Repayment of debt principal is an expenditure in the governmental funds. Neither has any effect on net position. Also, governmental funds report the effect of premiums when debt is issued, whereas these amounts are deferred and amortized in the statement of activities		
Principal repayments	22,574	
Issuance of long-term debt	(66,636)	
Premium on long-term debt issued	(7,746)	
Amortization of bond premium	614	
Refunding of long-term debt	<u>55,967</u>	4,773
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		525
Change in compensated absences		(3,249)
Change in net pension liability		349
Change in net OPEB liability		259
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities		
		<u>133,835</u>
Change in net position of governmental activities		<u>\$ 437,878</u>

See accompanying notes to the basic financial statements

COUNTY OF SONOMA, CALIFORNIA

Statement of Net Position

Proprietary Funds

June 30, 2021

(Dollars in Thousands)

	Business-Type Activities-Enterprise Funds						Governmental
	Energy						Activities
	Refuse	Airport	Independence Program	Transit	Other	Total	Internal Service Funds
ASSETS							
Current assets:							
Cash and investments	\$ 56,982	\$ 3,453	\$ 2,555	\$ 3,131	\$ 2,990	\$ 69,111	\$ 122,889
Cash and investments with trustee	-	133	-	-	4,654	4,787	1,090
Restricted cash and investments	-	-	-	-	1,200	1,200	-
Receivables, net							
Accounts	1,443	637	62	78	1,379	3,599	565
Loans	-	62	-	-	-	62	-
Contractual assessments receivable	-	-	747	-	-	747	-
Interest and other	-	1	-	-	-	1	-
Due from other funds	-	-	-	-	-	-	600
Inventories	-	-	-	923	62	985	-
Due from other governments	63	4,324	-	905	-	5,292	235
Advances to other governments	-	-	-	-	17	17	-
Prepaid expenses and deposits	202	31	-	7	17	257	395
Total current assets	<u>58,690</u>	<u>8,641</u>	<u>3,364</u>	<u>5,044</u>	<u>10,319</u>	<u>86,058</u>	<u>125,774</u>
Noncurrent assets:							
Restricted cash and investments	6,990	-	-	1,268	-	8,258	-
Deposits and other assets	-	526	28	-	-	554	-
Contractual assessments receivable	-	-	22,020	-	-	22,020	-
Capital assets:							
Nondepreciable	3,162	25,106	-	3,056	3,873	35,197	316
Depreciable, net	13,437	80,716	210	20,739	16,508	131,610	11,035
Total noncurrent assets	<u>23,589</u>	<u>106,348</u>	<u>22,258</u>	<u>25,063</u>	<u>20,381</u>	<u>197,639</u>	<u>11,351</u>
Total assets	<u>82,279</u>	<u>114,989</u>	<u>25,622</u>	<u>30,107</u>	<u>30,700</u>	<u>283,697</u>	<u>137,125</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred amounts related to pensions	229	262	-	72	623	1,186	80,311
Deferred amounts related to OPEB	204	163	-	71	397	835	30,065
Total deferred outflows of resources	<u>433</u>	<u>425</u>	<u>-</u>	<u>143</u>	<u>1,020</u>	<u>2,021</u>	<u>110,376</u>

See accompanying notes to the basic financial statements

COUNTY OF SONOMA, CALIFORNIA
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2021
(Dollars in Thousands)

	Business-Type Activities-Enterprise Funds						Governmental Activities
	Energy Independence					Total	Internal Service Funds
	Refuse	Airport	Program	Transit	Other		
LIABILITIES							
Current liabilities:							
Accounts payable and accrued liabilities	490	2,213	144	1,135	937	4,919	3,920
Due to other funds	-	-	200	-	13	213	1,692
Due to other governments	-	-	-	1,804	106	1,910	50
Advances from grantors and third parties	-	-	-	1,268	-	1,268	-
Deposits from others	-	15	-	-	316	331	23
Interest payable	-	238	195	-	38	471	1,392
Compensated absences	61	77	-	35	278	451	209
Advances from other governments	-	-	-	-	365	365	-
Self-funded insurance	-	-	-	-	-	-	13,313
Bonds payable	-	-	1,336	-	-	1,336	38,810
Notes payable	-	-	-	-	996	996	-
Loans payable	-	457	-	-	10	467	-
Other liabilities	-	4	275	300	318	897	4,560
Total current liabilities	<u>551</u>	<u>3,004</u>	<u>2,150</u>	<u>4,542</u>	<u>3,377</u>	<u>13,624</u>	<u>63,969</u>
Noncurrent portion of long-term liabilities:							
Self-funded insurance	-	-	-	-	-	-	43,477
Compensated absences	58	73	-	27	7	165	164
Advances from other funds	-	-	-	-	69	69	5,286
Advances from other governments	-	-	-	-	1,267	1,267	-
Bonds payable	-	-	22,020	-	-	22,020	247,880
Loans payable	-	15,676	-	-	7	15,683	-
Landfill closure and postclosure costs	8,626	-	-	-	-	8,626	-
Net pension liabilities	430	659	-	222	1,361	2,672	151,692
Net OPEB liabilities	520	813	-	289	1,708	3,330	183,025
Total noncurrent liabilities	<u>9,634</u>	<u>17,221</u>	<u>22,020</u>	<u>538</u>	<u>4,419</u>	<u>53,832</u>	<u>631,524</u>
Total liabilities	<u>10,185</u>	<u>20,225</u>	<u>24,170</u>	<u>5,080</u>	<u>7,796</u>	<u>67,456</u>	<u>695,493</u>
DEFERRED INFLOWS OF RESOURCES							
Service concession arrangement	33,368	-	-	-	-	33,368	-
Deferred amounts related to pensions	212	304	-	105	794	1,415	88,064
Deferred amounts related to OPEB	88	141	-	114	197	540	21,439
Total deferred inflows of resources	<u>33,668</u>	<u>445</u>	<u>-</u>	<u>219</u>	<u>991</u>	<u>35,323</u>	<u>109,503</u>
NET POSITION							
Net investment in capital assets	16,599	89,822	210	23,795	18,676	149,102	11,351
Restricted	16,891	2,361	-	-	1,388	20,640	-
Unrestricted	5,369	2,561	1,242	1,156	2,869	13,197	(568,846)
Total net position (deficit)	<u>\$ 38,859</u>	<u>\$ 94,744</u>	<u>\$ 1,452</u>	<u>\$ 24,951</u>	<u>\$ 22,933</u>	<u>\$ 182,939</u>	<u>\$ (557,495)</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, 2021
(Dollars in Thousands)

	Business-Type Activities-Enterprise Funds						Governmental
	Energy						Internal
	Refuse	Airport	Independence Program	Transit	Other	Total	Service Funds
Operating revenues:							
Charges for services	\$ 1,421	\$ 595	\$ 70	\$ 212	\$ 2,366	\$ 4,664	\$ 202,440
Rents and concessions	6,553	5,729	-	-	6,423	18,705	2,891
Interest income	-	-	1,533	-	-	1,533	-
Sales and miscellaneous	95	35	-	-	321	451	6,294
Total operating revenues	<u>8,069</u>	<u>6,359</u>	<u>1,603</u>	<u>212</u>	<u>9,110</u>	<u>25,353</u>	<u>211,625</u>
Operating expenses:							
Services and supplies	2,935	4,697	1,699	13,905	5,064	28,300	21,587
Salaries and employee benefits	1,324	2,378	-	730	3,627	8,059	16,597
Claim expenses	-	-	-	-	-	-	20,019
Depreciation and amortization	1,241	3,333	29	3,870	1,138	9,611	2,278
Total operating expenses	<u>5,500</u>	<u>10,408</u>	<u>1,728</u>	<u>18,505</u>	<u>9,829</u>	<u>45,970</u>	<u>60,481</u>
Operating income (loss)	<u>2,569</u>	<u>(4,049)</u>	<u>(125)</u>	<u>(18,293)</u>	<u>(719)</u>	<u>(20,617)</u>	<u>151,144</u>
Nonoperating revenues (expenses):							
Investment income	123	72	39	(1)	31	264	299
Interest expense	-	(620)	(689)	-	(72)	(1,381)	(17,481)
Intergovernmental	35	6,750	-	14,314	-	21,099	-
Gain (Loss) on disposal of capital assets	-	-	-	-	32	32	98
Miscellaneous	-	721	-	110	454	1,285	-
Total nonoperating revenues (expenses)	<u>158</u>	<u>6,923</u>	<u>(650)</u>	<u>14,423</u>	<u>445</u>	<u>21,299</u>	<u>(17,084)</u>
Income (loss) before capital contributions and transfers	2,727	2,874	(775)	(3,870)	(274)	682	134,060
Capital contributions	-	5,102	-	1,093	-	6,195	(4)
Transfers in	995	-	11	-	372	1,378	2
Transfers out	(5)	(7)	-	-	(1)	(13)	(223)
Total capital contributions and transfers	<u>990</u>	<u>5,095</u>	<u>11</u>	<u>1,093</u>	<u>371</u>	<u>7,560</u>	<u>(225)</u>
Change in net position	3,717	7,969	(764)	(2,777)	97	8,242	133,835
Net position, beginning of year	<u>35,142</u>	<u>86,775</u>	<u>2,216</u>	<u>27,728</u>	<u>22,836</u>	<u>174,697</u>	<u>(691,330)</u>
Net position, end of year	<u>\$ 38,859</u>	<u>\$ 94,744</u>	<u>\$ 1,452</u>	<u>\$ 24,951</u>	<u>\$ 22,933</u>	<u>\$ 182,939</u>	<u>\$ (557,495)</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, 2021

(Dollars in Thousands)

	Business-Type Activities-Enterprise Funds						Governmental
	Energy						Activities
	Refuse	Airport	Independence			Total	Internal
Program			Transit	Other	Service Funds		
Cash flows from operating activities:							
Received from customers	\$ 6,626	\$ 6,016	\$ 21	\$ 367	\$ 8,800	\$ 21,830	\$ -
Received from interfund services provided	-	-	-	-	-	-	126,985
Received from assessments	-	-	6,068	-	-	6,068	-
Received for interest	-	-	1,506	-	-	1,506	-
Payments for assessments	-	-	(4,296)	-	-	(4,296)	-
Payments to suppliers for goods and services	(2,876)	(2,229)	(283)	(14,324)	(5,172)	(24,884)	(38,008)
Payments to employees for services	(1,593)	(2,638)	-	(816)	(4,078)	(9,125)	(12,607)
Payments for interfund services used	(262)	(2,376)	(1,343)	-	-	(3,981)	-
Net cash provided (used) by operating activities	<u>1,895</u>	<u>(1,227)</u>	<u>1,673</u>	<u>(14,773)</u>	<u>(450)</u>	<u>(12,882)</u>	<u>76,370</u>
Cash flows from noncapital financing activities:							
Transfers in	-	8	12	-	372	392	2
Transfers out	(5)	(7)	-	-	(1)	(13)	(223)
Due from other funds	995	-	-	-	-	995	11,911
Due to other governments	-	-	-	-	-	-	(39)
Due to other funds	-	-	-	-	-	-	(78)
Interfund loan	-	(3,500)	-	-	-	(3,500)	-
Proceeds from loans	-	6,750	-	-	-	6,750	-
Advances to other funds	-	-	-	-	(12)	(12)	(1,542)
Deposits from others	-	-	-	-	-	-	23
Intergovernmental receipts	(2)	-	-	-	-	(2)	-
Proceeds from bonds	-	-	4,296	-	-	4,296	-
Principal paid on bonds	-	-	(6,067)	-	-	(6,067)	(34,725)
Interest paid on bonds	-	-	(730)	-	-	(730)	(17,481)
Proceeds from other governments	-	-	-	13,365	-	13,365	-
Contributions	-	-	-	-	1,291	1,291	-
Net cash provided (used) by noncapital financing activities	<u>988</u>	<u>3,251</u>	<u>(2,489)</u>	<u>13,365</u>	<u>1,650</u>	<u>16,765</u>	<u>(42,152)</u>
Cash flows from capital and related financing activities:							
Acquisition and construction of capital assets	-	(8,857)	-	(1,096)	(630)	(10,583)	(2,707)
Principal paid on capital debt	-	(442)	-	-	(200)	(642)	-
Interest paid on loans	-	(626)	-	-	(20)	(646)	-
Contracts paid	-	-	-	-	32	32	-
Due to other funds	-	-	-	-	1	1	-
Due from other governments	-	-	-	-	34	34	-
Advances to other governments	-	-	-	-	(353)	(353)	-
Proceeds from grants and other contributions	-	4,221	-	-	-	4,221	-
Receipts from facility charges	-	617	-	-	-	617	-
Capital contributions	-	-	-	1,796	-	1,796	-
Interest paid	-	-	-	-	(75)	(75)	(155)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(5,087)</u>	<u>-</u>	<u>700</u>	<u>(1,211)</u>	<u>(5,598)</u>	<u>(2,862)</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, 2021
(Dollars in Thousands)

	Business-Type Activities-Enterprise Funds						Governmental
	Energy						Activities
	Refuse	Airport	Independence Program	Transit	Other	Total	Internal Service Funds
Cash flows from investing activities:							
Interest received on investments	123	72	40	(1)	130	364	299
Proceeds on loan receivable	3,500	60	-	-	-	3,560	-
Net cash provided by investing activities	<u>3,623</u>	<u>132</u>	<u>40</u>	<u>(1)</u>	<u>130</u>	<u>3,924</u>	<u>299</u>
Net increase (decrease) in cash and cash equivalents	6,506	(2,931)	(776)	(709)	119	2,209	31,655
Cash and cash equivalents, beginning of year	57,466	6,517	3,331	5,108	8,725	81,147	92,324
Cash and cash equivalents, end of year	<u>\$ 63,972</u>	<u>\$ 3,586</u>	<u>\$ 2,555</u>	<u>\$ 4,399</u>	<u>\$ 8,844</u>	<u>\$ 83,356</u>	<u>\$ 123,979</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$ 2,569	\$ (4,049)	\$ (125)	\$ (18,293)	\$ (719)	\$ (20,617)	\$ 151,144
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities							
Depreciation and amortization	1,241	3,333	29	3,870	1,137	9,610	2,278
Net pension activity	(152)	(75)	-	(75)	(82)	(384)	(49,307)
Net OPEB activity	(119)	(190)	-	(1)	(357)	(667)	(35,307)
Service concession arrangement	(1,390)	-	-	-	-	(1,390)	-
Changes in operating assets and liabilities:							
Decrease (increase) in:							
Accounts receivable	(54)	(339)	(49)	128	(250)	(564)	(26)
Inventories	-	-	-	(59)	(17)	(76)	-
Prepaid expenses and deposits	6	34	-	(7)	-	33	(196)
Other assets	-	-	1,772	-	6	1,778	-
Increase (decrease) in:							
Accounts payable	350	57	73	(353)	(91)	36	(368)
Unearned revenue	-	(5)	(27)	27	-	(5)	-
Landfill closure and postclosure costs	(558)	-	-	-	-	(558)	-
Self-funded insurance	-	-	-	-	-	-	3,920
Compensated absences	2	6	-	(10)	(12)	(14)	70
Other liabilities	-	1	-	-	(65)	(64)	4,162
Net cash provided (used) by operating activities	<u>\$ 1,895</u>	<u>\$ (1,227)</u>	<u>\$ 1,673</u>	<u>\$ (14,773)</u>	<u>\$ (450)</u>	<u>\$ (12,882)</u>	<u>\$ 76,370</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position:							
Cash and investments	\$ 56,982	\$ 3,586	\$ 2,555	\$ 3,131	\$ 7,644	\$ 73,898	\$ 122,889
Restricted cash and investments, current	-	-	-	-	1,200	1,200	1,090
Restricted cash and investments, noncurrent	<u>6,990</u>	<u>-</u>	<u>-</u>	<u>1,268</u>	<u>-</u>	<u>8,258</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 63,972</u>	<u>\$ 3,586</u>	<u>\$ 2,555</u>	<u>\$ 4,399</u>	<u>\$ 8,844</u>	<u>\$ 83,356</u>	<u>\$ 123,979</u>
Noncash investing, capital and financing activities:							
Acquisition of capital assets through payables	\$ -	\$ 1,586	\$ -	\$ -	\$ -	\$ 1,586	\$ -

See accompanying notes to the basic financial statements

COUNTY OF SONOMA, CALIFORNIA

Fiduciary Funds
Statement of Net Position
June 30, 2021
(Dollars in Thousands)

	Custodial					
	Sonoma County	Other				
	Employees'	Postemployment			External	
	Retirement	Benefits (OPEB)	Investment	Private	Investment	
Association (SCERA)	Trust	Trust	Purpose Trust	Pool	Other	
ASSETS						
Cash and investments	\$ 1,458	\$ -	\$ 1,373,486	\$ 6,875	\$ 461,411	\$ 44,939
Restricted investments with trustee	221,258	-	5,152	965	2,332	100
Accounts receivable	77,338	-	10,343	2,036	18	23,366
Due from other governments	-	-	3,512	-	-	4,867
Investments at fair value:						
Cash and equivalents	-	6,723	-	-	-	-
Mutual funds	-	79,779	-	-	-	-
Corporate obligations	205,270	7,666	-	-	-	-
Government obligations	275,538	7,385	-	-	-	-
Equities	1,756,950	-	-	-	-	-
Other investments	782,125	-	-	-	-	-
Total investments	<u>3,019,883</u>	<u>101,553</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other assets	<u>2,048</u>	<u>-</u>	<u>72,588</u>	<u>-</u>	<u>-</u>	<u>1,214</u>
Total assets	<u>3,321,985</u>	<u>101,553</u>	<u>1,465,081</u>	<u>9,876</u>	<u>463,761</u>	<u>74,486</u>
LIABILITIES						
Accounts payable and other liabilities	2,810	-	8,229	16	262	3,920
Due to other governments	-	-	8,678	52	85,488	7,760
Other liabilities	<u>245,500</u>	<u>-</u>	<u>108,302</u>	<u>28,786</u>	<u>4,234</u>	<u>10,949</u>
Total liabilities	<u>248,310</u>	<u>-</u>	<u>125,209</u>	<u>28,854</u>	<u>89,984</u>	<u>22,629</u>
NET POSITION (DEFICIT)						
Restricted for:						
Pension	3,073,675	-	-	-	-	-
Other postemployment benefits	-	101,553	-	-	-	-
Pool participants	-	-	1,339,872	-	373,777	-
Organizations and other governments	-	-	-	(18,978)	-	51,857
Total net position (deficit)	<u>\$ 3,073,675</u>	<u>\$ 101,553</u>	<u>\$ 1,339,872</u>	<u>\$ (18,978)</u>	<u>\$ 373,777</u>	<u>\$ 51,857</u>

See accompanying notes to the basic financial statements

COUNTY OF SONOMA, CALIFORNIA
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2021
(Dollars in Thousands)

	Custodial					
	Sonoma County	Other				
	Employees'	Postemployment			External	
	Retirement	Benefits (OPEB)	Investment	Private	Investment	
Association (SCERA)	Trust	Trust	Purpose Trust	Pool	Other	
ADDITIONS						
Contributions:						
Employer contributions	\$ 77,506	\$ 29,246	\$ -	\$ -	\$ -	\$ -
Employee contributions	47,364	-	-	-	-	-
OPEB employer contributions outside of trust	-	1,262	-	-	-	-
Total contributions	<u>124,870</u>	<u>30,508</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investment earnings:						
Net increase (decrease) in fair value of investments	191,740	13,932	(8,430)	(41)	(2,844)	(515)
Interest, dividends, and other	50,891	5,883	10,163	146	3,587	393
Total investment earnings	<u>242,631</u>	<u>19,815</u>	<u>1,733</u>	<u>105</u>	<u>743</u>	<u>(122)</u>
Less investment costs:						
Investment expense	17,777	245	4,998	898	-	431
Net investment earnings	<u>224,854</u>	<u>19,570</u>	<u>(3,265)</u>	<u>(793)</u>	<u>743</u>	<u>(553)</u>
Property taxes	-	-	842,092	86,455	-	137,963
Other taxes	-	-	42,887	2	-	26,920
Licenses and fees	-	-	42,176	108	83	68,153
Miscellaneous	186	-	809,494	958	71,445	61,375
Total additions	<u>349,910</u>	<u>50,078</u>	<u>1,733,384</u>	<u>86,730</u>	<u>72,271</u>	<u>293,858</u>
DEDUCTIONS						
Benefits paid to participants or beneficiaries	185,982	19,860	-	-	-	-
Employer Plan Expense	4,297	-	-	-	-	-
OPEB employer expense outside of trust	-	1,262	-	-	-	-
Payments to other governments	-	-	1,780,689	85,621	103,212	242,169
Administrative expenses	2,846	1,285	1,787	17	30	2,398
Total deductions	<u>193,125</u>	<u>22,407</u>	<u>1,782,476</u>	<u>85,638</u>	<u>103,242</u>	<u>244,567</u>
Special item:						
Special Item	-	-	-	(18,064)	-	(5)
Net increase (decrease) in fiduciary net position	<u>156,785</u>	<u>27,671</u>	<u>(49,092)</u>	<u>(16,972)</u>	<u>(30,971)</u>	<u>49,286</u>
Net position (deficit), beginning as restated	2,916,890	73,882	1,388,964	(2,006)	404,748	2,571
Net position (deficit), ending	<u>\$ 3,073,675</u>	<u>\$ 101,553</u>	<u>\$ 1,339,872</u>	<u>\$ (18,978)</u>	<u>\$ 373,777</u>	<u>\$ 51,857</u>

See accompanying notes to the basic financial statements



NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

(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, 2020, 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 2020 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.

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 (Sonoma County). The County’s Board of Supervisors appoints the voting majority of SCERA’s board and is legally obligated or has otherwise assumed the obligation to make contributions to the pension plan. Accordingly, SCERA is reported in the Fiduciary Funds of the basic financial statements. SCERA issues calendar year stand-alone financial statements which are available at <http://scretire.org/Financial/Financial-Reports/>.

Discretely Presented Component Units

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

The County reports the following major governmental funds:

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

The County reports the following major proprietary funds:

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

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.
- **Sonoma County Employees' Retirement Association Trust** accounts for the County Defined Benefit Pension Plan a legally separate blended component unit of the County.
- **Other Postemployment Benefits (OPEB) Trust** accounts for assets held in trust by the Public Agency Retirement Services (PARS) for future postemployment healthcare plan benefits.
- **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 and other independent special districts governed by local boards. These funds represent the assets, primarily cash and investments, held in trust for these entities.
- **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.
- **Custodial Funds** reports fiduciary funds that are not required to be reported in Investment Trusts, OPEB, Pension or Private Purpose Trust funds. These include Law Enforcement, Unapportioned Tax Collections and others.

(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.

Custodial 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 expenses are recorded when consumed rather than when purchased. In the fund financial statements, prepaid items/expenses and deposits are offset by corresponding nonspendable fund balance to indicate that they are not available for appropriation and are not expendable available financial resources.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Capital Assets

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

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

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

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

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

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

(l) Deferred Outflows and Inflows of Resources

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Long-term Obligations

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

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

(n) Net Position/Fund Balance

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**(o) Property Tax Levy, Collection and Maximum Rates**

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

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, 2021 was approximately \$101.7 billion, which includes secured, unsecured, Home Owner Property Tax Relief, and unitary values. The tax rate was \$1 per \$100 of valuation (\$0.35 for the County and Special Districts, \$0.48 for schools, \$0.09 for cities, and \$0.08 for redevelopment activities within the County of Sonoma). On February 1, 2012, the State of California dissolved all redevelopment agencies (see Note 19 – Successor Agency Private Purpose Trust Fund). Taxes are collected by the County and apportioned to each taxing agency in accordance with state law. In addition, special assessments are levied to provide for debt service on general obligations that were voter-approved. Delinquencies for the year amounted to approximately 1.3% of the current secured and unsecured property tax revenue assessed.

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

(p) Compensated Absences

County employees are entitled to certain compensated absences based on length of employment and position held. Vacation pay is subject to certain maximum accumulations and is payable upon termination. Sick leave may be accumulated without limitation. An average of the most recent three years cost to convert sick leave to service credits for employees separating due to retirement from the County is included in the compensated absence liability.

(q) Pension

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Other Postemployment Benefits

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

(s) Estimates

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

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

The following GASB statements were implemented for the fiscal year ending June 30, 2021:

GASB Statement No. 84, *Fiduciary Activities*: Improves the identification of fiduciary activities for accounting and financial reporting purposes. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. The effect of the implementation of this standard on beginning net position is disclosed in Note 21. *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 2020-21.*

GASB Statement No. 98, Establishes the term annual comprehensive financial report and its acronym ACFR. *Effective FY 2021-22.*

(u) Future GASB Pronouncements

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

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

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

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

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

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

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

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

NOTE 2 – CASH AND INVESTMENTS**(a) Financial Statement Presentation**

Total cash and investments at June 30, 2021 were presented on the County's financial statements as follows:

	Investments Held by Cash and Investments			Total Cash and Investments
	Sonoma County	Held with Third	Petty Cash	
	Treasury	Parties		
Primary government	\$ 979,664	\$ 17,454	\$ 30	\$ 997,148
Discrete component units	228,737	39,428	1	268,166
Investment trust fund	1,373,486	5,149	3	1,378,638
Other postemployment benefits trust	-	101,553	-	101,553
Private purpose trust fund	6,875	965	-	7,840
Custodial funds	506,350	2,432	-	508,782
SCERA	1,458	3,241,141	-	3,242,599
	<u>\$ 3,096,570</u>	<u>\$ 3,408,122</u>	<u>\$ 34</u>	<u>\$ 6,504,726</u>

(b) Investment Guidelines and Investment Policy

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

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

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

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

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

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

NOTE 2 – CASH AND INVESTMENTS (Continued)

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

NOTE 2 – CASH AND INVESTMENTS (Continued)

(c) Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In a rising interest rate market, the fair value of investments could decline below original cost. Conversely, in a declining interest rate market, the fair value of investments will generally increase. The County investment policy does not contain requirements that would limit the exposure to interest rate risk. The County manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing evenly over time as necessary to provide the cash flow and liquidity needed for operations, which precludes the County from having to sell investments below original cost. Of the County’s \$3.1 billion portfolio as of June 30, 2021, 31% 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	\$ 308,269	9.89 %
Federal Home Loan Bank	Federal Agency Security	288,365	9.26
Federal Home Loan Mortgage Corp.	Federal Agency Security	229,335	7.36
Federal National Mortgage Association	Federal Agency Security	335,277	10.76

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, 2021 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 decreased the Treasury Pool’s investment income and carrying value by \$921 at June 30, 2021. Involuntary participants of the County’s investment pool totaled \$1,373,486 at June 30, 2021. 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	\$ 1,164,628	\$ 1,161,246	0.12-3.00 %	9/10/21-5/27/26
Supranational obligations	362,776	361,105	0.25-7.62	7/20/21-5/15/26
Other government obligations	331,216	331,063	0.22-5.45	8/1/21-9/2/35
Certificates of deposit	568,000	568,150	0.17-0.40	7/1/21-4/13/21
Corporate and medium term notes	561,968	566,103	0.25-3.70	8/8/21-2/2/26
Money market mutual funds	12,963	12,963	0.31	1 day
CalTRUST	15,000	15,000	0.025	1 day
CAMP	100,000	100,000	0.05	1 day
Totals	<u>\$ 3,116,551</u>	<u>\$ 3,115,630</u>		

(h) Condensed Pool Statements

The Treasury Pool includes investments with a fair value of \$3,115,630 and deposits of \$104,387. 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, 2021:

Statement of Net Position

Cash and investments	\$ 3,228,402
Less: Investments held by fiscal agent	(120,438)
Net position held in trust for pool participants	<u>\$ 3,107,964</u>
Equity of internal participants	\$ 1,729,326
Equity of external pool participants	1,378,638
Net position held in trust for pool participants	<u>\$ 3,107,964</u>

Statement of Changes in Net Position

Net position at July 1, 2020	\$ 2,812,093
Net change in pooled cash and investments	295,871
Net position held in trust for pool participants at June 30, 2021	<u>\$ 3,107,964</u>

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

As of June 30, 2021, the County's investments and credit ratings are as follows:

	Credit Rating (Moody's / S & P)	Maturity					Fair Value
		Under 30	31-180	181-365	Over 5		
		Days	Days	Days	1-5 Years	Years	
Non-pooled investments:							
Cash and cash equivalents	Not rated	\$ 6,534	\$ -	\$ -	\$ -	\$ -	\$ 6,534
Money market mutual funds	AAAm	12,351	-	-	-	-	12,351
OPEB trust investments:							
Cash and cash equivalents	Not rated	6,723	-	-	-	-	6,723
Mutual funds	Not rated	79,779	-	-	-	-	79,779
Corporate obligations	Ba1/Aaa	-	-	54	2,737	4,875	7,666
Government obligations	Aaa/AA+	-	57	127	1,533	5,668	7,385
Total investments held by fiscal agents		<u>105,387</u>	<u>57</u>	<u>181</u>	<u>4,270</u>	<u>10,543</u>	<u>120,438</u>
Investments managed by County Treasurer:							
U.S. Agency Securities:							
Federal Farm Credit Bank	Aaa/AA+	-	17,315	82,197	208,757	-	308,269
Federal Home Loan Bank	Aaa/AA+	-	11,921	40,385	236,059	-	288,365
Federal Home Loan Mortgage Corp.	Aaa/AA+	-	-	-	229,335	-	229,335
Federal National Mortgage Association	Aaa/AA+	-	20,070	21,641	293,566	-	335,277
Subtotal U. S. Agency Securities		-	49,306	144,223	967,717	-	1,161,246
Supranational obligations	AAA/Aaa	40,550	9,313	23,366	287,876	-	361,105
Other government obligations	Not rated	-	8,347	5,847	305,100	11,769	331,063
Commercial paper	A+/A1	-	-	-	-	-	-
Certificates of deposit	A1/AA-	179,018	145,061	79,071	165,000	-	568,150
Corporate and medium term notes	AAA/A-	-	51,960	96,955	417,188	-	566,103
Money market mutual funds	AAAm	12,963	-	-	-	-	12,963
Joint Powers Authority Pool:							
CalTRUST	AAAm	15,000	-	-	-	-	15,000
CAMP	AAAm	100,000	-	-	-	-	100,000
Total investments managed by County Treasurer		<u>\$ 347,531</u>	<u>\$ 263,987</u>	<u>\$ 349,462</u>	<u>\$ 2,142,881</u>	<u>\$ 11,769</u>	<u>3,115,630</u>
Cash and deposits	N/A						29,664
Less outstanding warrants	N/A						(48,724)
Subtotal cash and investments managed by County Treasurer							<u>3,096,570</u>
Cash and deposits - other							<u>11,394</u>
Subtotal cash and investments managed by County Treasurer							<u>3,107,964</u>

NOTE 2 – CASH AND INVESTMENTS (Continued)

Discrete Component Units

		Maturity				Fair Value
		12 Months or Less	13 – 24 Months	25 – 60 Months	More than 60 Months	
<u>Sonoma Water</u>						
Non-pooled investments:						
Money market mutual funds	AAA	\$ 5,658	\$ -	\$ -	\$ -	\$ 5,658
U.S. Treasury STRIPS	N/A	6,299	6,285	-	-	12,584
U.S. Treasury Notes	N/A	-	-	4,692	-	4,692
SCEIP bonds	N/A	393	458	1,574	8,981	11,406
Total investments held by bond trustees		<u>\$ 12,350</u>	<u>\$ 6,743</u>	<u>\$ 6,266</u>	<u>\$ 8,981</u>	<u>\$ 34,340</u>
<u>Sonoma Valley County Sanitation District</u>						
Non-pooled investments:						
Money market mutual funds	AAA	<u>\$ 843</u>				<u>\$ 843</u>
<u>Fiduciary Component Units</u>						
SCERA non-pooled investments:						<u>\$ 3,241,141</u>
Total cash and investments						<u>\$ 6,504,726</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, 2021 the County’s total investment in JPAs was \$115,000.

(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, 2021, the County’s investment in the Tobacco Endowment was invested in money market mutual funds totaling \$12,551.

(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, 2021, the County’s investment in SCEIP bonds, included in other governmental obligations was \$11,950.

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, 2021 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	\$ 1,161,246	\$ -	\$ 1,161,246	\$ -
Supranational obligations	361,105	-	361,105	-
Other government obligations	331,063	-	317,873	13,190
Certificates of deposit	568,150	-	568,150	-
Corporate and medium term notes	566,103	-	566,103	-
Total investments measured at fair value	2,987,667	\$ -	\$ 2,974,477	\$ 13,190
Investments not subject to fair value hierarchy:				
Money market mutual funds	12,963			
CaITRUST	15,000			
CAMP	100,000			
Total pooled and directed investments	\$ 3,115,630			
<u>Discrete Component Units</u>				
<u>Sonoma Water</u>				
U.S. Treasury STRIPS	\$ 12,584	\$ 12,584	\$ -	\$ -
U.S. Treasury Notes	4,692	4,692	-	-
SCEIP bonds	11,406	-	-	11,406
Total investments measured at fair value	28,682	\$ 17,276	\$ -	\$ 11,406
Investments not subject to fair value hierarchy:				
Money market mutual funds	5,658			
<u>Sonoma Valley County Sanitation District</u>				
Money market mutual funds	843	843	-	-
Total investments	\$ 35,183			
<u>Fiduciary Component Unit</u>				
<u>SCERA</u>				
Non-pooled investments	\$ 3,241,141			

(n) SCERA ACFR Investment and Related Notes

SCERA’s ACFR Cash and Short-Term Investments, Deposits and Investments, Securities Lending, Summary of Investments, and Fair Value Measurement Notes for the year ended December 31, 2020 follow below:

CASH AND SHORT-TERM INVESTMENTS

Cash and short-term investments consist of short-term investments with fiscal agents as well as deposits held in a pooled account with the County of Sonoma. All participants in the pool share earnings and losses. Short-term investments consist of cash held in money market accounts and securities readily convertible to cash. All cash, deposits and short-term investments are carried at cost, which approximates fair value. The Sonoma County Treasury Oversight Committee has regulatory oversight for all monies deposited into the Sonoma County Treasury Pool. Such amounts are invested in accordance with investment policy guidelines established by the County Treasurer and reviewed by the County Board of Supervisors. The objectives of the policy are, in order of priority, safety of principal, liquidity and yield. Similarly, the short-term investment fund held by State Street Bank (which is a liquidity fund investing in short-term investment securities) is carried at cost, which approximates fair value.

A summary of cash and short-term investments, as of December 31, 2020

Cash and Short-Term Investment Funds	
(Dollars in Thousands)	2020
County Treasury	\$ 2,966
Custodian Bank	138,342
Total	\$141,308

The vast majority of the above cash is overlaid with stock and bond futures contracts so there is little to no economic exposure to cash.

DEPOSITS AND INVESTMENTS

State Street Bank serves as custodian of SCERA's investments. SCERA's asset classes include US Equity, Non-US Equity, Global Equity, Fixed Income, Real Assets and Opportunistic. Any class may be held in direct form, pooled form, or both. SCERA has 18 investment managers, managing 19 individual portfolios.

Investments at December 31, 2020 consist of the following (excluding collateral held for securities lending as described in Note F):

Investments at Fair Value	
(Dollars in Thousands)	2020
Fixed Income	\$ 504,235
Equities	1,756,950
Real Assets	553,860
Asset Allocation	151,334
Opportunistic	53,504
Total Investments	\$3,019,883

The Board has established a policy for investing, specifying the following target allocations with a minimum and maximum range for each of these asset classes.

Asset Class	Min	Target	Max
Core Plus Fixed Income	14.0%	16.0%	18.0%
Alternative Fixed Income	2.0%	3.0%	4.0%
Real Assets	17.0%	20.0%	23.0%
U.S. Equities	19.5%	21.5%	23.5%
Non-U.S. Equities	19.5%	21.5%	23.5%
Global Equities	16.0%	18.0%	20.0%
Opportunistic	0.0%	0.0%	6.0%
Total		100%	

The asset allocation is incorporated into SCERA's Investment Policy Statement, which helps guide the manner in which SCERA invests. In November 2020 The Board elected to remove Global Asset Allocation from the Plan's Investment Policy and to defund the current manager's account throughout 2021. The Board has adopted a long-term investment horizon such that the likelihood and durations of investment losses are carefully weighed against the long-term potential for appreciation of assets. The assets of SCERA will be invested in a manner that provides the safeguards and diversity to which a prudent investor would adhere. No more than 5%, or the benchmark weight plus 2.5%, whichever is higher, of any one manager's portfolio shall be invested in the securities of any one issuing corporation at cost. Investments in any corporation should not exceed 10% of the outstanding shares of the corporation.

DEPOSITS AND INVESTMENTS, *continued*

The Board's investment policies and guidelines permit investment in numerous specified asset classes to take advantage of the non-correlated economic behavior of diverse asset classes. The risk to be assumed must be considered appropriate for the return anticipated and consistent with the total diversification of the System. The result is a well-diversified portfolio.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the System will not be able to recover the value of its investment or collateral securities that are in the possession of another party. SCERA investment securities are not exposed to custodial credit risk since all securities are registered in the System's name and held by the System's custodial bank.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the System will not be able to recover its deposits or collateral securities that are in the possession of an outside party. Any cash associated with the System's investment portfolios not invested at the end of a day are temporarily swept overnight to State Street Bank's short-term investment fund.

That portion of the System's cash held by the County of Sonoma as part of the County's treasury pool totaled \$2,966,000 as of December 31, 2020. Accordingly, SCERA's investments in the treasury pool are held in the name of the County and are not specifically identifiable.

Disclosure of the legal and contractual provisions of the County's Investment Policy and carrying amounts by type of investments may be found in the notes to the County's separate Comprehensive Annual Financial Report of the fiscal year ended June 30, 2020.

DEPOSITS AND INVESTMENTS, *continued*

Credit and Interest Rate Risk

Credit risk associated with SCERA’s debt securities is identified by their ratings in the table following. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. SCERA has no general policy on credit and interest rate risk. SCERA monitors the interest rate risk inherent in its portfolio by measuring the duration of its portfolio.

The average duration of SCERA’s debt portfolio in years is also listed in the table below:

Type of Investment	Fair Value (Dollars in Thousands)	Credit Quality	Duration
US Treasury	\$102,932	N/A	8.21
Mortgage Pass-Through	94,798	AA+	2.72
Bank Loans	84,620	B	0.14
Corporate	75,586	BBB	5.22
Collateralized Mortgage Obligation	72,836	BBB-	1.88
Asset Backed	27,021	BBB-	1.76
Yankees	21,066	BBB+	6.18
Commingled Fixed Income Funds	16,065	N/R	N/A
Foreign	5,017	BB-	4.17
Municipal	1,947	A+	11.45
Euro	1,481	BB-	6.23
Commercial Mortgage Backed Securities	467	AA-	2.35
Agency	399	AA+	11.49
Total	<u>\$504,235</u>		

Per SCERA’s Investment Policy Statement, fixed income portfolios must have an overall, fair value weighted average quality of at least AA-. At least 80% of the fair value of the portfolio must be rated at least Baa/BBB or the equivalent by a Nationally Recognized Statistical Rating Organization (NRSRO). In cases when the yield spread adequately compensates for additional risk, up to 20% of the value of each fixed income portfolio may be invested in below investment grade securities provided that they are easily tradable and overall fixed income quality is maintained. Up to a maximum of 2% of the portfolio may be invested in bonds rated CCC/Caa or lower. Fixed income securities of any one issuer shall not exceed 10% of the total bond portfolio at the time of purchase. This does not apply to issues of the US Treasury or securities guaranteed by the US Government. Mortgage or asset backed securities that are credit independent of the issuer shall be limited to 25% of the value of the total issue or pool.

Firms that manage fixed income portfolios continually monitor the risk associated with their fixed income investments. They are expected to provide, as a component of their reports, a risk/reward analysis of the management decisions relative to their benchmarks.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. SCERA’s Investment Policy Statement expects investment managers will use forward currency exchange contracts and currency and stock index futures contracts and related options and transactions for defensive currency hedging. It is preferred that currency exposures be un-hedged, but may periodically be up to 100% hedged for a specific country or up to 30% of the total portfolio at the manager’s discretion. Such transactions should not be speculative in nature and should not exceed the value of underlying securities holdings.

DEPOSITS AND INVESTMENTS, continued

Foreign Currency Risk, continued

The following positions represent SCERA's exposure to foreign currency risk as of December 31, 2020:

Securities Base Currency	Fair Value in USD (Dollars in Thousands)
Euro – EUR	\$17,35
Japan – JPY	0
Great Britain – GBP	11,42
Switzerland – CHF	5
Hong Kong – HKD	10,891
South Korea – KRW	5,657
Canada – CAD	5,009
Denmark – DKK	4,451
Sweden – SEK	3,223
Australia – AUD	3,172
Taiwan – TWD	2,371
Brazil – BRL	2,037
Singapore – SGD	1,460
South Africa – ZAR	1,221
Norway – NOK	1,023
New Zealand – NZD	764
Israel – ILS	632
	298
	40
Total Non-USD Securities	\$71,024

Derivatives

The Board authorized certain investment managers to invest in or otherwise enter into transactions involving derivative financial instruments when, in the judgment of management, such transactions are consistent with the investment objectives established for a specific investment manager's assignment. However such instruments shall not be used to create leverage or for speculative purposes.

The acceptable investment purposes for the use of derivatives include:

1. For defensive currency strategies of non-dollar portfolio holdings.
2. For controlling the duration of fixed income portfolios.
3. For managing yield curve strategies of fixed income portfolios.
4. For control of equity or fixed income exposure during portfolio transitions to overlay cash positions.
5. For effecting transitions to new investment managers.
6. For rebalancing the System's asset allocation toward Investment Policy Statement targets.

Risks arise from the possible inability of counterparties to meet the terms of their contract. The risks of accounting loss from these off-balance sheet transactions include the credit risk and the possibility that future changes in market prices may make such financial instruments less valuable (market risk).

Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Gains and losses from derivatives are included in net investment income/ (loss). For financial reporting purposes all SCERA derivatives are classified as investment derivatives. The following are types of derivatives: futures contracts, forward contracts, option contracts and swap agreements.

Futures Contracts

A futures contract represents an agreement to buy (long position) or sell (short position) an underlying asset at a specified future date for a specified price. Payment for the transaction is delayed until a future date, which is referred to as the settlement or expiration date. Futures contracts are standardized contracts traded on organized exchanges. Futures contracts are priced "mark to markets" and daily settlements are recorded as investment gains or losses.

DEPOSITS AND INVESTMENTS, *continued*

Forward Contracts

A forward contract represents an agreement to buy or sell an underlying asset at a specified date in the future at a specified price. Payment for the transaction is delayed until the settlement or expiration date. A forward contract is a non-standardized contract that is tailored to each specific transaction. Forward contracts are privately negotiated and are intended to be held until the settlement date. Currency forward contracts are used to control currency exposure and facilitate the settlement of international security purchase and sale transactions.

Option Contracts

An option contract is a type of derivative security in which a buyer (purchaser) has the right, but not the obligation, to buy or sell a specified amount of an

underlying security at a fixed price by exercising the option before its expiration date.

The seller (writer) has an obligation to buy or sell the underlying security if the buyer decides to exercise the option. At expiration, sale, or exercise, realized gains and losses are recognized.

Swap Agreements

A swap is an agreement between two or more parties to exchange a sequence of cash flows over a period of time in the future. No principal is exchanged at the beginning of the swap. The cash flows the counterparties exchange are tied to a notional amount. A swap agreement specifies the time period over which the periodic payments will be exchanged. The fair value represents the gains or losses as of the prior marking-to-market.

Investment Derivatives Summary (Dollars in Thousands)			
Derivative Type	Change in Fair Value	Fair Value	Notional
Futures	\$49,951	\$ 0	\$ 45,381
Forwards	(4,038)	(226)	79,669
Options	(3,127)	(217)	(17)
Swaps – Credit Default	(3,282)	233	11,335
Swaps – Interest Rate	<u>(2,044)</u>	<u>(170)</u>	<u>32,668</u>
Total	<u>\$37,460</u>	<u>\$(380)</u>	<u>\$169,036</u>

Investment Derivative Credit Risk

The credit risk of using derivative instruments may include the risk that counterparties to contracts will not perform and/or the public exchange will not meet its obligation to assume this counterparty risk. SCERA is exposed to credit risk on investment derivatives that are traded over the counter and are reported in asset positions.

Summary of Credit Ratings (Dollars in Thousands)	
Credit Rating	Fair Value
AA	\$ 36
AA-	272
A+	35
A	<u>267</u>
Total subject to credit risk	<u>\$610</u>

DEPOSITS AND INVESTMENTS, *continued*

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. These investments are disclosed in the following table.

Interest Rate Risk Analysis (Dollars in Thousands)	
Derivative Type	Interest Rate Derivatives
Fair Value	\$63
Notional	\$88,938
Reference Rate	Libor - 3 months

SECURITIES LENDING

State statutes do not prohibit SCERA from participating in securities lending transactions and SCERA has, via a Securities Lending Authorization Agreement with State Street Bank and Trust Company (collectively "State Street"), authorized State Street to lend its securities to broker-dealers and banks pursuant to a form of loan agreement.

During 2020, State Street lent, on behalf of SCERA, certain securities held by State Street as custodian and received cash (United States and foreign currency), securities issued or guaranteed by the United States government and irrevocable letters of credit as collateral. State Street did not have the ability to pledge or sell collateral securities absent a borrower default.

Borrowers were required to deliver collateral for each loan equal to (i) in the case of loaned securities denominated in United States dollars or sovereign debt issued by foreign governments, 102% of the fair value of the loaned securities; and (ii) in the case of loaned securities not denominated in United States dollars or whose primary trading market was not located in the United States, 105% of the fair value of the loaned securities.

SCERA did not impose any restrictions during 2020 on the amount of the loans that State Street made on its behalf and State Street had indemnified SCERA by agreeing to purchase replacement securities, or return the cash collateral in the event a borrower failed to return a loaned security or pay distributions thereon.

There were no failures by any borrowers to return loaned securities or pay distributions thereon during 2020. There were no losses during 2020 resulting from a default of the borrowers.

During 2020, SCERA and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders in a collective investment pool. As of December 31, 2020, such investment pool had an average duration of 47 days and an average weighted final maturity of 107 days. Because the loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. On December 31, 2020, SCERA had no credit risk exposure to borrowers.

As of December 31, 2020, the fair value of the securities on loan was \$91.7 million. The fair value of associated collateral was \$93.4 million (\$81.4 million of cash collateral and \$12.0 million of non-cash collateral). Non-cash collateral, which SCERA does not have the ability to sell unless the borrower defaults, is not reported in the Statement of Fiduciary Net Position.

Due to the nature of the securities lending program and State Street's collateralization of loans at 102% (or 105% for non-dollar securities), we believe that there is no credit risk as defined by GASB Statement No. 28 and GASB Statement No. 40.

SUMMARY OF INVESTMENT POLICIES

The County Employees Retirement Law of 1937 (Law) and the California Constitution vest the Board of Retirement with exclusive control over the investment of SCERA's investment portfolio. The Law allows for the Board to invest, or delegate the authority to invest, the investment portfolio through the purchase, holding, or sale of any form or type of investment, financial instrument or financial transaction when prudent in the informed opinion of the Board.

SUMMARY OF INVESTMENT POLICIES, *continued*

Additionally, the Law requires that the Board and its officers and employees shall discharge their duties with respect to SCERA and the investment portfolio as follows:

- Solely in the interest of, and for the exclusive purposes of, providing benefits to participants and their beneficiaries, and defraying reasonable expenses of administering SCERA.
- With the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.
- Shall diversify the investment portfolio to minimize the risk of loss and maximize the rate-of-return, unless under the circumstances it is clearly prudent not to do so.

FAIR VALUE MEASUREMENTS

In 2016, SCERA adopted GASB Statement No. 72, *Fair Value Measurement and Application*. GASB 72 establishes a fair value hierarchy based on three types of input to develop the fair value measurements for investments. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Fixed income and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Fixed income and equity securities classified in Level 2 are valued using prices determined by the use of matrix pricing techniques maintained by the various pricing vendors for those securities. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Investments classified in Level 3 are determined in good faith by the investment managers who utilize independent third party appraisals and operating results.

The categorization of SCERA's investments within the fair value hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk. Details are provided in the table on page 33.

FAIR VALUE MEASUREMENTS, *continued*

INVESTMENT TYPE (Dollars in Thousands)	Fair Value Measurements Using			
	12/31/2020	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Fixed Income Securities				
Corporate Bonds	\$ 120,650	\$ 5,263	\$ 115,387	\$ 0
Bank Loans	84,620	0	80,981	3,639
CMO	70,056	0	70,056	0
FHLMC	15,830	0	15,830	0
FNMA	73,663	0	73,663	0
GNMA	5,304	0	5,304	0
U.S. Government Securities	107,909	0	107,909	0
Municipals	2,776	0	2,776	0
Asset-Backed Securities	23,427	0	23,427	0
Total Fixed Income Securities	504,235	5,263	495,333	3,639
Equity Securities				
Common Stock	1,755,351	1,521,367	233,984	0
Preferred Stock	1,599	1,599	0	0
Total Equity Securities	1,756,950	1,522,966	233,984	0
Asset Allocation	151,334	151,334	0	0
Real Assets	553,860	0	0	553,860
Collateral from Securities Lending	81,408	0	81,408	0
Limited Partnership (Opportunistic)	53,504	0	0	53,504
Total Investments	\$3,101,291	\$1,679,563	\$810,725	\$611,003
Derivatives				
Options	\$(217)	\$(217)	\$ 0	\$0
Swaps	63	0	63	0
Forwards	(226)	(226)	0	0
Total Derivatives	\$(380)	\$(443)	\$63	\$0

NOTE 3 – RECEIVABLES

Receivables for the fiscal year ended June 30, 2021, for the County’s individual major funds, nonmajor and internal service funds in the aggregate are as follows:

<i>Governmental Activities</i>	General	Human Services Special Revenue	Health and Sanitation Special Revenue	Open Space Special Tax Account Special Revenue	Other Funds	Internal Service Funds	Total
	Accounts receivable	\$ 16,519	\$ 106	\$ 1,799	\$ 4,742	\$ 5,498	\$ 565
Due from other governments	30,245	27,388	49,368	-	18,702	235	125,938
Total	<u>\$ 46,764</u>	<u>\$ 27,494</u>	<u>\$ 51,167</u>	<u>\$ 4,742</u>	<u>\$ 24,200</u>	<u>\$ 800</u>	<u>\$ 155,167</u>

<i>Business-Type Activities</i>	Refuse	Airport	SCEIP	Transit	Other Funds	Total
	Accounts receivable	\$ 1,443	\$ 637	\$ 62	\$ 78	\$ 1,379
Loans	-	62	-	-	-	62
Contractual assessments	-	-	747	-	-	747
Interest and other	-	1	-	-	-	1
Due from other governments.	63	4,324	-	905	-	5,292
Long term contractual assessments	-	-	22,020	-	-	22,020
Total	<u>\$ 1,506</u>	<u>\$ 5,024</u>	<u>\$ 22,829</u>	<u>\$ 983</u>	<u>\$ 1,379</u>	<u>\$ 31,721</u>

Governmental receivables of \$19,110 are not expected to be collected within the next fiscal year. See Note 16 for information on unavailable revenues.

NOTE 4 – INTERFUND TRANSACTIONS

(a) Interfund Receivables/Payables

Interfund receivables and payables result from a time lag between the dates that 1) transactions are recorded in the accounting system or 2) payments are made between funds. Interfund balances as of June 30, 2021 are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Human Services Special Revenue Fund	\$ 485
	Health and Sanitation Special Revenue Fund	4,443
	Energy Independence Program	200
	Internal service funds	1,692
	Other governmental funds	133
	Other enterprise funds	13
		<u>6,966</u>
Human Services Special Revenue Fund	Other governmental funds	997
Internal service funds	Other governmental funds	600
Total		<u>\$ 8,563</u>

<i>Advances to/from other funds:</i>		Amount
Receivable Fund	Payable Fund	
General Fund	Other enterprise funds	\$ 69
	Internal service funds (1)	5,286
		<u>\$ 5,355</u>

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

NOTE 4 – INTERFUND TRANSACTIONS (Continued)

(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, 2021:

(1) Between Governmental and Business-Type Activities:

<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	\$ 995	Operations
	Airport Enterprise Fund	2	Operations
	Energy Independence Program	16	Operations
	Other enterprise funds	<u>372</u>	Operations
		<u>1,385</u>	
<u>Business-Type Activities</u>			
Refuse Enterprise Fund	<u>Governmental Activities:</u>		
Airport Enterprise Fund	General Fund	(5)	Operations
Energy Independence Program	General Fund	(9)	Operations
Other enterprise funds	General Fund	(5)	Operations
	General Fund	<u>(1)</u>	Operations
		<u>(20)</u>	
Total		<u>\$ 1,365</u>	

(2) Between Funds within the Governmental Activities:

<u>Transfer from</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Funding</u>
General Fund	Human Services Special Revenue Fund	\$ 25,340	Operations
	Health and Sanitation Special Revenue Fund	25,106	Operations
	Internal service funds	2	Operations and capital projects
	Other governmental funds	<u>31,437</u>	Operations and capital projects
		<u>81,885</u>	
Health and Sanitation Special Revenue Fund	General Fund	341	Operations
Human Services Special Revenue Fund	Health and Sanitation Special Revenue Fund	3,000	Operations
Open Space Special Tax Account Special Revenue Fund	Other governmental funds	21,133	Operations and debt service
Other governmental funds	General Fund	14,436	Operations
	Health and Sanitation Special Revenue Fund	71	Operations
	Other governmental funds	<u>23,503</u>	Operations and capital projects
		<u>38,010</u>	
Internal service funds	General Fund	223	Operations
Total		<u>\$ 144,592</u>	

NOTE 5 – CAPITAL ASSETS

Capital asset activities for the fiscal year ended June 30, 2021 are as follows:

	Balance <u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	Balance <u>June 30, 2021</u>
<u>Governmental Activities:</u>					
Capital assets, non-depreciable:					
Land	\$ 369,685	\$ -	\$ -	\$ (4,484)	\$ 365,201
Intangible assets	392,030	5,326	-	5,193	402,549
Work in progress	7,419	5,842	(41)	(6,346)	6,874
Construction in progress	<u>88,010</u>	<u>66,084</u>	<u>(75)</u>	<u>(32,499)</u>	<u>121,520</u>
Total capital assets, non-depreciable	<u>857,144</u>	<u>77,252</u>	<u>(116)</u>	<u>(38,136)</u>	<u>896,144</u>
Capital assets, depreciable					
Intangible assets	42,920	-	-	2,981	45,901
Infrastructure	577,044	-	(6,680)	28,505	598,869
Buildings and improvements	449,873	-	-	3,563	453,436
Land improvements	9,342	-	-	-	9,342
Machinery and equipment	<u>98,236</u>	<u>10,726</u>	<u>(1,672)</u>	<u>3,087</u>	<u>110,377</u>
Total capital assets, depreciable	<u>1,177,415</u>	<u>10,726</u>	<u>(8,352)</u>	<u>38,136</u>	<u>1,217,925</u>
Less accumulated depreciation for:					
Intangible assets	(28,698)	(2,908)	-	-	(31,606)
Infrastructure	(418,268)	(10,244)	6,637	-	(421,875)
Buildings and improvements	(175,394)	(9,929)	-	-	(185,323)
Land improvements	(638)	(619)	-	-	(1,257)
Machinery and equipment	<u>(71,098)</u>	<u>(7,846)</u>	<u>1,604</u>	<u>-</u>	<u>(77,340)</u>
Total accumulated depreciation	<u>(694,096)</u>	<u>(31,546)</u>	<u>8,241</u>	<u>-</u>	<u>(717,401)</u>
Total capital assets, depreciable, net	<u>483,319</u>	<u>(20,820)</u>	<u>(111)</u>	<u>38,136</u>	<u>500,524</u>
Total capital assets, net	<u>\$ 1,340,463</u>	<u>\$ 56,432</u>	<u>\$ (227)</u>	<u>\$ -</u>	<u>\$ 1,396,668</u>
<u>Business-type activities:</u>					
Capital assets, non-depreciable					
Land	\$ 27,050	\$ 674	\$ -	\$ -	\$ 27,724
Construction in progress	<u>7,768</u>	<u>9,799</u>	<u>-</u>	<u>(10,094)</u>	<u>7,473</u>
Total capital assets, non-depreciable	<u>34,818</u>	<u>10,473</u>	<u>-</u>	<u>(10,094)</u>	<u>35,197</u>
Capital assets, depreciable					
Intangible assets	12,207	-	-	-	12,207
Infrastructure	13,048	-	-	-	13,048
Land improvements	225	-	-	-	225
Buildings and improvements	250,532	594	-	8,961	260,087
Machinery and equipment	<u>39,358</u>	<u>117</u>	<u>(29)</u>	<u>1,133</u>	<u>40,579</u>
Total capital assets, depreciable	<u>315,370</u>	<u>711</u>	<u>(29)</u>	<u>10,094</u>	<u>326,146</u>
Less accumulated depreciation for:					
Intangible assets	(8,318)	(501)	-	-	(8,819)
Infrastructure	(1,030)	(522)	-	-	(1,552)
Land improvements	(37)	(15)	-	-	(52)
Buildings and improvements	(151,264)	(5,762)	-	-	(157,026)
Machinery and equipment	<u>(24,305)</u>	<u>(2,811)</u>	<u>29</u>	<u>-</u>	<u>(27,087)</u>
Total accumulated depreciation	<u>(184,954)</u>	<u>(9,611)</u>	<u>29</u>	<u>-</u>	<u>(194,536)</u>
Total capital assets, depreciable, net	<u>130,416</u>	<u>(8,900)</u>	<u>-</u>	<u>10,094</u>	<u>131,610</u>
Total capital assets, net	<u>\$ 165,234</u>	<u>\$ 1,573</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 166,807</u>

NOTE 5 – CAPITAL ASSETS (Continued)

<u>Discrete Component Units</u>	<u>Balance</u>					<u>Balance</u>	
<u>Sonoma Water</u>	<u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>			<u>June 30, 2021</u>
Capital assets, non-depreciable:							
Intangible assets	\$ 108,815	\$ -	\$ -	\$ -	\$ -		\$ 108,815
Land	12,621	-	-	-	-		12,621
Intangible work in progress	2,612	793	(401)	(1,379)	-		1,625
Construction in progress	17,335	10,971	(26)	(6,821)	-		21,459
Total capital assets, non-depreciable	<u>141,383</u>	<u>11,764</u>	<u>(427)</u>	<u>(8,200)</u>	<u>-</u>		<u>144,520</u>
Capital assets, depreciable:							
Intangible assets	3,660	-	-	1,379	-		5,039
Infrastructure	325,378	-	(203)	6,821	-		331,996
Land improvements	4,362	-	-	-	-		4,362
Buildings and improvements	56,422	-	-	-	-		56,422
Machinery and equipment	16,062	1,518	(1,055)	-	-		16,525
Total capital assets, depreciable	<u>405,884</u>	<u>1,518</u>	<u>(1,258)</u>	<u>8,200</u>	<u>-</u>		<u>414,344</u>
Less accumulated depreciation for:							
Intangible assets	(2,084)	(211)	-	-	-		(2,295)
Infrastructure	(178,780)	(8,832)	-	-	-		(187,612)
Land and improvements	(2,605)	(199)	-	-	-		(2,804)
Buildings and improvements	(18,777)	(1,638)	-	-	-		(20,415)
Machinery and equipment	(9,601)	(1,257)	1,035	-	-		(9,823)
Total accumulated depreciation	<u>(211,847)</u>	<u>(12,137)</u>	<u>1,035</u>	<u>-</u>	<u>-</u>		<u>(222,949)</u>
Total capital assets, depreciable, net	<u>194,037</u>	<u>(10,619)</u>	<u>(223)</u>	<u>8,200</u>	<u>-</u>		<u>191,395</u>
Total capital assets, net	<u>\$ 335,420</u>	<u>\$ 1,145</u>	<u>\$ (650)</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ 335,915</u>

NOTE 5 – CAPITAL ASSETS (Continued)

Depreciation/Amortization Expense

Depreciation/amortization expense charged for the fiscal year ended June 30, 2021 are as follows:

Governmental Activities:

General government	\$ 6,569
Public protection	8,378
Public ways and facilities	10,386
Health and sanitation	691
Public assistance	833
Education	52
Recreation and cultural services	2,359
Depreciation on Heavy Equipment Replacement ISF capital assets	730
Depreciation on Enterprise Resource Planning (ERP) ISF capital assets	1,548
Total depreciation/amortization expense	<u>\$ 31,546</u>

Business-Type Activities:

Refuse	\$ 1,241
Airport	3,333
Energy Independence Program	29
Transit	3,870
Fair	832
Marinas	101
Other Districts	205
Total depreciation/amortization expense	<u>\$ 9,611</u>

NOTE 6 – DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources for the fiscal year ended June 30, 2021, for the County’s individual major funds, non-major and internal service funds in the aggregate are as follows:

	<u>Internal Service</u>				
	<u>Funds</u>	<u>Other Funds</u>	<u>Total</u>		
<u>Governmental Activities</u>					
Deferred charge on refunding (1)	\$ -	\$ 2,094	\$ 2,094		
Deferred amounts related to pension	80,311	499	80,810		
Deferred amounts related to OPEB	30,065	406	30,471		
Total	<u>\$ 110,376</u>	<u>\$ 2,999</u>	<u>\$ 113,375</u>		
<u>Business-Type Activities</u>					
Deferred amounts related to pension	\$ 229	\$ 262	\$ 72	\$ 623	\$ 1,186
Deferred amounts related to OPEB	204	163	71	397	835
Total	<u>\$ 433</u>	<u>\$ 425</u>	<u>\$ 143</u>	<u>\$ 1,020</u>	<u>\$ 2,021</u>

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

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

NOTE 7 – PAYABLES

Accounts payable and accrued liabilities for the fiscal year ended June 30, 2021, 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>Other Funds</u>	<u>Internal Service Funds</u>	<u>Total</u>
<u>Governmental Activities</u>						
Total accounts payable	\$ 42,956	\$ 1,647	\$ 9,467	\$ 10,243	\$ 3,920	\$ 68,233
	<u>Refuse</u>	<u>Airport</u>	<u>SCEIP</u>	<u>Transit</u>	<u>Other Funds</u>	<u>Total</u>
<u>Business-Type Activities</u>						
Total accounts payable	\$ 490	\$ 2,213	\$ 144	\$ 1,135	\$ 937	\$ 4,919

NOTE 8 – ADVANCES FROM GRANTORS AND THIRD PARTIES

Under both the modified accrual and accrual basis of accounting, revenue may be recognized only when earned. Therefore, governmental and enterprise funds report advances from grantors and third parties in connection with resources that have been received, but not yet earned, as a liability. At June 30, 2021, 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	\$ 54,854	\$ 7,094	\$ 7,688	\$ 160	\$ 69,796
	<u>Transit</u>	<u>Total</u>			
<u>Business-Type Activities</u>					
Total advances from grantors and third parties	\$ 1,268	\$ 1,268			

NOTE 9 – OPERATING LEASES

The County has non-cancelable operating leases that are primarily for office space and equipment. Future minimum lease payments under these operating leases at June 30, 2021, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Future Minimum Lease Payments</u>
2022	\$ 10,876
2023	9,621
2024	8,167
2025	7,044
2026	6,537
Thereafter	15,140
Total	<u>\$ 57,385</u>

Total rental expense for operating leases for the fiscal year ended June 30, 2021 was \$11,128.

NOTE 10 – LONG-TERM LIABILITIES

(a) Changes in Long-Term Liabilities

The following is a summary of long-term liabilities activity for the fiscal year ended June 30, 2021:

<u>Governmental Activities</u>	Balance			Balance	Due Within
	June 30, 2020	Additions	Retirements	June 30, 2021	One Year
Compensated absences	\$ 35,360	\$ 41,052	\$ (35,649)	\$ 40,763	\$ 25,134
Self-insurance (1)	52,870	24,331	(20,411)	56,790	13,313
Certificates of participation - direct borrowing	13,170	-	(1,918)	11,252	2,063
Bonds payable	26,405	66,636	(9,580)	83,461	9,220
Pension obligation bonds - direct placement (1)	321,415	-	(34,725)	286,690	38,810
CDC Note	-	840	-	840	840
Loans payable - direct borrowing	66,485	-	(66,485)	-	-
Capital lease obligations	3,937	-	(557)	3,380	473
Contracts payable	4,634	-	(662)	3,972	662
Net pension liability (1)	183,040	-	(30,096)	152,944	-
Net OPEB liability (1)	213,111	-	(28,599)	184,512	-
Subtotal long-term liabilities	<u>920,427</u>	<u>132,859</u>	<u>(228,682)</u>	<u>824,604</u>	<u>90,515</u>
Unamortized issuance premiums	<u>3,130</u>	<u>7,746</u>	<u>(1,050)</u>	<u>9,826</u>	<u>-</u>
Total long-term liabilities	<u>\$ 923,557</u>	<u>\$ 140,605</u>	<u>\$ (229,732)</u>	<u>\$ 834,430</u>	<u>\$ 90,515</u>

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

<u>Business-type Activities</u>	Balance			Balance	Due Within
	June 30, 2020	Additions	Retirements	June 30, 2021	One Year
Compensated absences	\$ 627	\$ 110	\$ (121)	\$ 616	\$ 452
Landfill closure and postclosure Advances from other governments - direct borrowing	9,184	-	(558)	8,626	-
Energy bonds payable - direct placement	1,985	-	(353)	1,632	365
Notes payable	25,128	4,296	(6,068)	23,356	1,335
Loans payable - direct borrowing	256	940	(200)	996	996
Net pension liability	16,601	-	(451)	16,150	467
Net OPEB liability	4,319	-	(1,647)	2,672	-
Total long-term liabilities	<u>3,608</u>	<u>75</u>	<u>(353)</u>	<u>3,330</u>	<u>-</u>
Total long-term liabilities	<u>\$ 61,708</u>	<u>\$ 5,421</u>	<u>\$ (9,751)</u>	<u>\$ 57,378</u>	<u>\$ 3,615</u>

NOTE 10 – LONG-TERM LIABILITIES (Continued)

<u>Discrete Component Units</u>	<u>Balance</u>			<u>Balance</u>	<u>Due Within</u>
	<u>June 30, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2021</u>	<u>One Year</u>
<u>Sonoma Water</u>					
Compensated absences	\$ 2,882	\$ 2,600	\$ (2,087)	\$ 3,395	\$ 1,853
Pollution remediation	152	-	(2)	150	-
Advances from other governments - direct borrowing	7,412	-	(839)	6,573	428
Revenue and general obligation bonds - direct placement	2,665	-	(359)	2,306	361
Revenue bonds	40,885	-	(1,645)	39,240	1,725
Capital lease obligations	1,834	-	(586)	1,248	484
Contracts payable	73,830	-	(3,905)	69,925	4,030
Net pension liability	14,113	2,710	(4,683)	12,140	-
Net OPEB liability	17,691	(943)	(1,985)	14,763	-
Subtotal long-term liabilities	<u>161,464</u>	<u>4,367</u>	<u>(16,091)</u>	<u>149,740</u>	<u>8,881</u>
Unamortized issuance premiums	<u>2,629</u>	<u>-</u>	<u>(155)</u>	<u>2,474</u>	<u>-</u>
Total long-term liabilities	<u>\$ 164,093</u>	<u>\$ 4,367</u>	<u>\$ (16,246)</u>	<u>\$ 152,214</u>	<u>\$ 8,881</u>

(b) Long-term obligations outstanding

Individual issues of certificates of participation, bonds, loans, and capital leases outstanding at June 30, 2021 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, 2021</u>
Certificates of Participation from direct borrowing:					
2010 Administration Building COP	2024	2.89-3.8%	\$ 71-138	\$ 1,475	\$ 342
2017 General Services Energy	2026	2.45%	660-1,080	17,225	10,910
					<u>11,252</u>
Bonds Payable:					
2015 Series A Agricultural Preservation and Open Space (Measure F)	2024	2.00-5.00%	0-7,010	43,335	20,065
Tobacco Settlement - Bonds Series 2020	2049	1.38-5.00%	1,275-3,133	66,636	63,396
					<u>83,461</u>
Pension Obligation Bonds from direct placement:					
2003 Series A	2022	1.55-5.07%	7,685-25,970	210,200	33,655
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	289,335	232,035
					<u>286,690</u>
Notes Payable					
CDC Note	2022	2.3-2.5%	840	840	840
Capital lease obligations					
Multiple leases	2029	3.62-6.77%	26-245	7,009	3,380
Total long-term obligations					<u>\$ 385,623</u>

NOTE 10 – LONG-TERM LIABILITIES (Continued)

<u>Business-type Activities</u>	<u>Maturity</u>	<u>Interest Rates/ Ranges</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding Balance June 30, 2021</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	\$ 697
Various state and local agencies for the County's other enterprise funds	2053	2.75-3.41%	4-213	4,172	935
					<u>1,632</u>
Bonds Payable from direct placement:					
Energy Independence Program	2037	3.00%	93-2,926	99,584	23,356
Notes Payable:					
Sonoma County Fair	2021	3.00%	100	500	996
Loans Payable from direct borrowing:					
Russian River Utility Co., Inc.	2023	0.00%	2-8	42	10
Pacific Gas & Electric Loan	2025	0.00%	0-2	20	7
iBank	2048	3.52-3.61%	103-716	17,000	16,133
					<u>16,150</u>
Total long-term obligations					<u>\$ 42,134</u>
<u>Discrete Component Units</u>	<u>Maturity</u>	<u>Interest Rates/ Ranges</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding Balance June 30, 2021</u>
<u>Sonoma Water</u>					
Advances from other governments from direct borrowing:					
California Department of Water Resources	2028	2.79%	\$ 653-1,019	\$ 15,857	\$ 6,573
Revenue and General Obligation Bonds from direct placement:					
2017 Water and Wastewater Revenue Bonds	2027	2.33%	333-409	3,690	2,306
Revenue Bonds:					
2019A Water Revenue Bonds	2039	3.0-5.0%	340-770	11,010	10,670
2015A & AT Water Revenue Bonds	2040	2.30-5.2%	0-1,335	23,865	20,290
2012A Water Revenue Refunding Bonds	2032	.30-5.00%	0-815	12,265	8,280
					<u>39,240</u>
Contracts payable	2034	3.23%	2,934-6,286	102,371	69,925
Capital Lease Obligations	2020-2023	4.08-4.30%	260-505	8,585	1,248
Total long-term obligations					<u>\$ 119,292</u>

(c) 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.

NOTE 10 – LONG-TERM LIABILITIES (Continued)

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 \$43,335 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, 2021, principal and interest paid were \$7,502. An event of default would require the immediate liquidation of the repurchased securities if any, and the County would be required to transfer to the Trustee all revenues held with the County.

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.

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.

On September 30, 2020, the Sonoma County Securitization Corporation issued new debt of \$66,636 to refund and defease the remaining balance of the Tobacco Settlement Asset-Backed Refunding Bonds (Sonoma County Securitization Corporation) Series 2005 on October 30, 2020 for \$66,485.

The Sonoma County Securitization Corporation has pledged all revenues received from the tobacco Master Settlement Agreement (MSA) to repay the outstanding principal of \$63,396 for the Tobacco Settlement Bonds, Series 2020. Total principal and interest remaining on the bonds is \$105,071 through 2049. During the fiscal year ended June 30, 2021, principal and interest paid on the Series 2020 Tobacco Settlement Bonds totaled was \$4,665. Based on the above information, the County presents the debt service to maturity assuming no further turbo payments.

NOTE 10 – LONG-TERM LIABILITIES (Continued)

The original cash flows required to service the refunded debt and to complete the refunding are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Original cash flows - 2005 bonds (defeased debt)	\$ 66,485	\$ 66,872	\$ 133,357
New debt used for refunding - 2020 bonds	<u>66,636</u>	<u>43,105</u>	<u>109,741</u>
Difference in cash flows	<u>\$ (151)</u>	<u>\$ 23,767</u>	<u>\$ 23,616</u>

The refunding resulted in an economic loss (difference between the present values of the debt service payments on the old and new debt) of \$286.

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.

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

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

Loans and Advances – Advances from other governments represent direct borrowings: (a) loans from the California Department of Boating and Waterways and the California Coastal Conservancy and (b) loans from various state and local agencies for which debt service payments are funded by the operations of the related fund or activity. Real and personal property and net revenues are irrevocably pledged as security for these 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.

(d) 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, 2021, does not expect to incur a liability.

NOTE 10 – LONG-TERM LIABILITIES (Continued)

(e) Debt service requirements

Schedule of debt payment requirements for long-term obligations outstanding to maturity at June 30, 2021 follows:

<u>Governmental Activities</u>	Certificates of Participation from direct borrowing		Bonds Payable		Pension Obligation Bonds from direct placement	
	Principal	Interest	Principal	Interest	Principal	Interest
Year ending June 30:						
2022	\$ 2,063	\$ 271	\$ 9,220	\$ 2,909	\$ 38,810	\$ 15,660
2023	2,143	217	9,425	2,494	42,935	13,457
2024	2,126	162	8,905	2,049	21,065	11,665
2025	2,105	109	2,625	1,763	23,935	10,315
2026	2,155	56	2,955	1,632	27,045	8,785
2027-2031	660	8	13,886	8,852	132,900	16,063
2032-2036	-	-	12,065	8,715	-	-
2037-2041	-	-	11,890	8,278	-	-
2042-2046	-	-	9,350	6,166	-	-
2047-2049	-	-	3,140	308	-	-
Subtotals	11,252	823	83,461	43,166	286,690	75,945
Issuance premiums	-	-	9,826	-	-	-
Total	\$ 11,252	\$ 823	\$ 93,288	\$ 43,166	\$ 286,690	\$ 75,945

Year ending June 30:	Notes Payable		Capital Lease Obligations	
	Principal	Interest	Principal	Interest
2022	840	13	473	123
2023	-	-	491	106
2024	-	-	510	88
2025	-	-	531	69
2026	-	-	519	50
2027-2029	-	-	856	49
Total	\$ 840	\$ 13	\$ 3,380	\$ 485

<u>Business-type Activities</u>	Loans Payable from direct borrowings		Advances From Other Governments from direct borrowing		Energy Bonds Payable		Notes Payable
	Principal	Interest	Principal	Interest	Principal	Interest	Principal
Year ending June 30:							
2022	\$ 467	\$ 564	\$ 365	\$ 57	\$ 1,335	\$ 615	\$ 996
2023	477	548	381	41	1,467	613	-
2024	492	531	26	24	1,558	570	-
2025	507	513	26	23	1,647	524	-
2026	525	537	26	23	1,746	476	-
2027-2031	2,917	2,365	130	103	9,569	1,555	-
2032-2036	3,472	1,753	121	87	3,800	537	-
2037-2041	4,132	1,026	138	69	2,120	138	-
2042-2046	2,614	286	158	49	114	1	-
2047-2051	547	22	181	26	-	-	-
2052-2056	-	-	81	3	-	-	-
Total	\$ 16,150	\$ 8,145	\$ 1,632	\$ 505	\$ 23,356	\$ 5,029	\$ 996

NOTE 10 – LONG-TERM LIABILITIES (Continued)

<u>Discrete Component Units</u>		Revenue and General Obligation					
<u>Sonoma Water</u>		Long-term Contracts		Bonds from direct placement		Revenue Bonds	
Year ending June 30:	Principal	Interest	Principal	Interest	Principal	Interest	
2022	\$ 4,030	\$ 2,255	\$ 361	\$ 50	\$ 1,725	\$ 1,382	
2023	4,160	2,125	372	41	1,795	1,299	
2024	4,295	1,991	377	32	1,885	1,217	
2025	4,433	1,852	391	23	1,965	1,129	
2026	4,576	1,709	395	14	2,055	1,032	
2027-2031	25,192	6,236	410	5	11,440	3,998	
2032-2036	23,239	1,903	-	-	10,905	2,027	
2037-2041	-	-	-	-	7,470	537	
Subtotals	69,925	18,071	2,306	165	39,240	12,621	
Issuance premiums	-	-	2,474	-	-	-	
Total	<u>\$ 69,925</u>	<u>\$ 18,071</u>	<u>\$ 4,780</u>	<u>\$ 165</u>	<u>\$ 39,240</u>	<u>\$ 12,621</u>	
Advances from other Governments from direct borrowing							
Year ending June 30:	Capital Lease Obligations		Principal		Interest		
	Principal	Interest	Principal	Interest			
2022	\$ 484	\$ 49	\$ 428	\$ 92			
2023	504	27	875	166			
2024	260	6	899	141			
2025	-	-	925	116			
2026	-	-	951	90			
2027-2029	-	-	2,495	106			
Total	<u>\$ 1,248</u>	<u>\$ 82</u>	<u>\$ 6,573</u>	<u>\$ 711</u>			

NOTE 11 – EMPLOYEES’ RETIREMENT PLANS

(a) Plan Description

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

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

Plan members include employees in a permanent position of at least half time for employees of the County of Sonoma, Sonoma County Transportation Authority, Sonoma Valley 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, 2020, the date of the most recent actuarial valuation, Plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	5,347
Current active members	4,090
Inactive vested members	<u>1,445</u>
Total	<u><u>10,882</u></u>

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

(b) Benefits Provided

Benefit Tiers

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

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

Vesting

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

NOTE 11 – EMPLOYEES’ RETIREMENT PLANS (Continued)

Benefit Payments

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

Cost of Living Adjustments

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

Death Benefit – Prior to Retirement

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

Death Benefit – After Retirement

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

Disability Benefit

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

Return of Contributions

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

NOTE 11 – EMPLOYEES’ RETIREMENT PLANS (Continued)

(c) Actuarial Methods and Assumptions

The table below summarizes the actuarial methods and assumptions of Plan A and Plan B for the actuarial valuation and measurement date of December 31, 2020:

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, 2020 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 7 years remaining as of December 31, 2020.

(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, 2021 were based on the Plan’s valuations dated December 31, 2017 and December 31, 2018. 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, 2021, the County contributed \$71,669 or approximately 21.72% of covered payroll.

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

At June 30, 2021, the County reported a liability of \$155,616 for its proportionate share of the net pension liability and discrete component units reported their proportionate share of \$13,782. The net pension liability was measured as of December 31, 2020 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, 2020, the County’s proportion was 81.59%, a 1.15% decrease compared to December 31, 2019, and the discrete component unit’s proportion was 7.23%, an increase of 0.07%, compared to December 31, 2019.

NOTE 11 – EMPLOYEES’ RETIREMENT PLANS (Continued)

For the year ended June 30, 2021, the County recognized a pension expense of \$10,854 and the discrete component units recognized a pension expense of \$1,071. At June 30, 2021, 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	\$ 12,637	\$ (14,345)
Changes in assumptions	6,291	-
Net difference between projected and actual earnings on plan investments	-	(70,137)
Changes in proportion and differences between County contributions and proportionate share of contributions	4,455	(4,146)
Contributions subsequent to the measurement date	31,628	-
County prepayment of future year contributions	25,799	-
Total	<u>\$ 80,810</u>	<u>\$ (88,628)</u>
<u>Business-Type Activities</u>		
Differences between expected and actual experience	\$ 128	\$ (293)
Changes in assumptions	143	-
Net difference between projected and actual earnings on plan investments	-	(978)
Changes in proportion and differences between County contributions and proportionate share of contributions	289	(144)
Contributions subsequent to the measurement date	626	-
Total	<u>\$ 1,186</u>	<u>\$ (1,415)</u>
<u>Discrete Component Units</u>		
Differences between expected and actual experience	\$ 841	\$ (1,317)
Changes in assumptions	560	-
Net difference between projected and actual earnings on plan investments	-	(4,895)
Changes in proportion and differences between employer contributions and proportionate share of contributions	742	(443)
Contributions subsequent to the measurement date	2,590	-
Total	<u>\$ 4,733</u>	<u>\$ (6,655)</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, 2022 totaling \$32,254 for the County and \$2,590 for discrete component units. The County has prepayments of future year contributions on deposit with SCERA of \$25,799 at June 30, 2021. 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)
2022	\$ (23,625)	\$ (296)	\$ (1,500)
2023	2,156	1	315
2024	(39,830)	(313)	(3,085)
2025	(3,947)	(248)	(241)
Total	<u>\$ (65,246)</u>	<u>\$ (856)</u>	<u>\$ (4,511)</u>

(1) Brackets indicate negative expense

NOTE 11 – EMPLOYEES’ RETIREMENT PLANS (Continued)

(f) Discount Rate

The discount rates used to measure the total pension liability were 7.00% as of December 31, 2020 and December 31, 2019, 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, 2020 and 2019.

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, 2020 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	<u>100.00 %</u>	

(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	\$ 454,829	\$ 152,944	\$ (98,001)
Business-Type Activities	7,507	2,672	(1,347)
Discrete Component Units	40,987	13,782	(8,831)
Total	<u>\$ 503,323</u>	<u>\$ 169,398</u>	<u>\$ (108,179)</u>

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

(a) Plan Description

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

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

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, 2021. The County elected to use a measurement date of June 30, 2020 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, 2021
Valuation Date	June 30, 2020
Measurement Date	June 30, 2020

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

Retirees, beneficiaries, and dependents currently receiving benefits	4,247
Retirees eligible but not yet receiving benefits	123
Active members eligible for OPEB	<u>3,860</u>
Total	<u>8,230</u>

(d) Contributions

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

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

(e) Net OPEB Liability – Employer GASB 75

At June 30, 2021 the County’s governmental activities, business activities and discrete component units reported net OPEB liabilities of \$184,512, \$3,330 and \$16,993 respectively. The net OPEB liability decreased 13.5%.

(f) Actuarial Methods and Assumptions

The Net OPEB Liability (NOL) was measured as of June 30, 2020 and 2019 and determined based on the total OPEB liability from actuarial valuations as of June 30, 2020 and 2019, respectively, using the following actuarial assumptions, applied to all periods included in the measurement. The excise tax on certain high-cost health care plans was removed due to its repeal effective as of December 20, 2019.

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

(g) Investments

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

The following is the Board’s adopted asset allocation policy as of the June 30, 2020:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. Equity	30.00%	6.73%
Mid Cap U.S. Equity	4.00%	6.73%
Small Cap U.S. Equity	8.00%	6.73%
International Equity	8.00%	8.36%
Global Equity	6.00%	8.36%
U.S. Core Fixed Income	31.00%	1.48%
Alternatives	8.00%	7.19%
Cash	1.00%	0.98%
Real Estate	4.00%	4.83%
Total	<u>100.00%</u>	

(h) Discount Rate

The discount rate used to measure the total OPEB liability (TOL) was 6.50% as of June 30, 2020 and June 30, 2019. 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.

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

(i) Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net	Net OPEB Liability
Balances at June 30, 2020	\$ 302,201	\$ 65,386	\$ 236,815
Changes for the year:			
Service Cost	5,132	-	5,132
Interest	19,311	-	19,311
Differences between expected and actual experience	(16,487)	-	(16,487)
Changes of assumptions	(8,592)	-	(8,592)
Contributions – employer	-	27,509	(27,509)
Net investment income	-	4,048	(4,048)
Benefit payments	(22,011)	(22,011)	-
Administrative expense	-	(213)	213
Net changes	<u>(22,647)</u>	<u>9,333</u>	<u>(31,980)</u>
Balances at June 30, 2021	<u>279,554</u>	<u>74,719</u>	<u>204,835</u>

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

(j) Sensitivity of the Net OPEB Liability

Sensitivity of the Net OPEB Liability to Changes in Discount Rate

The following presents the net OPEB liability as of June 30, 2021 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	\$ 206,333	\$ 184,512	\$ 165,955
Business-Type Activities	3,536	3,330	2,862
Discrete Component Units	18,984	16,993	15,269
Total	<u>\$ 228,853</u>	<u>\$ 204,835</u>	<u>\$ 184,086</u>

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

The following presents net OPEB liability as of June 30, 2021, calculated using the trend rates of +1% higher, as well as what the County’s net OPEB liability would be if it were calculated using trend rate that are 1% lower than the current rates:

	1% Decrease (Trend -1%)	Current Trend Rates (1)	1% Increase (Trend +1%)
Governmental Activities	\$ 180,143	\$ 184,512	\$ 189,516
Business-Type Activities	3,096	3,330	3,260
Discrete Component Units	16,574	16,993	17,437
Total	<u>\$ 199,813</u>	<u>\$ 204,835</u>	<u>\$ 210,213</u>

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

(k) Deferred Outflows and Deferred Inflows of Resources

For the year ended June 30, 2021 the County recognized OPEB expense/(credit) of (\$8,162). The discrete component units recognized OPEB expense/(credit) of (\$321). At June 30, 2021, the County and its component units reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows of Resources</u>
<u>Governmental Activities</u>		
Differences between expected and actual experience	\$ 945	\$ (656)
Changes in assumptions	-	(8,414)
Net difference between projected and actual earnings on plan investments	772	-
Changes in proportion and differences between County contributions and proportionate share of contributions	-	(12,547)
Contributions subsequent to the measurement date	<u>28,754</u>	<u>-</u>
Total	<u>\$ 30,471</u>	<u>\$ (21,617)</u>
<u>Business-Type Activities</u>		
Differences between expected and actual experience	\$ 257	\$ (165)
Changes in assumptions	-	(238)
Net difference between projected and actual earnings on plan investments	8	(8)
Changes in proportion and differences between County contributions and proportionate share of contributions	5	(129)
Contributions subsequent to the measurement date	<u>565</u>	<u>-</u>
Total	<u>\$ 835</u>	<u>\$ (540)</u>
<u>Discrete Component Units</u>		
Differences between expected and actual experience	\$ 379	\$ (531)
Changes in assumptions	-	(775)
Net difference between projected and actual earnings on plan investments	71	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	(1,155)
Contributions subsequent to the measurement date	<u>2,648</u>	<u>-</u>
Total	<u>\$ 3,098</u>	<u>\$ (2,461)</u>

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, 2022 and totaled \$29,319 for the County and \$2,648 for the discrete component units. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities (1)</u>	<u>Business-Type Activities (1)</u>	<u>Component Units (1)</u>
2022	\$ (5,848)	\$ (128)	\$ (389)
2023	(4,209)	(34)	(485)
2024	(4,150)	(45)	(479)
2025	(4,059)	(45)	(471)
2026	<u>(1,634)</u>	<u>(18)</u>	<u>(187)</u>
Total	<u>\$ (19,900)</u>	<u>\$ (270)</u>	<u>\$ (2,011)</u>

(1) brackets indicate negative expense

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

(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, 2021
Valuation Date	June 30, 2021
Measurement Date	June 30, 2021

As of June 30, 2021 measurement date plan membership consisted of the following:

Retirees, beneficiaries, and dependents currently receiving benefits	4,253
Retirees eligible but not yet receiving benefits	122
Active members eligible for OPEB	<u>3,869</u>
Total	<u>8,244</u>

(m) Net OPEB Liability

Components of the net OPEB liability as of June 30, 2021:

Total OPEB liability	\$	266,008
Plan fiduciary net position		<u>101,553</u>
Net OPEB liability	\$	<u>164,455</u>
Plan fiduciary net position as a percentage of the total OPEB liability		38.18%

(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, 2021 with a measurement date of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement.

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)

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

(o) Investments

The following is the County’s adopted asset allocation policy for OPEB as of June 2020, presented with the long-term expected real rate of return as of the June 30, 2021 measurement date:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. Equity	30.00%	6.55%
Mid Cap U.S. Equity	4.00%	6.55%
Small Cap U.S. Equity	8.00%	6.55%
International Equity	8.00%	8.25%
Global Equity	6.00%	8.25%
U.S. Core Fixed Income	31.00%	0.40%
Alternatives	8.00%	3.03%
Cash	1.00%	0.29%
Real Estate	4.00%	3.65%
Total	100.00%	

For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense was 26.86%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the amounts actually invested.

(p) Discount Rate

The discount rate used to measure the total OPEB liability was 6.50% as of June 30, 2021 and June 30, 2020. The projection of cash flows used to determine the discount rate assumes employer contributions at 8.8% of future open group payroll. This rate is established annually through approval of the County’s Budget. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are included. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members.

(q) Sensitivity of the Net OPEB Liability

Sensitivity of the Net OPEB Liability to Changes in Discount Rate

The following presents the net OPEB liability as of June 30, 2021 calculated using the discount rate of 6.50%, as well as what the County’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

<u>1% Decrease (5.50%)</u>	<u>Current Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
\$ 187,195	\$ 164,455	\$ 144,791

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

The following present the net OPEB liability as of June 30, 2021, calculated using health care cost trend rates of +1% higher, as well as calculated using health care cost trend rates that are 1% lower than the current rates:

<u>1% Decrease (Trend -1%)</u>	<u>Current Trend Rates (1)</u>	<u>1% Increase (Trend +1%)</u>
\$ 159,400	\$ 164,455	\$ 169,872

NOTE 13 – RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and medical malpractice. The County has established an internal service fund to account for and finance risks for workers’ compensation, general liability, health insurance and medical malpractice. The County is self-insured for unemployment claims and reimburses the State for all amounts paid. For general liability and workers’ compensation claims, excess coverage is provided by the Public Risk Innovation, Solutions, and Management (Authority) (formerly known as California State Association of Counties Excess Insurance Authority CSAC-EIA), 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: \$665,000 limit (shared) per occurrence and \$50 deductible for “All-Risk”, \$600,000 limit (shared) for flood, and earthquake limits of \$665,000 (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 \$25 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, 2021, the estimated liability in the internal service fund totaled \$0.

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, 2021, totaled \$40,392, which is recorded in the internal service fund as operating revenue. As of June 30, 2021, the estimated liability in the internal service fund totaled \$56,790 of which \$13,312 is estimated to be payable in the ensuing year. The remaining \$43,477 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 June 30, 2020	Balance June 30, 2021
Unpaid claims liability at beginning of year	\$ 44,268	\$ 52,870
Incurred claims	26,334	24,331
Claim payments	(17,732)	(20,411)
Unpaid claims liability at end of year	<u>\$ 52,870</u>	<u>\$ 56,790</u>

NOTE 14 – LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

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

As of June 30, 2021, the estimated closure and postclosure liability was \$8,626 for closed landfills Annapolis and Healdsburg. As part of the Service Concession Arrangement (SCA) effective April 1, 2015, Republic Services, Inc. has assumed responsibility for the completion of all closure and post-closure obligations related to the Central Landfill. Federal and state laws require landfill operators to place a cover on their landfills when closed and to perform certain maintenance and monitoring functions for up to 30 years after closure. The estimated cost of closure and postclosure care are subject to change due to variables such as inflation, changes in the cost of materials, revisions of Federal and state laws, changes in technology and other variables. In addition to the above, state regulations require that landfill closure and post-closure maintenance costs be fully funded at the time of closure, unless a landfill owner/operator can demonstrate financial responsibility towards these activities by using other approved financial assurance alternatives. As an alternative, on July 11, 2000, the Board of Supervisors approved two resolutions establishing financial assurance for post-closure maintenance and corrective action via 30 year agreements with the California Integrated Waste Management Board (CIWMB). The Annapolis Landfill agreement provides a pledged revenue of \$36 per year and Healdsburg Landfill agreement pledged \$78 per year. Both 30 year agreements are subject to adjustments in the cost estimate mutually agreed to by the County, the CIWMB, and the Regional Water Quality Control Board.

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

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

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

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

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

NOTE 15 – COMMITMENTS AND CONTINGENCIES

(a) Grants and Subsidies

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

(b) Encumbrances

The County governmental funds had the following open encumbrances at June 30, 2021:

General Fund	\$ 9,992
Other governmental funds	21,805
Total encumbrances for governmental funds	<u>\$ 31,797</u>

(c) Other

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

NOTE 16 – DEFERRED INFLOWS OF RESOURCES

At June 30, 2021, deferred inflows of resources are as follows:

	General	Human Services Special Revenue	Health and Sanitation Special Revenue	Other Funds	Total
<u>Governmental Funds</u>					
Government-mandated transactions	104	117	-	-	221
Unavailable revenue	9,352	30	9,273	455	19,110
Total	<u>\$ 9,456</u>	<u>\$ 147</u>	<u>\$ 9,273</u>	<u>\$ 455</u>	<u>\$ 19,331</u>
<u>Internal Service</u>					
	Funds	Other Funds	Total		
<u>Governmental Activities</u>					
Service concession arrangement	\$ -	\$ 221	\$ 221		
Deferred amounts related to pension	88,064	564	88,628		
Deferred amounts related to OPEB	21,439	178	21,617		
Total	<u>\$ 109,503</u>	<u>\$ 963</u>	<u>\$ 110,466</u>		
<u>Business-Type Activities</u>					
	Refuse	Airport	Transit	Other Funds	Total
Service concession arrangement	\$ 33,368	\$ -	\$ -	\$ -	\$ 33,368
Deferred amounts related to pensions	212	304	105	794	1,415
Deferred amounts related to OPEB	88	141	114	197	540
Total	<u>\$ 33,668</u>	<u>\$ 445</u>	<u>\$ 219</u>	<u>\$ 991</u>	<u>\$ 35,323</u>

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

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

NOTE 17 – SERVICE CONCESSION ARRANGEMENT

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

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

Additionally, the MOA calls for Republic to assume the closure/post-closure liability in perpetuity for the Central landfill as of April 1, 2015 and to provide financial assurances mechanisms to demonstrate, fund, and maintain financial responsibility for the Central landfill as required by law including closure, post-closure, corrective action and operating liability acceptable to the California Department of Resources Recycling Recovery (CalRecycle). As a result, Refuse recognized a closure/post-closure liability decrease in the amount of \$42,057 and recorded a deferred inflow of \$41,710 as of June 30, 2015. The deferred inflow is being amortized over the estimated 30 year term of the MOA, and as a result, Refuse recognized service concession arrangement revenues in the amount of \$1,389 for the fiscal year ended June 30, 2021. 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, 2020	Additions	Retirements	June 30, 2021
Deferred Inflows of Resources				
Central Landfill and				
County Transfer Stations	\$ 34,758	\$ -	\$ (1,390)	\$ 33,368

Refuse retained certain capital assets related to the SCA. The assets carrying value, net of accumulated depreciation at June 30, 2021 is as follows:

Central Landfill and County Transfer Stations:

Land	\$ 2,538
Buildings and improvements	12,615
Equipment	<u>122</u>
SCA capital assets, net	<u>\$ 15,275</u>

NOTE 18 – SUCCESSOR AGENCY PRIVATE PURPOSE TRUST FUND

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

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

	Balance			Balance	
	July 1, 2020	Additions	Retirements	June 30, 2021	One Year
Redevelopment Successor Agency					
Tax allocation bonds payable*	\$ 8,620	\$ -	\$ (415)	\$ 8,205	\$ 430

*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, 2021 is \$1,083.

The annual principal and interest requirements on the long-term bonds outstanding at June 30, 2021, are as follows:

Year ending June 30:	Principal	Interest	Total
2022	\$ 430	\$ 351	\$ 781
2023	450	333	783
2024	470	315	785
2025	485	294	779
2026	505	269	774
2027-2031	2,960	925	3,885
2032-2035	2,905	226	3,131
Total	\$ 8,205	\$ 2,713	\$ 10,918

NOTE 19 – NET POSITION/FUND BALANCES**(a) Classification**

Fund balances at June 30, 2021 were classified as follows:

	General	Human Services Special Revenue	Health and Sanitation Special Revenue	Special Tax Account Special Revenue	Other Funds	Total
Nonspendable:						
Inventories	\$ 175	\$ -	\$ -	\$ -	\$ 725	\$ 900
Prepaid items and deposits	2,927	2,535	30	-	462	5,954
Advances	5,355	-	-	-	-	5,355
Total nonspendable fund balances	<u>8,457</u>	<u>2,535</u>	<u>30</u>	<u>-</u>	<u>1,187</u>	<u>12,209</u>
Restricted:						
Agricultural Preservation and Open Space District	-	-	-	60,486	13,864	74,350
Capital projects and equipment replacement	-	-	-	-	42,701	42,701
Debt service	-	-	-	-	10,340	10,340
Park donations, mitigations and operations	-	-	-	-	9,836	9,836
Courthouse/Criminal justice construction	-	-	-	-	1,599	1,599
Health services programs	-	-	105,203	-	7,256	112,459
Fire and emergency services	-	-	-	-	2,726	2,726
Public assistance	-	31,296	-	-	5,865	37,161
Lighting districts	-	-	-	-	10,511	10,511
Public protection	-	-	1,132	-	54,594	55,726
Clerk, recorder, assessor operations	-	-	-	-	5,401	5,401
Other programs	-	-	-	-	1,582	1,582
Total restricted fund balances	<u>-</u>	<u>31,296</u>	<u>106,335</u>	<u>60,486</u>	<u>166,275</u>	<u>364,392</u>
Committed:						
Road activities	-	-	-	-	2,177	2,177
Advertising activities	-	-	-	-	11,181	11,181
Other programs	124	-	-	-	-	124
Total committed fund balances	<u>124</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,358</u>	<u>13,482</u>
Capital projects and equipment replacement	17,753	-	-	-	27,133	44,886
Chanate hospital demolition	10,219	-	-	-	-	10,219
Tribal development impact mitigation	30,040	-	-	-	-	30,040
Redevelopment agencies	4,361	-	-	-	-	4,361
General services	9,348	-	-	-	-	9,348
Public protection	6,884	-	-	-	-	6,884
Encumbrances	9,992	-	-	-	-	9,992
Fire settlement projects	147,122	-	-	-	-	147,122
Projected budget deficit	8,200	-	-	-	-	8,200
Cannabis program	5,966	-	-	-	-	5,966
Other programs	26,629	-	-	-	-	26,629
Total assigned fund balances	<u>276,514</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,133</u>	<u>303,647</u>
Unassigned	<u>91,118</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,118</u>
Total fund balances	<u>\$ 376,213</u>	<u>\$ 33,831</u>	<u>\$ 106,365</u>	<u>\$ 60,486</u>	<u>\$ 207,953</u>	<u>\$ 784,848</u>

NOTE 19 – FUND BALANCES (Continued)

(b) Retained Deficits

Internal Service Funds

The County’s Employee Retirement Internal Service Fund has a retained deficit of \$435,254 at June 30, 2021. 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 \$166,334 at June 30, 2021. 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, sufficient to cover the annual contributions to OPEB costs and contribute to the PARS OPEB trust to fund future OPEB payments. 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 \$18,978 at June 30, 2021. This deficit is primary due to the assumption of Palm Drive Health Care District. The District has nearly \$14 million in debt service obligations which will be paid off over the next 11-12 years and an additional \$3.3 million in bankruptcy debt. This fund is expected to have a retained deficit until the debt and bankruptcy obligations are settled.

NOTE 20 – SPECIAL ITEM TRANSFER OF OPERATIONS

On July 1, 2020, the County was designated the successor agency to manage the dissolution of bankrupt Palm Drive Health Care District. The transfer was recorded as special item decrease \$18,064 to the Fiduciary Fund Private Purpose Trust.

NOTE 21 – NET POSITION RESTATEMENT – GASB 84

Fiscal year ended June 30, 2021, the County adopted new accounting guidance and implemented GASB Statement No. 84, *Fiduciary Activities*, which established criteria for identifying and reporting fiduciary activities. The implementation of this statement resulted in changing the presentation of the financial statements including accruals and Custodial Funds net position, which was not required in prior years. Beginning net position was restated to reflect this change as follows:

	Sonoma County Employees'			
	Retirement Association (SCERA)	Investment Trust	Private Purpose Trust	Custodial
Net position at July 1, 2020	\$ -	\$ 1,467,675	\$ (2,750)	\$ -
GASB 84 reclassification	2,916,890	(78,711)	744	407,319
Net position at July 1, 2020, as restated	<u>\$ 2,916,890</u>	<u>\$ 1,388,964</u>	<u>\$ (2,006)</u>	<u>\$ 407,319</u>

As part of adopting GASB 84 the County determined that the Sonoma County Employees’ Retirement Association (SCERA) a pension trust fund for the County was a component unit of the County. Therefore, effective for fiscal year 2020-21 SCERA is reported a trust fund included in the Fiduciary Funds basic financial statements and selected Notes.

REQUIRED SUPPLEMENTARY INFORMATION

(UNAUDITED)



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

Measurement Date	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
<u>Reporting Date</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2016</u>	<u>FY 2015</u>
Proportion of net pension liability	81.59%	82.74%	84.64%	80.73%	84.27%	84.43%	81.66%
Proportionate share of net pension liability	\$ 155,616	\$ 187,359	\$ 418,350	\$ 136,291	\$ 330,831	\$ 348,556	\$ 177,023
Covered payroll	\$ 323,263	\$ 295,896	\$ 300,515	\$ 300,546	\$ 285,864	\$ 271,061	\$ 262,325
Proportionate share of net pension liability as a percentage of covered payroll	48.14%	63.32%	139.21%	45.35%	115.73%	128.59%	67.48%
Plan fiduciary net position as a percentage of the total pension liability	94.16%	92.80%	83.91%	94.21%	86.02%	84.68%	91.46%

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

Measurement Date	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
<u>Reporting Date</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2016</u>	<u>FY 2015</u>
Actuarially determined contributions	\$ 69,858	\$ 55,829	\$ 57,797	\$ 55,480	\$ 52,981	\$ 56,663	\$ 55,981
Contributions in relation to the actuarially determined contribution	71,669	62,551	57,797	55,480	52,981	60,216	55,981
Contribution deficiency (excess)	\$ (1,811)	\$ (6,722)	\$ -	\$ -	\$ -	\$ (3,553)	\$ -
Covered payroll	\$ 329,911	\$ 313,806	\$ 307,543	\$ 302,281	\$ 293,871	\$ 288,885	\$ 265,945
Contributions as a percentage of covered payroll	21.72%	19.93%	18.79%	18.35%	18.03%	20.84%	21.05%

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

Notes:

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

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

<u>Reporting/Measurement Date:</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2017</u>
Total OPEB liability	\$ 266,008	\$ 279,215	\$ 303,941	\$ 308,205	\$ 385,583
Plan's fiduciary net position	<u>101,553</u>	<u>73,882</u>	<u>66,060</u>	<u>57,860</u>	<u>49,743</u>
Net OPEB liability	<u>\$ 164,455</u>	<u>\$ 205,333</u>	<u>\$ 237,881</u>	<u>\$ 250,345</u>	<u>\$ 335,840</u>
Plan fiduciary net position as a percentage of the total OPEB liability	38.18%	26.46%	21.73%	18.77%	12.90%
Covered payroll	\$ 364,433	\$ 334,716	\$ 327,816	\$ 330,039	\$ 321,401
Plan net OPEB liability as a percentage of covered payroll	45.13%	61.35%	72.57%	75.85%	104.49%

Schedule of OPEB Plan Investment Returns
 Last Ten Fiscal Years *

<u>Reporting/Measurement Date:</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2017</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	26.86%	3.69%	7.61%	7.45%	11.47%

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

<u>Reporting/Measurement Date:</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2017</u>
Actuarially determined contributions	\$ 15,787	\$ 17,532	\$ 18,206	\$ 18,938	\$ 21,653
Contributions in relation to the actuarially determined contributions	<u>30,507</u>	<u>27,612</u>	<u>26,193</u>	<u>26,768</u>	<u>27,699</u>
Contribution deficiency (excess)	<u>\$ (14,720)</u>	<u>\$ (10,080)</u>	<u>\$ (7,987)</u>	<u>\$ (7,830)</u>	<u>\$ (6,046)</u>
Covered payroll	\$ 364,433	\$ 334,716	\$ 327,816	\$ 330,039	\$ 321,401
Contributions as a percentage of covered employee payroll	8.37%	8.25%	7.99%	8.11%	8.62%

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

Notes:

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

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

<u>Reporting/Measurement Date:</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2017</u>
Total OPEB Liability					
Service Cost	\$ 4,462	\$ 5,148	\$ 5,468	\$ 10,852	\$ 13,800
Interest	17,722	19,375	19,667	14,566	12,579
Changes of benefit terms	-	-	(245)	-	-
Differences between expected and actual experience	(6,270)	(17,044)	(557)	3,210	(1,547)
Change due to reflecting the excise tax	-	-	-	-	2,351
Changes of assumptions	(6,715)	(10,194)	(6,404)	(83,838)	(28,454)
Benefit payments	<u>(22,406)</u>	<u>(22,011)</u>	<u>(22,193)</u>	<u>(22,168)</u>	<u>(23,529)</u>
Net change in total OPEB Liability	(13,207)	(24,726)	(4,264)	(77,378)	(24,800)
Total OPEB liability - beginning of year	<u>279,215</u>	<u>303,941</u>	<u>308,205</u>	<u>385,583</u>	<u>410,383</u>
Total OPEB liability - end of year (a)	<u>\$ 266,008</u>	<u>\$ 279,215</u>	<u>\$ 303,941</u>	<u>\$ 308,205</u>	<u>\$ 385,583</u>
Plan fiduciary net position					
Contributions – PARS	\$ 8,101	\$ 5,600	\$ 4,000	\$ 4,600	\$ 3,000
Contributions – Premiums net of retiree contributions	21,121	20,870	20,960	21,031	22,377
Contributions – Administrative	1,285	1,142	1,233	1,137	1,152
Contributions – Legal	-	-	-	-	217
Contributions – Total employer	<u>\$ 30,507</u>	<u>\$ 27,612</u>	<u>\$ 26,193</u>	<u>\$ 26,768</u>	<u>\$ 26,746</u>
Net investment income	19,815	2,435	4,395	3,699	4,817
Benefit payments – Premiums	(22,406)	(22,012)	(22,193)	(22,168)	(23,530)
Legal expense	-	-	-	-	(217)
Administrative expense	<u>(245)</u>	<u>(213)</u>	<u>(195)</u>	<u>(182)</u>	<u>(153)</u>
Net change in plan fiduciary net position	27,671	7,822	8,200	8,117	7,663
Plan fiduciary net position - beginning of year	<u>73,882</u>	<u>66,060</u>	<u>57,860</u>	<u>49,743</u>	<u>42,080</u>
Plan fiduciary net position - end of year (b)	<u>101,553</u>	<u>73,882</u>	<u>66,060</u>	<u>57,860</u>	<u>49,743</u>
County net OPEB liability, ending (a-b)	<u>\$ 164,455</u>	<u>\$ 205,333</u>	<u>\$ 237,881</u>	<u>\$ 250,345</u>	<u>\$ 335,840</u>

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

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2021
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 307,086	\$ 307,086	\$ 328,163	\$ 21,077
Licenses, permits and franchised fees	22,402	22,402	20,481	(1,921)
Fines, forfeitures and penalties	11,149	11,149	12,794	1,645
Use of money and property	5,042	5,042	6,120	1,078
Intergovernmental	96,202	167,838	179,400	11,562
Charges for services	58,766	60,194	46,760	(13,434)
Other	3,456	153,110	176,227	23,117
Total revenues	<u>504,103</u>	<u>726,821</u>	<u>769,945</u>	<u>43,124</u>
Expenditures:				
General government				
Board of Supervisors / County Administrator				
County Administrator	8,124	8,252	7,263	989
Board of Supervisors	6,104	6,443	6,009	434
Disaster Recovery and Resiliency	1,438	1,710	1,545	165
Auditor-Controller-Treasurer-Tax Collector	19,252	19,907	18,164	1,743
Recorder-Assessor				
Assessor	13,437	13,489	12,611	878
Registrar of Voters	5,081	6,874	6,715	159
County Counsel	11,418	11,451	10,627	824
Human Resources	9,789	9,941	9,458	483
General Services				
Administration	2,368	2,328	2,270	58
Facilities Development	13,934	16,594	16,042	552
Special Funds	5,523	8,079	7,531	548
Support Services	18,526	18,456	17,453	1,003
Economic Development Board	-	315	-	315
The Office of Equity	616	716	709	7
Information Systems	42,405	45,279	39,426	5,853
Disaster Recovery Division	-	33,305	33,063	242
Other general government	22,276	33,716	28,775	4,941
Total general government	<u>180,291</u>	<u>236,855</u>	<u>217,661</u>	<u>19,194</u>
Public protection				
District Attorney	28,984	29,193	28,230	963
Public Defender	13,014	13,023	12,733	290
Court Support and Grand Jury	11,125	11,128	11,100	28
Probation	63,925	65,008	60,487	4,521
Permit & Resource Management				
Permit Sonoma	41,170	41,632	38,412	3,220
Resiliency Permit Center	5,429	5,429	4,857	572
Fire Prevention	405	414	335	79
Sheriff				
Law Enforcement	102,993	106,178	101,918	4,260
Detention	74,962	74,082	72,074	2,008

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule (Continued)
 General Fund
 For the Fiscal Year Ended June 30, 2021
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Protection (continued)				
Agriculture / Weights & Measures	7,720	7,860	6,990	870
County Clerk Operations	855	855	720	135
Emergency Management	6,594	8,099	4,731	3,368
Fire Services	5,596	5,811	5,811	--
Independent Office of Law Enforcement				
Review and Outreach	1,390	1,657	1,051	606
Total public protection	364,162	370,369	349,449	20,920
Public ways and facilities				
Transportation & Public Works	211	250	214	36
Total public ways and facilities	211	250	214	36
Health and sanitation				
Disaster Recovery Division	-	55,384	55,357	27
Total public assistance	-	55,384	55,357	27
Education				
U.C. Cooperative Extension	1,208	1,251	1,169	82
Total education	1,208	1,251	1,169	82
Recreation and cultural services				
Regional Parks	26,933	28,975	26,521	2,454
General Services - Veterans Buildings	792	1,110	1,094	16
Total recreation and cultural services	27,725	30,085	27,615	2,470
Expenditures subtotal	573,597	694,194	651,465	42,729
Reimbursements	(125,426)	(126,781)	(120,039)	(6,742)
Total expenditures	448,171	567,413	531,426	35,987
Excess (deficiency) of revenues over (under) expenditures	55,932	159,408	238,519	79,111
Other financing sources (uses):				
Transfers in	96,718	118,063	107,074	(10,989)
Transfers out	(159,304)	(187,408)	(175,324)	12,084
Proceeds from sale of capital assets	395	395	725	330
Refunding to escrow agent	(14,892)	(9,855)	-	9,855
Total other financing sources (uses)	(77,083)	(78,805)	(67,525)	11,280
Special item:				
Special Item (Equity Transfer)	(20,000)	(158)	-	158
Net change in fund balances	\$ (41,151)	\$ 80,445	170,994	\$ 90,549
GAAP basis difference - encumbrances			9,992	
Fund balance, beginning of year			195,227	
Fund balance, end of year			\$ 376,213	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 Human Services Special Revenue Fund
 For the Fiscal Year Ended June 30, 2021
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses, permits and franchised fees	\$ -	\$ 100	\$ 68	\$ (32)
Fines, forfeitures and penalties	-	-	35	35
Use of money and property	55	55	93	38
Intergovernmental	210,143	212,677	192,320	(20,357)
Charges for services	1,288	1,288	1,255	(33)
Other	3,202	3,202	8,595	5,393
Total revenues	<u>214,688</u>	<u>217,322</u>	<u>202,366</u>	<u>(14,956)</u>
Expenditures:				
Public assistance				
Human Services				
Program Administration	256,514	257,791	247,947	9,844
Special Revenue	42,481	47,581	45,367	2,214
Total Public assistance	<u>298,995</u>	<u>305,372</u>	<u>293,314</u>	<u>12,058</u>
Reimbursements	(62,687)	(62,687)	(74,072)	11,385
Total expenditures	<u>236,308</u>	<u>242,685</u>	<u>219,242</u>	<u>23,443</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(21,620)</u>	<u>(25,363)</u>	<u>(16,876)</u>	<u>8,487</u>
Other financing sources (uses):				
Transfers in	24,364	25,742	25,518	(224)
Transfers out	(184)	(3,184)	(3,178)	6
Total other financing sources (uses)	<u>24,180</u>	<u>22,558</u>	<u>22,340</u>	<u>(218)</u>
Net change in fund balances	<u>\$ 2,560</u>	<u>\$ (2,805)</u>	<u>5,464</u>	<u>\$ 8,269</u>
GAAP basis difference - encumbrances			10	
Fund balance, beginning of year			<u>28,357</u>	
Fund balance, end of year			<u>\$ 33,831</u>	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 Health and Sanitation Special Revenue Fund
 For the Fiscal Year Ended June 30, 2021
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	\$ 526	\$ 526
Licenses, permits and franchised fees	8,076	8,076	7,253	(823)
Fines, forfeitures and penalties	815	815	713	(102)
Use of money and property	(112)	(112)	176	288
Intergovernmental	109,924	113,232	132,148	18,916
Charges for services	4,097	4,097	3,562	(535)
Other	378	378	19,288	18,910
Total revenues	<u>123,178</u>	<u>126,486</u>	<u>163,666</u>	<u>37,180</u>
Expenditures:				
Public protection				
Health Services - Animal Services	7,141	7,141	5,721	1,420
Health and sanitation				
Health Services				
Administration	25,510	29,176	23,032	6,144
Behavioral Health	111,248	114,305	103,770	10,535
Public Health	46,891	64,124	47,129	16,995
Special Revenue	60,663	65,871	59,551	6,320
Total Health and sanitation	<u>244,312</u>	<u>273,476</u>	<u>233,482</u>	<u>39,994</u>
Reimbursements	<u>(100,285)</u>	<u>(117,171)</u>	<u>(90,866)</u>	<u>(26,305)</u>
Total expenditures	<u>151,168</u>	<u>163,446</u>	<u>148,337</u>	<u>15,109</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(27,990)</u>	<u>(36,960)</u>	<u>15,329</u>	<u>52,289</u>
Other financing sources (uses):				
Transfers in	26,073	32,647	29,677	(2,970)
Transfers out	<u>(1,841)</u>	<u>(1,841)</u>	<u>(1,841)</u>	<u>-</u>
Total other financing sources (uses)	<u>24,232</u>	<u>30,806</u>	<u>27,836</u>	<u>(2,970)</u>
Net change in fund balances	<u>\$ (3,758)</u>	<u>\$ (6,154)</u>	<u>43,165</u>	<u>\$ 49,319</u>
GAAP basis difference - encumbrances			157	
Fund balance, beginning of year			<u>63,042</u>	
Fund balance, end of year			<u>\$ 106,364</u>	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 Open Space Special Tax Account Special Revenue Fund
 For the Fiscal Year Ended June 30, 2021
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 25,894	\$ 25,894	\$ 28,847	\$ 2,953
Use of money and property	200	200	98	(102)
Total revenues	<u>26,094</u>	<u>26,094</u>	<u>28,945</u>	<u>2,851</u>
Expenditures:				
Recreation and cultural services	44,158	44,158	13,466	30,692
Total Expenditures	<u>44,158</u>	<u>44,158</u>	<u>13,466</u>	<u>30,692</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(18,064)</u>	<u>(18,064)</u>	<u>15,479</u>	<u>33,543</u>
Other financing sources (uses):				
Transfers out	<u>(7,502)</u>	<u>(7,667)</u>	<u>(7,667)</u>	<u>-</u>
Total other financing sources (uses)	<u>(7,502)</u>	<u>(7,667)</u>	<u>(7,667)</u>	<u>-</u>
Net change in fund balances	<u>\$ (25,566)</u>	<u>\$ (25,731)</u>	7,812	<u>\$ 33,543</u>
GAAP basis difference - encumbrances			-	
Fund balance, beginning of year			<u>52,674</u>	
Fund balance, end of year			<u>\$ 60,486</u>	

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2021

NOTE 1 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN

a) Change of Assumptions

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

b) Actuarial Methods and Assumptions

The methods and assumptions used to establish the actuarially determined contribution (ADC) through June 30, 2021 are noted below:

Valuation date	Actuarially determined contributions are based on the beginning of the applicable period
Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	Level percent of payroll for total unfunded actuarial accrued liability
Remaining amortization period	
June 30, 2021 valuation	26 years (declining) for outstanding balance of the June 30, 2020 unfunded OPEB liability
June 30, 2020 valuation	27 years (declining) for outstanding balance of the June 30, 2019 unfunded OPEB liability
Asset valuation method	Market value of assets
Actuarial assumptions	
Discount rate	6.50% net of OPEB plan investment expense, including inflation
Payroll growth	3.25%
Other assumptions	June 30, 2020 - Same as those used in the June 30, 2020 GAS 74 (revised) actuarial valuation dated June 11, 2021 June 30, 2019 - Same as those used in the June 30, 2019 GAS 74 actuarial valuation dated October 24, 2019

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, 2021, no instances existed in which expenditures exceeded appropriations.

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

OTHER SUPPLEMENTARY INFORMATION

(UNAUDITED)

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUND

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

DEBT SERVICE FUND

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

SPECIAL REVENUE FUNDS

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

COMMUNITY INVESTMENT

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

AGRICULTURAL PRESERVATION AND OPEN SPACE DISTRICT

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

ROADS SPECIAL REVENUE

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

MANDATED REVENUE

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

2011 REALIGNMENT

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

SPECIAL DISTRICTS

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

COUNTY OF SONOMA, CALIFORNIA

Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2021

(Dollars in Thousands)

	Special Revenue Funds	Capital Projects Fund	Debt Service Fund	Total
ASSETS				
Assets:				
Cash and investments	\$ 166,637	\$ 19,142	\$ -	\$ 185,779
Cash and investments with trustee	1	-	10,340	10,341
Accounts receivable	5,498	-	-	5,498
Inventories	725	-	-	725
Due from other governments	18,581	121	-	18,702
Prepaid expenses and deposits	462	-	-	462
Total assets	<u>\$ 191,904</u>	<u>\$ 19,263</u>	<u>\$ 10,340</u>	<u>\$ 221,507</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued salaries and benefits	\$ 9,508	\$ 735	\$ -	\$ 10,243
Due to other funds	1,730	-	-	1,730
Due to other governments	356	-	-	356
Advances from grantors and third parties	160	-	-	160
Deposits from others	13	-	-	13
Compensated absences	16	-	-	16
Other liabilities	581	-	-	581
Total liabilities	<u>12,364</u>	<u>735</u>	<u>-</u>	<u>13,099</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	334	121	-	455
Total deferred inflows of resources	<u>334</u>	<u>121</u>	<u>-</u>	<u>455</u>
FUND BALANCES				
Nonspendable	1,187	-	-	1,187
Restricted	155,935	-	10,340	166,275
Committed	13,358	-	-	13,358
Assigned	8,726	18,407	-	27,133
Total fund balances	<u>179,206</u>	<u>18,407</u>	<u>10,340</u>	<u>207,953</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 191,904</u>	<u>\$ 19,263</u>	<u>\$ 10,340</u>	<u>\$ 221,507</u>

COUNTY OF SONOMA, CALIFORNIA

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2021

(Dollars in Thousands)

	Special Revenue Funds	Capital Projects Fund	Debt Service Fund	Total
Revenues:				
Taxes	\$ 32,421	\$ -	\$ -	\$ 32,421
Licenses, permits and franchise fees	4,385	-	-	4,385
Fines, forfeitures and penalties	2,958	-	-	2,958
Use of money and property	566	(59)	1	508
Intergovernmental	131,379	1,968	-	133,347
Charges for services	8,561	-	-	8,561
Other	9,106	783	8,793	18,682
Total revenues	<u>189,376</u>	<u>2,692</u>	<u>8,794</u>	<u>200,862</u>
Expenditures:				
Current:				
General government	7,577	376	35	7,988
Public protection	58,632	-	-	58,632
Public ways and facilities	37,184	-	-	37,184
Health and sanitation	6,394	-	-	6,394
Public assistance	28,550	-	-	28,550
Recreation and cultural services	8,950	-	-	8,950
Capital outlay	49,347	22,024	-	71,371
Debt service:				
Principal	131	-	20,098	20,229
Interest and other	9	-	5,045	5,054
Total expenditures	<u>196,774</u>	<u>22,400</u>	<u>25,178</u>	<u>244,352</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,398)</u>	<u>(19,708)</u>	<u>(16,384)</u>	<u>(43,490)</u>
Other financing sources (uses):				
Transfers in	51,257	17,149	7,667	76,073
Transfers out	(22,413)	(3,334)	(12,263)	(38,010)
Issuance of long-term debt	-	-	66,636	66,636
Premium on long-term debt issued	-	-	7,746	7,746
Proceeds from sale of capital assets	30	-	-	30
Debt refunding	-	-	(55,967)	(55,967)
Total other financing sources (uses)	<u>28,874</u>	<u>13,815</u>	<u>13,819</u>	<u>56,508</u>
Net change in fund balance	21,476	(5,893)	(2,565)	13,018
Fund balance, beginning of year	<u>157,730</u>	<u>24,300</u>	<u>12,905</u>	<u>194,935</u>
Fund balance, end of year	<u>\$ 179,206</u>	<u>\$ 18,407</u>	<u>\$ 10,340</u>	<u>\$ 207,953</u>

COUNTY OF SONOMA, CALIFORNIA
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2021
(Dollars in Thousands)

	Community Investment	Agricultural Preservation and Open Space District	Roads Special Revenue	Mandated Revenue	2011 Realignment	Special Districts	Total
ASSETS							
Assets:							
Cash and investments	\$ 6,277	\$ 14,515	\$ 22,609	\$ 59,001	\$ 42,338	\$ 21,897	\$ 166,637
Cash and investments with trustee	-	-	-	1	-	-	1
Accounts receivable	4,888	-	75	520	-	15	5,498
Inventories	-	-	713	-	-	12	725
Due from other governments	445	181	10,489	790	4,010	2,666	18,581
Prepaid items and deposits	9	1	322	130	-	-	462
Total assets	<u>\$ 11,619</u>	<u>\$ 14,697</u>	<u>\$ 34,208</u>	<u>\$ 60,442</u>	<u>\$ 46,348</u>	<u>\$ 24,590</u>	<u>\$ 191,904</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued salaries and benefits	\$ 238	\$ 832	\$ 8,037	\$ 226	\$ -	\$ 175	\$ 9,508
Due to other funds	-	-	-	600	1,130	-	1,730
Due to other governments	-	-	-	356	-	-	356
Advances from grantors and third parties	-	-	-	3	-	157	160
Deposits from others	-	-	3	10	-	-	13
Compensated absences	-	-	-	12	-	4	16
Other liabilities	-	-	581	-	-	-	581
Total liabilities	<u>238</u>	<u>832</u>	<u>8,621</u>	<u>1,207</u>	<u>1,130</u>	<u>336</u>	<u>12,364</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	<u>191</u>	<u>-</u>	<u>143</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>334</u>
Total deferred inflows of resources	<u>191</u>	<u>-</u>	<u>143</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>334</u>
FUND BALANCES							
Nonspendable	9	1	1,035	130	-	12	1,187
Restricted	-	13,864	13,506	59,105	45,218	24,242	155,935
Committed	11,181	-	2,177	-	-	-	13,358
Assigned	-	-	8,726	-	-	-	8,726
Total fund balances	<u>11,190</u>	<u>13,865</u>	<u>25,444</u>	<u>59,235</u>	<u>45,218</u>	<u>24,254</u>	<u>179,206</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,619</u>	<u>\$ 14,697</u>	<u>\$ 34,208</u>	<u>\$ 60,442</u>	<u>\$ 46,348</u>	<u>\$ 24,590</u>	<u>\$ 191,904</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, 2021
(Dollars in Thousands)

	Community Investment	Agricultural Preservation and Open Space District	Roads Special Revenue	Mandated Revenue	2011 Realignment	Special Districts	Total
Revenues:							
Taxes	\$ 18,217	\$ -	\$ -	\$ -	\$ -	\$ 14,204	\$ 32,421
Licenses, permits and franchise fees	-	-	1,738	2,647	-	-	4,385
Fines, forfeitures and penalties	-	-	476	2,482	-	-	2,958
Use of money and property	22	22	8	426	44	44	566
Intergovernmental	662	436	44,723	16,737	67,396	1,425	131,379
Charges for services	-	-	2,022	5,304	-	1,235	8,561
Other	594	852	1,173	1,352	5,112	23	9,106
Total revenues	19,495	1,310	50,140	28,948	72,552	16,931	189,376
Expenditures:							
Current:							
General government	7,448	-	-	129	-	-	7,577
Public protection	-	-	-	23,509	30,125	4,998	58,632
Public ways and facilities	-	-	36,533	-	-	651	37,184
Health and sanitation	-	-	-	-	6,394	-	6,394
Public assistance	-	-	-	-	27,881	669	28,550
Recreation and cultural services	-	8,726	-	73	-	151	8,950
Capital outlay	-	5,682	43,568	-	-	97	49,347
Debt service:							
Principal	-	-	-	-	-	131	131
Interest and other	-	-	-	-	-	9	9
Total expenditures	7,448	14,408	80,101	23,711	64,400	6,706	196,774
(under) expenditures	12,047	(13,098)	(29,961)	5,237	8,152	10,225	(7,398)
Other financing sources (uses):							
Transfers in	924	13,468	23,344	12,500	-	1,021	51,257
Transfers out	(6,888)	(18)	(100)	(8,259)	-	(7,148)	(22,413)
Proceeds from sale of capital assets	-	-	9	7	-	14	30
Total other financing sources (uses)	(5,964)	13,450	23,253	4,248	-	(6,113)	28,874
Net change in fund balances	6,083	352	(6,708)	9,485	8,152	4,112	21,476
Fund balance, beginning of year	5,107	13,513	32,152	49,750	37,066	20,142	157,730
Fund balance, end of year	\$ 11,190	\$ 13,865	\$ 25,444	\$ 59,235	\$ 45,218	\$ 24,254	\$ 179,206

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, 2021
(Dollars in Thousands)

	Fair	Marinas	Other Districts	Total
ASSETS				
Current assets:				
Cash and investments	\$ 40	\$ 1,080	\$ 1,870	\$ 2,990
Cash and investments with trustee	4,645	9	-	4,654
Restricted cash and investments	1,200	-	-	1,200
Accounts receivable	743	632	4	1,379
Inventories	-	62	-	62
Advances to other governments	-	-	17	17
Prepaid expenses and deposits	-	17	-	17
Total current assets	6,628	1,800	1,891	10,319
Noncurrent assets:				
Capital assets:				
Nondepreciable	1,297	2,302	274	3,873
Depreciable, net	9,972	2,584	3,952	16,508
Total noncurrent assets	11,269	4,886	4,226	20,381
Total assets	17,897	6,686	6,117	30,700
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts related to pensions	558	65	-	623
Deferred amounts related to OPEB	354	43	-	397
Total deferred outflows of resources	912	108	-	1,020
LIABILITIES				
Current liabilities:				
Accounts payable	615	307	15	937
Due to other funds	-	-	13	13
Due to other governments	-	106	-	106
Deposits from others	146	170	-	316
Interest payable	-	29	9	38
Compensated absences	249	29	-	278
Advances from other governments	-	341	24	365
Notes payable	996	-	-	996
Loans payable	-	2	8	10
Other liabilities	143	175	-	318
Total current liabilities	2,149	1,159	69	3,377
Noncurrent portion of long-term liabilities:				
Compensated absences	-	7	-	7
Advances from other funds	-	-	69	69
Advances from other governments	-	356	911	1,267
Loans payable	-	5	2	7
Net pension liabilities	1,168	193	-	1,361
Net OPEB liabilities	1,470	238	-	1,708
Total noncurrent liabilities	2,638	799	982	4,419
Total liabilities	4,787	1,958	1,051	7,796
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts related to pensions	705	89	-	794
Deferred amounts related to OPEB	170	27	-	197
Total deferred inflows of resources	875	116	-	991
NET POSITION				
Net investment in capital assets	11,213	4,182	3,281	18,676
Restricted	1,279	-	109	1,388
Unrestricted	655	538	1,676	2,869
Total net position	\$ 13,147	\$ 4,720	\$ 5,066	\$ 22,933

COUNTY OF SONOMA, CALIFORNIA
Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2021
(Dollars in Thousands)

	Fair	Marinas	Other Districts	Total
Operating revenues:				
Charges for services	\$ -	\$ 1,267	\$ 1,099	\$ 2,366
Rents and concessions	5,099	1,324	-	6,423
Sales and miscellaneous	-	291	30	321
Total operating revenues	<u>5,099</u>	<u>2,882</u>	<u>1,129</u>	<u>9,110</u>
Operating expenses:				
Services and supplies	2,233	1,960	871	5,064
Salaries and employee benefits	2,878	749	-	3,627
Depreciation and amortization	832	101	205	1,138
Total operating expenses	<u>5,943</u>	<u>2,810</u>	<u>1,076</u>	<u>9,829</u>
Operating income (loss)	<u>(844)</u>	<u>72</u>	<u>53</u>	<u>(719)</u>
Nonoperating revenues (expenses):				
Investment income	28	-	3	31
Interest expense	(11)	(33)	(28)	(72)
Gain (Loss) on disposal of capital assets	32	-	-	32
Miscellaneous	454	-	-	454
Total nonoperating revenues (expenses)	<u>503</u>	<u>(33)</u>	<u>(25)</u>	<u>445</u>
Income (loss) before capital contributions and transfers	(341)	39	28	(274)
Transfers in	-	372	-	372
Transfers out	-	(1)	-	(1)
Total capital contributions and transfers	<u>-</u>	<u>371</u>	<u>-</u>	<u>371</u>
Change in net position	(341)	410	28	97
Net position, beginning of year	<u>13,488</u>	<u>4,310</u>	<u>5,038</u>	<u>22,836</u>
Net position, end of year	<u>\$ 13,147</u>	<u>\$ 4,720</u>	<u>\$ 5,066</u>	<u>\$ 22,933</u>

COUNTY OF SONOMA, CALIFORNIA
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2021
(Dollars in Thousands)

	Fair	Marinas	Other Districts	Total
Cash flows from operating activities:				
Received from customers	\$ 4,920	\$ 2,748	\$ 1,132	\$ 8,800
Payments to suppliers for goods and services	(2,431)	(1,848)	(893)	(5,172)
Payments to employees for services	(3,257)	(821)	-	(4,078)
Net cash provided (used) by operating activities	<u>(768)</u>	<u>79</u>	<u>239</u>	<u>(450)</u>
Cash flows from noncapital financing activities:				
Transfers in	-	372	-	372
Transfers out	-	(1)	-	(1)
Advances to other funds	-	-	(12)	(12)
Contributions	1,291	-	-	1,291
Net cash provided (used) by noncapital financing activities	<u>1,291</u>	<u>371</u>	<u>(12)</u>	<u>1,650</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(595)	(35)	-	(630)
Principal paid on capital debt	(200)	-	-	(200)
Interest paid on loans	(10)	(2)	(8)	(20)
Contracts paid	32	-	-	32
Due to other funds	-	-	1	1
Due from other governments	-	34	-	34
Advances to other governments	-	(326)	(27)	(353)
Interest paid	-	(46)	(29)	(75)
Net cash (used) by capital and related financing activities	<u>(773)</u>	<u>(375)</u>	<u>(63)</u>	<u>(1,211)</u>
Cash flows from investing activities:				
Interest received on investments	127	-	3	130
Net cash provided by investing activities	<u>127</u>	<u>-</u>	<u>3</u>	<u>130</u>
Net increase (decrease) in cash and cash equivalents	(123)	75	167	119
Cash and cash equivalents, beginning of year	6,008	1,014	1,703	8,725
Cash and cash equivalents, end of year	<u>\$ 5,885</u>	<u>\$ 1,089</u>	<u>\$ 1,870</u>	<u>\$ 8,844</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (844)	\$ 72	\$ 53	\$ (719)
Depreciation and amortization	831	101	205	1,137
Net pension activity	(34)	(48)	-	(82)
Net OPEB activity	(330)	(27)	-	(357)
Changes in assets and liabilities:				
Decrease (increase) in:				
Accounts receivable	(119)	(134)	3	(250)
Inventories	-	(17)	-	(17)
Other assets	-	6	-	6
Increase (decrease) in:				
Accounts payable	(196)	127	(22)	(91)
Compensated absences	(15)	3	-	(12)
Other liabilities	(61)	(4)	-	(65)
Net cash provided (used) by operating activities	<u>\$ (768)</u>	<u>\$ 79</u>	<u>\$ 239</u>	<u>\$ (450)</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position:				
Cash and investments	\$ 40	\$ 1,080	\$ 1,870	\$ 2,990
Cash and investments with trustee	5,845	9	-	5,854
Total cash and cash equivalents	<u>\$ 5,885</u>	<u>\$ 1,089</u>	<u>\$ 1,870</u>	<u>\$ 8,844</u>

CUSTODIAL FUNDS

CUSTODIAL EXTERNAL INVESTMENT POOL FUNDS

External investment pool used to report custodial activities for participants that voluntarily deposit funds into the County's Treasury.

[CMSP Trust](#)

County Medical Services Program (CMSP) was established in January 1983, when California law transferred responsibility for providing health care services to uninsured indigent adults from the State of California to California Counties.

[Fire Insurance Proceeds](#)

Accounting for Fire related private property debris removal program and insurance proceeds reimbursements collected on behalf of the State (Cal-OES) and Federal (FEMA) agencies.

[Other External Investment Pool Funds](#)

Conservator trusts, payments to benefit providers, and assistance programs.

OTHER CUSTODIAL FUNDS

Custodial activities for participants that are required by law to deposit funds into the County's Treasury.

[MTC Trust](#)

Under Transportation Development Act of 1971 as administered by the Metropolitan Transportation Commission (MTC). Disbursements are made by the County upon receipt of allocation authorizations and disbursement instructions issued by the MTC.

[Taxes](#)

Tax collections, refunds, and apportionments due to others.

[Sales Tax](#)

Sales tax collections and apportionments due to others.

[Special Assessment Trust](#)

The funding for this fund comes from a special assessment levied against property holders.

[Other](#)

Collections on behalf of other governments, county jails, and law enforcement programs.

COUNTY OF SONOMA, CALIFORNIA
Custodial External Investment Pool Funds
Combining Statement of Net Position
June 30, 2021
(Dollars in Thousands)

	CSMP Trust	Fire Insurance Proceeds	Other External Investment Pool Funds	Total
ASSETS				
Cash and investments	\$ 367,159	\$ 86,184	\$ 8,068	\$ 461,411
Restricted investments with trustee	-	-	2,332	2,332
Accounts receivable	-	-	18	18
Total assets	<u>367,159</u>	<u>86,184</u>	<u>10,418</u>	<u>463,761</u>
LIABILITIES				
Accounts payable and other liabilities	-	-	262	262
Due to other governments	-	85,488	-	85,488
Other liabilities	-	22	4,212	4,234
Total liabilities	<u>-</u>	<u>85,510</u>	<u>4,474</u>	<u>89,984</u>
NET POSITION				
Restricted for:				
Pool participants	<u>367,159</u>	<u>674</u>	<u>5,944</u>	<u>373,777</u>
Total net position	<u>\$ 367,159</u>	<u>\$ 674</u>	<u>\$ 5,944</u>	<u>\$ 373,777</u>

COUNTY OF SONOMA, CALIFORNIA
Custodial External Investment Pool Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2021
(Dollars in Thousands)

	CSMP Trust	Fire Insurance Proceeds	Other External Investment Pool Funds	Total
ADDITIONS				
Investment earnings:				
Net increase (decrease) in fair value of investments	\$ (2,402)	\$ (418)	\$ (24)	\$ (2,844)
Interest, dividends, and other	2,987	594	6	3,587
Total investment earnings	585	176	(18)	743
Net investment earnings	585	176	(18)	743
Licenses and fees	-	-	83	83
Miscellaneous	-	(324)	71,769	71,445
Total additions	585	(148)	71,834	72,271
DEDUCTIONS				
Payments to other governments	32,455	-	70,757	103,212
Administrative expense	-	-	30	30
Total deductions	32,455	-	70,787	103,242
Net increase (decrease) in fiduciary net position	(31,870)	(148)	1,047	(30,971)
Net position, beginning as restated	399,029	822	4,897	404,748
Net position, ending	<u>\$ 367,159</u>	<u>\$ 674</u>	<u>\$ 5,944</u>	<u>\$ 373,777</u>

COUNTY OF SONOMA, CALIFORNIA
Other Custodial Funds
Combining Statement of Net Position
June 30, 2021
(Dollars in Thousands)

	MTC Trust	Taxes	Sales Tax	Special Assessment Trust	Other	Total
ASSETS						
Cash and investments	\$ 24,331	\$ 13,793	\$ 3,456	\$ 2,796	\$ 563	\$ 44,939
Restricted investments with trustee	-	-	-	-	100	100
Accounts receivable	-	23,341	-	-	25	23,366
Due from other Govts	4,652	-	-	-	215	4,867
Other assets	-	357	-	-	857	1,214
Total assets	<u>28,983</u>	<u>37,491</u>	<u>3,456</u>	<u>2,796</u>	<u>1,760</u>	<u>74,486</u>
LIABILITIES						
Accounts payable and other liabilities	-	57	-	-	3,863	3,920
Due to other governments	-	7,590	-	-	170	7,760
Other liabilities	-	508	1,155	7,250	2,036	10,949
Total liabilities	<u>-</u>	<u>8,155</u>	<u>1,155</u>	<u>7,250</u>	<u>6,069</u>	<u>22,629</u>
NET POSITION (DEFICIT)						
Restricted for:						
Organizations and other governments	<u>28,983</u>	<u>29,336</u>	<u>2,301</u>	<u>(4,454)</u>	<u>(4,309)</u>	<u>51,857</u>
Total net position (deficit)	<u>\$ 28,983</u>	<u>\$ 29,336</u>	<u>\$ 2,301</u>	<u>\$ (4,454)</u>	<u>\$ (4,309)</u>	<u>\$ 51,857</u>

COUNTY OF SONOMA, CALIFORNIA
Other Custodial Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2021
(Dollars in Thousands)

	MTC Trust	Taxes	Sales Tax	Special Assessment Trust	Other	Total
ADDITIONS						
Investment earnings:						
Net increase (decrease) in fair value of investments	\$ (75)	\$ (344)	\$ (30)	\$ (17)	\$ (49)	\$ (515)
Interest, dividends, and other	142	199	25	20	7	393
Total investment earnings	<u>67</u>	<u>(145)</u>	<u>(5)</u>	<u>3</u>	<u>(42)</u>	<u>(122)</u>
Less investment costs:						
Investment expense	-	40	-	348	43	431
Net investment earnings	<u>67</u>	<u>(185)</u>	<u>(5)</u>	<u>(345)</u>	<u>(85)</u>	<u>(553)</u>
Property taxes	1	127,936	-	1,134	8,892	137,963
Other taxes	26,519	408	-	-	(7)	26,920
License and fees	-	(6,213)	54,548	2,706	17,112	68,153
Miscellaneous	36,876	1,060	-	(4)	23,443	61,375
Total additions	<u>63,463</u>	<u>123,006</u>	<u>54,543</u>	<u>3,491</u>	<u>49,355</u>	<u>293,858</u>
DEDUCTIONS						
Payments to other governments	21,509	120,857	54,545	2,946	42,312	242,169
Administrative expenses	-	-	-	-	2,398	2,398
Total deductions	<u>21,509</u>	<u>120,857</u>	<u>54,545</u>	<u>2,946</u>	<u>44,710</u>	<u>244,567</u>
Special item:						
Special Item	-	-	-	-	(5)	(5)
Net increase (decrease) in fiduciary net position	<u>41,954</u>	<u>2,149</u>	<u>(2)</u>	<u>545</u>	<u>4,640</u>	<u>49,286</u>
Net position (deficit), beginning as restated	<u>(12,971)</u>	<u>27,187</u>	<u>2,303</u>	<u>(4,999)</u>	<u>(8,949)</u>	<u>2,571</u>
Net position (deficit), ending	<u>\$ 28,983</u>	<u>\$ 29,336</u>	<u>\$ 2,301</u>	<u>\$ (4,454)</u>	<u>\$ (4,309)</u>	<u>\$ 51,857</u>

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 Capital Projects Fund
 For the Fiscal Year Ended June 30, 2021
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 2	\$ (111)	\$ (59)	\$ 52
Intergovernmental	64,010	61,684	1,968	(59,716)
Other	3,433	4,052	783	(3,269)
Total revenues	<u>67,445</u>	<u>65,625</u>	<u>2,692</u>	<u>(62,933)</u>
Expenditures:				
General government				
Administration Center	5,819	8,123	4,215	3,908
Hall of Justice	312	285	237	48
Main Adult Detention Facility	52,733	49,828	8,035	41,793
Memorial Buildings	2,648	2,568	1,301	1,267
Misc. Capital Projects	18,726	22,032	12,804	9,228
Regional Parks	30,111	29,317	8,524	20,793
Total general government	<u>110,349</u>	<u>112,153</u>	<u>35,116</u>	<u>77,037</u>
Reimbursements	-	(774)	(582)	(192)
Total expenditures	<u>110,349</u>	<u>111,379</u>	<u>34,534</u>	<u>76,845</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(42,904)</u>	<u>(45,754)</u>	<u>(31,842)</u>	<u>13,912</u>
Other financing sources (uses):				
Transfers in	26,872	30,363	20,883	(9,480)
Transfers out	(1,766)	(7,503)	(7,068)	435
Total other financing sources (uses)	<u>25,106</u>	<u>22,860</u>	<u>13,815</u>	<u>(9,045)</u>
Net change in fund balances	<u>\$ (17,798)</u>	<u>\$ (22,894)</u>	(18,027)	<u>\$ 4,867</u>
GAAP basis difference - encumbrances			12,134	
Fund balance, beginning of year			<u>24,300</u>	
Fund balance, end of year			<u>\$ 18,407</u>	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 Debt Service Fund
 For the Fiscal Year Ended June 30, 2021
 (Dollars in Thousands)

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ 230	\$ 230	\$ 1	\$ (229)
Other	4,981	10,567	8,793	(1,774)
Total revenues	<u>5,211</u>	<u>10,797</u>	<u>8,794</u>	<u>(2,003)</u>
Expenditures:				
Debt Service				
Open Space Bonds	7,502	7,502	7,501	1
Tobacco Settlement Bonds	5,211	19,127	17,677	1,450
Total expenditures	<u>12,713</u>	<u>26,629</u>	<u>25,178</u>	<u>1,451</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,502)</u>	<u>(15,832)</u>	<u>(16,384)</u>	<u>(552)</u>
Other financing sources (uses):				
Transfers in	7,502	7,667	7,667	-
Transfers out	(12,263)	(12,263)	(12,263)	-
Premium on long-term debt issued	12,263	66,636	66,636	-
Proceeds from sale of capital assets	-	7,746	7,746	-
Other Financing Sources	-	(55,967)	(55,967)	-
Total other financing sources (uses)	<u>7,502</u>	<u>13,819</u>	<u>13,819</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (2,013)</u>	<u>(2,565)</u>	<u>\$ (552)</u>
GAAP basis difference - encumbrances			-	
Fund balance, beginning of year			<u>12,905</u>	
Fund balance, end of year			<u>\$ 10,340</u>	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 Community Investment Special Revenue Fund
 For the Fiscal Year Ended June 30, 2021
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 11,775	\$ 11,775	\$ 18,217	\$ 6,442
Use of money and property	14	14	22	8
Intergovernmental	203	631	662	31
Other	-	-	594	594
Total revenues	11,992	12,420	19,495	7,075
Expenditures:				
General government				
Community Investment Fund	1,609	1,986	1,461	525
Economic Development Board	6,040	6,719	6,561	158
Reimbursements	(380)	(380)	(358)	(22)
Total expenditures	7,269	8,325	7,664	661
Excess (deficiency) of revenues over (under) expenditures	4,723	4,095	11,831	7,736
Other financing sources (uses):				
Transfers in	808	926	924	(2)
Transfers out	(7,180)	(7,086)	(6,888)	198
Total other financing sources (uses)	(6,372)	(6,160)	(5,964)	196
Net change in fund balances	\$ (1,649)	\$ (2,065)	5,867	\$ 7,932
GAAP basis difference - encumbrances			216	
Fund balance, beginning of year			5,107	
Fund balance, end of year			\$ 11,190	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 Agricultural Preservation and Open Space District Special Revenue Fund
 For the Fiscal Year Ended June 30, 2021
 (Dollars in Thousands)

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ 145	\$ 145	\$ 22	\$ (123)
Intergovernmental	43,644	43,759	13,902	(29,857)
Other	<u>2,256</u>	<u>2,256</u>	<u>852</u>	<u>(1,404)</u>
Total revenues	<u>46,045</u>	<u>46,160</u>	<u>14,776</u>	<u>(31,384)</u>
Expenditures:				
Recreation and cultural services	47,159	52,330	21,544	30,786
Reimbursements	<u>-</u>	<u>-</u>	<u>(244)</u>	<u>244</u>
Total expenditures	<u>47,159</u>	<u>52,330</u>	<u>21,300</u>	<u>31,030</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,114)</u>	<u>(6,170)</u>	<u>(6,524)</u>	<u>(354)</u>
Other financing sources (uses):				
Transfers in	1,131	1,131	724	(407)
Transfers out	<u>(1,146)</u>	<u>(1,146)</u>	<u>(740)</u>	<u>406</u>
Total other financing sources (uses)	<u>(15)</u>	<u>(15)</u>	<u>(16)</u>	<u>(1)</u>
Net change in fund balances	<u>\$ (1,129)</u>	<u>\$ (6,185)</u>	<u>(6,540)</u>	<u>\$ (355)</u>
GAAP basis difference - encumbrances			6,892	
Fund balance, beginning of year			<u>13,513</u>	
Fund balance, end of year			<u>\$ 13,865</u>	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 Roads Special Revenue Fund
 For the Fiscal Year Ended June 30, 2021
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive
	Original	Final		(Negative)
Revenues:				
Licenses, permits and franchised fees	\$ 1,340	\$ 1,340	\$ 1,738	\$ 398
Fines, forfeitures and penalties	345	345	476	131
Use of money and property	480	480	8	(472)
Intergovernmental	47,804	47,804	44,723	(3,081)
Charges for services	1,600	1,600	2,022	422
Other	260	260	1,173	913
Total revenues	51,829	51,829	50,140	(1,689)
Expenditures:				
Public ways and facilities				
Roads Division	94,189	98,869	94,364	4,505
Reimbursements	(15,317)	(15,317)	(13,858)	(1,459)
Total expenditures	78,872	83,552	80,506	3,046
Excess (deficiency) of revenues over (under) expenditures	(27,043)	(31,723)	(30,366)	1,357
Other financing sources (uses):				
Transfers in	21,254	24,684	24,570	(114)
Transfers out	(3,855)	(1,800)	(1,326)	474
Proceeds from sale of capital assets	-	-	9	9
Total other financing sources (uses)	17,399	22,884	23,253	369
Net change in fund balances	\$ (9,644)	\$ (8,839)	(7,113)	\$ 1,726
GAAP basis difference - encumbrances			405	
Fund balance, beginning of year			32,152	
Fund balance, end of year			\$ 25,444	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 Mandated Revenues Special Revenue Fund
 For the Fiscal Year Ended June 30, 2021
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive
	Original	Final		(Negative)
Revenues:				
Licenses, permits and franchised fees	\$ 2,865	\$ 2,865	\$ 2,647	\$ (218)
Fines, forfeitures and penalties	2,428	2,428	2,482	54
Use of money and property	874	879	426	(453)
Intergovernmental	19,305	19,405	16,737	(2,668)
Charges for services	3,391	3,391	5,304	1,913
Other	364	367	1,352	985
Total revenues	29,227	29,335	28,948	(387)
Expenditures:				
General government				
County Clerk-Recorder-Assessor - Assessor	111	111	36	75
General Services - Tidelands Leases	162	171	101	70
Total general government	273	282	137	145
Public protection				
County Clerk-Recorder-Assessor				
Recorder	3,044	3,051	2,781	270
Agriculture / Weights & Measures	56	57	55	2
Child Support Services	12,615	12,810	12,733	77
Court Support and Grand Jury	80	80	65	15
District Attorney	4,258	4,283	1,915	2,368
Fire Prevention	2,003	2,003	1,836	167
Permit & Resource Management	2,402	2,402	941	1,461
Probation	2,705	2,812	2,179	633
Sheriff				
Detention	225	225	129	96
Law Enforcement	4,089	4,089	1,406	2,683
Total public protection	31,477	31,812	24,040	7,772
Public ways and facilities				
Transportation & Public Works Special Projects	57	57	35	22
Recreation and cultural services:				
Regional Parks Restricted Donations	-	73	73	-
Reimbursements	(253)	(253)	(269)	16
Total expenditures	31,554	31,971	24,016	7,955
Excess (deficiency) of revenues over (under) expenditures	(2,327)	(2,636)	4,932	7,568
Other financing sources (uses):				
Transfers in	12,882	12,765	12,594	(171)
Transfers out	(18,121)	(16,702)	(8,353)	8,349
Proceeds from sale of capital assets	-	-	7	7
Total other financing sources (uses)	(5,239)	(3,937)	4,248	8,185
Net change in fund balances	\$ (7,716)	\$ (6,573)	9,180	\$ 15,753
GAAP basis difference - encumbrances			305	
Fund balance, beginning of year			49,750	
Fund balance, end of year			\$ 59,235	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 2011 Realignment Special Revenue Fund
 For the Fiscal Year Ended June 30, 2021
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 586	\$ 586	\$ 44	\$ (542)
Intergovernmental	63,454	64,454	67,396	2,942
Other	1,740	1,740	5,112	3,372
Total revenues	<u>65,780</u>	<u>66,780</u>	<u>72,552</u>	<u>5,772</u>
Expenditures:				
Public protection				
District Attorney	433	503	503	-
Probation	22,849	22,849	19,621	3,228
Public Defender	224	224	224	-
Sheriff				
Law Enforcement	9,944	9,944	8,686	1,258
Detention	1,091	1,091	1,091	-
Total public protection	<u>34,541</u>	<u>34,611</u>	<u>30,125</u>	<u>4,486</u>
Health and sanitation				
Health Services - Special revenue	11,127	11,127	6,394	4,733
Public assistance				
Human Services - Special revenue	26,892	27,892	27,881	11
Total expenditures	<u>72,560</u>	<u>73,630</u>	<u>64,400</u>	<u>9,230</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,780)</u>	<u>(6,850)</u>	<u>8,152</u>	<u>15,002</u>
Net change in fund balances	<u>\$ (6,780)</u>	<u>\$ (6,850)</u>	<u>8,152</u>	<u>\$ 15,002</u>
GAAP basis difference - encumbrances			-	
Fund balance, beginning of year			<u>37,066</u>	
Fund balance, end of year			<u>\$ 45,218</u>	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 Special Districts Special Revenue Fund
 For the Fiscal Year Ended June 30, 2021
 (Dollars in Thousands)

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 11,554	\$ 11,554	\$ 14,204	\$ 2,650
Use of money and property	183	183	44	(139)
Intergovernmental	1,337	2,558	1,425	(1,133)
Charges for services	1,293	1,293	1,235	(58)
Other	3	3	23	20
Total revenues	<u>14,370</u>	<u>15,591</u>	<u>16,931</u>	<u>1,340</u>
Expenditures:				
Public protection				
CSA #40 Fire Services District	2,705	3,597	3,520	77
PRMD - Fire Prevention	2,764	4,100	2,263	1,837
Fire & Emergency Services - County Facility	243	1,012	984	28
Rio Nido Geo Haz Abatement District	10	10	-	10
Total Public Protection	<u>5,722</u>	<u>8,719</u>	<u>6,767</u>	<u>1,952</u>
Public ways and facilities				
County Services Area #41				
Countywide Lighting	2,028	2,047	788	1,259
Permanent Road Districts	109	149	15	134
Total Public Ways and facilities	<u>2,137</u>	<u>2,196</u>	<u>803</u>	<u>1,393</u>
Public assistance				
In Home Support Services Public Authority	1,413	1,413	1,092	321
Recreation and cultural services:				
CSA #41 District Parks	158	158	153	5
Total Recreation and cultural services:	<u>158</u>	<u>158</u>	<u>153</u>	<u>5</u>
Reimbursements				
Total expenditures	<u>(417)</u>	<u>(417)</u>	<u>(423)</u>	<u>6</u>
Total expenditures	<u>9,013</u>	<u>12,069</u>	<u>8,392</u>	<u>3,671</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,357</u>	<u>3,522</u>	<u>8,539</u>	<u>5,017</u>
Other financing sources (uses):				
Transfers in	1,426	1,426	1,021	(405)
Transfers out	(9,528)	(10,372)	(7,148)	3,224
Proceeds from sale of capital assets	-	-	14	14
Total other financing sources (uses)	<u>(8,102)</u>	<u>(8,946)</u>	<u>(6,113)</u>	<u>2,833</u>
Net change in fund balances	<u>\$ (2,745)</u>	<u>\$ (5,424)</u>	2,426	<u>\$ 7,850</u>
GAAP basis difference - encumbrances			1,686	
Fund balance, beginning of year			<u>20,142</u>	
Fund balance, end of year			<u>\$ 24,254</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, 2021
(Dollars in Thousands)

	Insurance	Heavy Equipment Replacement	ERP System	Employee Retirement	Other Postemployment Benefits (OPEB)	Total
ASSETS						
Current assets:						
Cash and investments	\$ 91,595	\$ 2,226	\$ 8,635	\$ 13,925	\$ 6,508	\$ 122,889
Cash and investments with trustee	1,090	-	-	-	-	1,090
Accounts receivable, net	528	-	-	30	7	565
Due from other funds	600	-	-	-	-	600
Due from other governments	235	-	-	-	-	235
Prepaid expenses	-	32	363	-	-	395
Total current assets	<u>94,048</u>	<u>2,258</u>	<u>8,998</u>	<u>13,955</u>	<u>6,515</u>	<u>125,774</u>
Noncurrent assets:						
Capital assets:						
Nondepreciable	-	4	312	-	-	316
Depreciable, net	-	5,619	5,416	-	-	11,035
Total noncurrent assets	<u>-</u>	<u>5,623</u>	<u>5,728</u>	<u>-</u>	<u>-</u>	<u>11,351</u>
Total assets	<u>94,048</u>	<u>7,881</u>	<u>14,726</u>	<u>13,955</u>	<u>6,515</u>	<u>137,125</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred amounts related to pensions	447	-	-	79,864	-	80,311
Deferred amounts related to OPEB	272	-	-	-	29,793	30,065
Total deferred outflows of resources	<u>719</u>	<u>-</u>	<u>-</u>	<u>79,864</u>	<u>29,793</u>	<u>110,376</u>
LIABILITIES						
Current liabilities:						
Accounts payable	621	4	56	3,231	8	3,920
Due to other funds	150	-	1,542	-	-	1,692
Due to other governments	50	-	-	-	-	50
Deposits from others	23	-	-	-	-	23
Interest payable	-	-	-	1,392	-	1,392
Compensated absences	209	-	-	-	-	209
Self-funded insurance	13,313	-	-	-	-	13,313
Bonds payable	-	-	-	38,810	-	38,810
Other liabilities	4,560	-	-	-	-	4,560
Total current liabilities	<u>18,926</u>	<u>4</u>	<u>1,598</u>	<u>43,433</u>	<u>8</u>	<u>63,969</u>
Noncurrent portion of long-term liabilities:						
Self-funded insurance	43,477	-	-	-	-	43,477
Compensated absences	164	-	-	-	-	164
Advances from other funds	-	-	5,286	-	-	5,286
Bonds payable	-	-	-	247,880	-	247,880
Net pension liabilities	1,280	-	-	150,412	-	151,692
Net OPEB liabilities	1,577	-	-	-	181,448	183,025
Total noncurrent liabilities	<u>46,498</u>	<u>-</u>	<u>5,286</u>	<u>398,292</u>	<u>181,448</u>	<u>631,524</u>
Total liabilities	<u>65,424</u>	<u>4</u>	<u>6,884</u>	<u>441,725</u>	<u>181,456</u>	<u>695,493</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred amounts related to pensions	716	-	-	87,348	-	88,064
Deferred amounts related to OPEB	253	-	-	-	21,186	21,439
Total deferred inflows of resources	<u>969</u>	<u>-</u>	<u>-</u>	<u>87,348</u>	<u>21,186</u>	<u>109,503</u>
NET POSITION						
Net investment in capital assets	-	5,623	5,728	-	-	11,351
Unrestricted (deficit)	28,374	2,254	2,114	(435,254)	(166,334)	(568,846)
Total net position (deficit)	<u>\$ 28,374</u>	<u>\$ 7,877</u>	<u>\$ 7,842</u>	<u>\$ (435,254)</u>	<u>\$ (166,334)</u>	<u>\$ (557,495)</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, 2021
(Dollars in Thousands)

	Heavy Equipment	ERP System	Employee Retirement	Other Postemployment Benefits (OPEB)	Total
	Insurance	Replacement			
Operating revenues:					
Charges for services	\$ 38,027	\$ -	\$ 10,980	\$ 121,184	\$ 202,440
Rents and concessions	-	2,891	-	-	2,891
Sales and miscellaneous	6,291	3	-	-	6,294
Total operating revenues	<u>44,318</u>	<u>2,894</u>	<u>10,980</u>	<u>121,184</u>	<u>211,625</u>
Operating expenses:					
Services and supplies	19,089	1,815	6,554	(5,871)	21,587
Salaries and employee benefits	4,321	-	1,894	10,382	16,597
Claim expenses	20,019	-	-	-	20,019
Depreciation and amortization	-	730	1,548	-	2,278
Total operating expenses	<u>43,429</u>	<u>2,545</u>	<u>9,996</u>	<u>(5,871)</u>	<u>60,481</u>
Operating income (loss)	<u>889</u>	<u>349</u>	<u>984</u>	<u>38,120</u>	<u>151,144</u>
Nonoperating revenues (expenses):					
Investment income	216	-	42	5	299
Interest expense	-	-	-	(17,481)	(17,481)
Gain (Loss) on disposal of capital assets	-	98	-	-	98
Total nonoperating revenues (expenses)	<u>216</u>	<u>98</u>	<u>42</u>	<u>(17,476)</u>	<u>(17,084)</u>
Income (loss) before capital contributions and transfers	1,105	447	1,026	93,326	134,060
Capital contributions	-	(4)	-	-	(4)
Transfers in	2	-	-	-	2
Transfers out	(16)	-	(207)	-	(223)
Total capital contributions and transfers	<u>(14)</u>	<u>(4)</u>	<u>(207)</u>	<u>-</u>	<u>(225)</u>
Change in net position	1,091	443	819	93,326	133,835
Net position, beginning of year	<u>27,283</u>	<u>7,434</u>	<u>7,023</u>	<u>(528,580)</u>	<u>(691,330)</u>
Net position, end of year	<u>\$ 28,374</u>	<u>\$ 7,877</u>	<u>\$ 7,842</u>	<u>\$ (435,254)</u>	<u>\$ (166,334)</u>

COUNTY OF SONOMA, CALIFORNIA
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2021
(Dollars in Thousands)

	Heavy			Other		Total
	Insurance	Equipment Replacement	ERP System	Employee Retirement	Postemployment Benefits (OPEB)	
Cash flows from operating activities:						
Receipts from interfund services provided	\$ 43,579	\$ 2,913	\$ 10,996	\$ 72,321	\$ (2,824)	\$ 126,985
Payments to suppliers for goods and services	(34,716)	(2,154)	(6,716)	(283)	5,861	(38,008)
Payments to employees for services	(331)	-	(1,894)	(10,382)	-	(12,607)
Net cash provided by operating activities	<u>8,532</u>	<u>759</u>	<u>2,386</u>	<u>61,656</u>	<u>3,037</u>	<u>76,370</u>
Cash flows from noncapital financing activities:						
Transfers in	2	-	-	-	-	2
Transfers out	(16)	-	(207)	-	-	(223)
Due from other funds	11,911	-	-	-	-	11,911
Due to other funds	-	-	(78)	-	-	(78)
Advances to other funds	-	-	(1,542)	-	-	(1,542)
Deposits from others	23	-	-	-	-	23
Due to other governments	(39)	-	-	-	-	(39)
Principal paid on bonds	-	-	-	(34,725)	-	(34,725)
Interest paid	-	-	-	(17,481)	-	(17,481)
Net cash provided (used) by noncapital financing activities	<u>11,881</u>	<u>-</u>	<u>(1,827)</u>	<u>(52,206)</u>	<u>-</u>	<u>(42,152)</u>
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	-	(2,471)	(236)	-	-	(2,707)
Interest paid	-	-	-	(155)	-	(155)
Net cash (used) by capital and related financing activities	<u>-</u>	<u>(2,471)</u>	<u>(236)</u>	<u>(155)</u>	<u>-</u>	<u>(2,862)</u>
Cash flows from investing activities:						
Interest received on investments	<u>216</u>	<u>-</u>	<u>42</u>	<u>5</u>	<u>36</u>	<u>299</u>
Net cash provided by investing activities	<u>216</u>	<u>-</u>	<u>42</u>	<u>5</u>	<u>36</u>	<u>299</u>
Net increase (decrease) in cash and cash equivalents	20,629	(1,712)	365	9,300	3,073	31,655
Cash and cash equivalents, beginning of year	<u>72,056</u>	<u>3,938</u>	<u>8,270</u>	<u>4,625</u>	<u>3,435</u>	<u>92,324</u>
Cash and cash equivalents, end of year	<u>\$ 92,685</u>	<u>\$ 2,226</u>	<u>\$ 8,635</u>	<u>\$ 13,925</u>	<u>\$ 6,508</u>	<u>\$ 123,979</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 889	\$ 349	\$ 984	\$ 110,802	\$ 38,120	\$ 151,144
Depreciation and amortization	-	730	1,548	-	-	2,278
Net pension activity	(441)	-	-	(48,866)	-	(49,307)
Net OPEB activity	(234)	-	-	-	(35,073)	(35,307)
Changes in assets and liabilities:						
Decrease (increase) in:						
Accounts receivable	(64)	19	16	3	-	(26)
Prepaid expenses	-	(32)	(164)	-	-	(196)
Increase (decrease) in:						
Accounts payable	230	(307)	2	(283)	(10)	(368)
Compensated absences	70	-	-	-	-	70
Self-funded insurance	3,920	-	-	-	-	3,920
Other liabilities	<u>4,162</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,162</u>
Net cash provided (used) by operating activities	<u>\$ 8,532</u>	<u>\$ 759</u>	<u>\$ 2,386</u>	<u>\$ 61,656</u>	<u>\$ 3,037</u>	<u>\$ 76,370</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position:						
Cash and investments	\$ 91,595	\$ 2,226	\$ 8,635	\$ 13,925	\$ 6,508	\$ 122,889
Cash and investments with trustee	<u>1,090</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,090</u>
Total cash and cash equivalents	<u>\$ 92,685</u>	<u>\$ 2,226</u>	<u>\$ 8,635</u>	<u>\$ 13,925</u>	<u>\$ 6,508</u>	<u>\$ 123,979</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, 2021
(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	\$ 14,647	\$ 4,065	\$ 11,184	\$ 1,058	\$ 30,954
Restricted cash and investments	5,461	379	437	-	6,277
Receivables, net	1,335	363	164	88	1,950
Due from other governments	258	121	-	-	379
Prepaid expenses and deposits	4	-	-	-	4
Capital assets:					
Nondepreciable	9,833	991	131	254	11,209
Depreciable, net	72,052	18,716	18,907	4,211	113,886
Total assets	<u>103,590</u>	<u>24,635</u>	<u>30,823</u>	<u>5,611</u>	<u>164,659</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	<u>12</u>	<u>-</u>	<u>63</u>	<u>-</u>	<u>75</u>
Total deferred outflows of resources	<u>12</u>	<u>-</u>	<u>63</u>	<u>-</u>	<u>75</u>
LIABILITIES					
Accounts payable and accrued liabilities	477	1,163	194	75	1,909
Interest payable	248	21	7	-	276
Long-term liabilities:					
Due within one year	1,930	315	188	-	2,433
Due in more than one year	14,259	1,777	2,798	-	18,834
Total liabilities	<u>16,914</u>	<u>3,276</u>	<u>3,187</u>	<u>75</u>	<u>23,452</u>
NET POSITION					
Net investment in capital assets	66,913	17,615	17,894	4,465	106,887
Restricted	4,082	378	430	-	4,890
Unrestricted	15,693	3,366	9,375	1,071	29,505
Total net position	<u>\$ 86,688</u>	<u>\$ 21,359</u>	<u>\$ 27,699</u>	<u>\$ 5,536</u>	<u>\$ 141,282</u>

COUNTY OF SONOMA, CALIFORNIA

Discretely Presented Nonmajor Component Units
 Combining Statement of Activities
 For the Year Ended June 30, 2021
 (Dollars in Thousands)

	Program Revenues			
	Expenses	Services	Operating Grants and Contributions	Contributions
FUNCTION/PROGRAM ACTIVITIES:				
Component units:				
Sonoma Valley Sanitation District	\$ 15,404	\$ 17,675	\$ 1,640	\$ 171
Russian River Sanitation District	7,272	5,466	-	178
South Park Sanitation District	3,109	4,266	123	-
Occidental Sanitation District	1,242	371	2	992
Total component units	\$ 27,027	\$ 27,778	\$ 1,765	\$ 1,341

GENERAL REVENUES:

Unrestricted investment earnings
 Total general revenues and transfers
 Change in net position
 Net position, beginning of year
 Net position, end of year

Net (Expense) Revenue and Changes in Net Position

Nonmajor Discrete Component Units				
Sonoma Valley County Sanitation District	Russian River County Sanitation District	South Park County Sanitation District	Occidental County Sanitation District	Total
\$ 4,082	\$ -	\$ -	\$ -	\$ 4,082
-	(1,628)	-	-	(1,628)
-	-	1,280	-	1,280
<u>-</u>	<u>-</u>	<u>-</u>	<u>123</u>	<u>123</u>
<u>4,082</u>	<u>(1,628)</u>	<u>1,280</u>	<u>123</u>	<u>3,857</u>
<u>23</u>	<u>51</u>	<u>32</u>	<u>6</u>	<u>112</u>
<u>23</u>	<u>51</u>	<u>32</u>	<u>6</u>	<u>112</u>
4,105	(1,577)	1,312	129	3,969
<u>82,583</u>	<u>22,936</u>	<u>26,387</u>	<u>5,407</u>	<u>137,313</u>
<u>\$ 86,688</u>	<u>\$ 21,359</u>	<u>\$ 27,699</u>	<u>\$ 5,536</u>	<u>\$ 141,282</u>

FUNCTION/PROGRAM ACTIVITIES:

Component units:

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

Total component units

GENERAL REVENUES:

- Unrestricted investment earnings
- Total general revenues and transfers
- Change in net position
- Net position, beginning of year
- Net position, end of year



STATISTICAL SECTION

(UNAUDITED)

This section of the County's Annual Comprehensive 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

	<u>Pages</u>
<u>Financial Trends</u>	
Trend information reflecting the County's financial performance over the past 10 years	142-153
<u>Revenue Capacity</u>	
Information on the County's most significant local revenue source, the property tax	154-157
<u>Debt Capacity</u>	
Information on the County's current levels of outstanding debt and on the capacity for issuing additional debt in the future	158-161
<u>Economic and Demographic Information</u>	
Indicators on the environment within which the County's financial activities take place	162-165
<u>Operating Information</u>	
Service and infrastructure data relating the County's financial statistics to services and activities within the County provides	166-169

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

	2011-12 (1) as restated	2012-13 (2) as restated	2013-14 (3) as restated	2014-15 (4) as restated	2015-16
Governmental activities					
Net investment in capital assets	\$ 1,025,895	\$ 1,040,466	\$ 1,088,783	\$ 1,113,783	\$ 1,163,262
Restricted	232,061	234,551	243,497	223,011	210,531
Unrestricted	7,420	55,683	(524,188)	(481,556)	(456,299)
Total governmental activities net position	<u>\$ 1,265,376</u>	<u>\$ 1,330,700</u>	<u>\$ 808,092</u>	<u>\$ 855,238</u>	<u>\$ 917,494</u>
Business-type activities					
Net investment in capital assets	96,064	99,990	113,075	137,860	145,735
Restricted	737	883	412	1,038	4,265
Unrestricted	(14,689)	(16,116)	11,585	8,695	7,058
Total business-type activities net position	<u>\$ 82,112</u>	<u>\$ 84,757</u>	<u>\$ 125,072</u>	<u>\$ 147,593</u>	<u>\$ 157,058</u>
Total government					
Net investment in capital assets	1,121,959	1,140,456	1,201,858	1,251,643	1,308,997
Restricted	232,798	235,434	243,909	224,049	214,796
Unrestricted	(7,269)	39,567	(512,603)	(472,861)	(449,241)
Total primary government net position	<u>\$ 1,347,488</u>	<u>\$ 1,415,457</u>	<u>\$ 933,164</u>	<u>\$ 1,002,831</u>	<u>\$ 1,074,552</u>

Notes:

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

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector

2016-17 (5) as restated	2017-18 (6) as restated	2018-19	2019-20	2020-21	
					Governmental activities
\$ 1,192,407	\$ 1,208,423	\$ 1,251,617	\$ 1,293,820	\$ 1,359,263	Net investment in capital assets
209,960	227,882	265,519	281,953	351,841	Restricted
(457,536)	(649,958)	(594,644)	(522,223)	(219,676)	Unrestricted
<u>\$ 944,831</u>	<u>\$ 786,347</u>	<u>\$ 922,492</u>	<u>\$ 1,053,550</u>	<u>\$ 1,491,428</u>	Total governmental activities net position
					Business-type activities
155,959	162,020	150,286	149,934	149,102	Net investment in capital assets
7,440	10,390	11,715	16,654	20,640	Restricted
(2,806)	(7,695)	6,541	8,109	13,197	Unrestricted
<u>\$ 160,593</u>	<u>\$ 164,715</u>	<u>\$ 168,542</u>	<u>\$ 174,697</u>	<u>\$ 182,939</u>	Total business-type activities net position
					Total government
1,348,366	1,370,443	1,401,903	\$ 1,443,754	\$ 1,508,365	Net investment in capital assets
217,400	238,272	277,234	298,607	372,481	Restricted
(460,342)	(657,653)	(588,103)	(514,114)	(206,479)	Unrestricted
<u>\$ 1,105,424</u>	<u>\$ 951,062</u>	<u>\$ 1,091,034</u>	<u>\$ 1,228,247</u>	<u>\$ 1,674,367</u>	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)

	2011-12	2012-13	2013-14 (1) as restated	2014-15	2015-16
Expenses					
Governmental activities					
General government	\$ 73,075	\$ 87,504	\$ 89,881	\$ 95,094	\$ 109,637
Public protection	229,093	241,671	243,619	272,963	281,574
Public ways and facilities	32,421	33,573	47,887	36,868	38,964
Health and sanitation	111,819	116,742	118,391	118,085	132,071
Public assistance	173,641	186,547	200,026	201,913	212,754
Education	870	605	840	1,020	1,056
Recreation and cultural services	12,560	12,465	13,147	14,482	16,004
Interest on long-term debt	43,675	43,801	37,978	37,598	35,344
Total governmental activities expenses	<u>\$ 677,154</u>	<u>\$ 722,908</u>	<u>\$ 751,769</u>	<u>\$ 778,023</u>	<u>\$ 827,404</u>
Business-type activities					
Refuse	33,169	32,803	32,532	26,492	5,494
Airport	3,985	4,283	4,223	4,743	5,330
Energy Independence Program	4,487	3,681	2,723	2,566	2,581
Transit	15,617	15,967	17,484	16,762	17,923
Fair	10,901	10,743	10,072	13,645	10,661
Marinas	2,482	2,284	2,214	2,708	2,213
Other business-type activities	1,769	1,885	1,789	1,235	1,035
Total business-type activities expenses	<u>\$ 72,410</u>	<u>\$ 71,646</u>	<u>\$ 71,037</u>	<u>\$ 68,151</u>	<u>\$ 45,237</u>
Total primary government	<u>\$ 677,226</u>	<u>\$ 722,980</u>	<u>\$ 751,840</u>	<u>\$ 778,091</u>	<u>\$ 872,641</u>

Notes:

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

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector

	2016-17	2017-18	2018-19	2019-20	2020-21	
						Expenses
						Governmental activities
\$	104,166	\$ 112,173	\$ 93,172	\$ 120,051	\$ 174,850	General government
	310,466	306,078	331,051	326,507	315,399	Public protection
	47,670	52,302	43,324	52,321	41,555	Public ways and facilities
	135,564	136,228	134,918	124,539	126,113	Health and sanitation
	220,772	208,901	220,590	213,416	211,766	Public assistance
	1,118	1,122	1,182	1,237	1,047	Education
	33,174	33,943	27,355	28,405	28,821	Recreation and cultural services
	29,136	28,219	26,295	24,259	21,752	Interest on long-term debt
\$	<u>882,066</u>	<u>\$ 878,966</u>	<u>\$ 877,887</u>	<u>\$ 890,735</u>	<u>\$ 921,303</u>	Total governmental activities expenses
	9,935	4,331	6,706	4,971	5,500	Business-type activities
	7,596	8,821	9,941	10,844	11,028	Refuse
	2,458	2,253	2,299	2,306	2,417	Airport
	18,816	19,309	20,252	20,410	18,505	Energy Independence Program
	7,199	11,495	10,818	11,222	5,954	Transit
	2,497	2,332	2,734	2,678	2,843	Fair
	1,238	1,092	1,135	1,050	1,104	Marinas
\$	<u>49,739</u>	<u>\$ 49,633</u>	<u>\$ 53,885</u>	<u>\$ 53,481</u>	<u>\$ 47,351</u>	Other business-type activities
\$	<u>931,805</u>	<u>\$ 928,599</u>	<u>\$ 931,772</u>	<u>\$ 944,216</u>	<u>\$ 968,654</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)

	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
Program Revenue					
Governmental activities					
Charges for services					
General government	\$ 34,924	\$ 53,062	\$ 46,308	\$ 41,223	\$ 52,021
Public protection	27,092	32,987	29,345	32,776	34,737
Public ways and facilities	7,260	59	43	371	395
Health and sanitation	24,611	8,055	6,275	6,780	6,501
Public assistance	1,256	12,938	18,021	8,190	9,173
Education	62	-	-	-	-
Recreation and cultural services	3,555	4,011	4,329	4,640	5,193
Total charges for services	<u>98,760</u>	<u>111,112</u>	<u>104,321</u>	<u>93,980</u>	<u>108,020</u>
Operating grants and contributions	395,426	406,152	437,904	426,888	471,383
Capital grants and contributions	4,617	11,116	4,832	7,754	3,102
Total governmental activities	<u>498,803</u>	<u>528,380</u>	<u>547,057</u>	<u>528,622</u>	<u>582,505</u>
Business - type activities					
Charges for services					
Refuse	34,234	34,930	37,993	29,343	7,380
Airport	3,650	4,056	4,285	4,589	4,935
Energy Independence Program	1,892	2,110	1,957	3,000	2,845
Transit	2,157	2,193	2,165	2,000	2,035
Fair	9,671	9,455	9,597	12,353	11,520
Marinas	2,172	2,241	2,312	2,858	2,145
Operating grants and contributions	12,686	10,584	12,253	12,238	13,232
Capital grants and contributions	7,332	2,340	31,828	21,369	7,712
Total business - type activities program revenues	<u>75,020</u>	<u>69,813</u>	<u>104,101</u>	<u>88,856</u>	<u>52,882</u>
Total primary government program revenues	<u>\$ 573,823</u>	<u>\$ 598,193</u>	<u>\$ 651,158</u>	<u>\$ 617,478</u>	<u>\$ 635,387</u>
Net (Expense) Revenue					
Governmental activities	\$ (262,216)	\$ (178,351)	\$ (194,528)	\$ (204,172)	\$ (249,401)
Business - type activities	(890)	2,610	(1,833)	28,182	20,705
Total primary government net expenses	<u>\$ (263,106)</u>	<u>\$ (175,741)</u>	<u>\$ (196,361)</u>	<u>\$ (175,990)</u>	<u>\$ (228,696)</u>

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

	2016-17	2017-18	2018-19	2019-20	2020-21	
						Program Revenue
						Governmental activities
						Charges for services
\$	40,057	\$ 38,026	\$ 40,737	\$ 43,365	\$ 43,588	General government
	35,029	37,181	45,579	43,133	41,047	Public protection
	407	4,025	3,766	4,503	4,601	Public ways and facilities
	13,938	12,583	10,842	9,925	10,470	Health and sanitation
	3,499	1,544	1,421	1,242	1,358	Public assistance
	-	-	-	-	-	Education
	5,763	5,577	5,992	5,453	7,761	Recreation and cultural services
	98,693	98,936	108,337	107,621	108,825	Total charges for services
	464,039	514,968	501,263	510,514	633,524	Operating grants and contributions
	4,013	3,071	3,318	2,143	3,681	Capital grants and contributions
	566,745	616,975	612,918	620,278	746,030	Total governmental activities
						Business - type activities
						Charges for services
	6,661	7,223	7,619	7,950	8,069	Refuse
	5,764	7,053	6,888	5,054	6,359	Airport
	2,658	2,313	2,033	1,937	1,603	Energy Independence Program
	1,825	1,957	1,804	1,180	212	Transit
	9,204	11,268	12,260	11,230	5,131	Fair
	2,343	2,264	2,396	2,467	2,882	Marinas
	13,937	15,335	16,960	18,729	21,099	Operating grants and contributions
	10,467	2,868	3,255	5,357	6,195	Capital grants and contributions
	54,017	51,514	54,018	55,006	27,294	Total business - type activities program revenues
\$	620,762	\$ 668,489	\$ 666,936	\$ 675,284	\$ 773,324	Total primary government program revenues
						Net (Expense) Revenue
\$	(244,899)	\$ (315,321)	\$ (261,991)	\$ (264,969)	\$ (175,273)	Governmental activities
	7,645	4,278	1,881	133	5,328	Business - type activities
\$	(237,254)	\$ (311,043)	\$ (260,110)	\$ (264,836)	\$ (169,945)	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)

	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
Net (expense) revenue					
Governmental activities	\$ (178,351)	\$ (194,528)	\$ (204,712)	\$ (249,401)	\$ (244,899)
Business-type activities	<u>2,610</u>	<u>(1,833)</u>	<u>28,182</u>	<u>20,705</u>	<u>7,645</u>
Total primary government net expense	(175,741)	(196,361)	(176,530)	(228,696)	(237,254)
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property	171,431	183,429	193,221	208,316	222,211
Documentary transfer	3,390	4,301	4,439	4,953	5,541
Transient occupancy	8,757	9,705	11,037	16,759	14,188
Grants and other governmental revenues not restricted to specific programs	33,028	34,360	38,474	39,153	40,686
Unrestricted investment earnings	14,249	8,068	11,305	6,157	8,331
Other	23,765	20,875	16,808	22,561	17,583
Transfers	2,338	(886)	(1,163)	(1,464)	(1,385)
Special/Extraordinary item	15,455	-	-	-	-
Total governmental activities	<u>272,413</u>	<u>259,852</u>	<u>274,121</u>	<u>296,435</u>	<u>307,155</u>
Business-type activities:					
Unrestricted investment earnings	1,697	1,681	2,186	25	370
Other	529	568	548	70	65
Transfers	(2,338)	886	1,163	1,464	1,385
Special item	-	1,343	-	-	-
Total business-type activities	<u>(112)</u>	<u>4,478</u>	<u>3,897</u>	<u>1,559</u>	<u>1,820</u>
Total primary government	<u>\$ 272,301</u>	<u>\$ 264,330</u>	<u>\$ 278,018</u>	<u>\$ 297,994</u>	<u>\$ 308,975</u>
Changes in net position:					
Governmental activities	94,062	65,324	69,409	47,034	62,256
Business-type activities	<u>2,498</u>	<u>2,645</u>	<u>32,079</u>	<u>22,264</u>	<u>9,465</u>
Total primary government	<u>\$ 96,560</u>	<u>\$ 67,969</u>	<u>\$ 101,488</u>	<u>\$ 69,298</u>	<u>\$ 71,721</u>

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

	2016-17	2017-18	2018-19	2019-20	2020-21
\$	(315,321)	\$ (261,991)	\$ (264,969)	\$ (270,457)	\$ (175,273)
	<u>4,278</u>	<u>1,881</u>	<u>133</u>	<u>1,525</u>	<u>5,328</u>
	(311,043)	(260,110)	(264,836)	(268,932)	(169,945)
	233,256	245,274	259,239	274,643	290,134
	6,047	6,201	5,585	6,817	9,071
	17,701	22,237	22,377	16,234	24,289
	42,813	48,721	53,018	55,566	66,463
	7,778	10,907	22,758	15,402	7,304
	36,532	38,688	39,617	44,753	217,255
	(1,469)	(1,328)	(1,480)	(1,599)	(1,365)
	-	(1,367)	-	(10,301)	-
	<u>342,658</u>	<u>369,333</u>	<u>401,114</u>	<u>411,816</u>	<u>613,151</u>
	367	868	2,283	1,592	264
	(25)	45	2,066	1,439	1,285
	1,469	1,328	1,480	1,599	1,365
	-	-	-	-	-
	<u>1,811</u>	<u>2,241</u>	<u>5,829</u>	<u>4,630</u>	<u>2,914</u>
\$	<u>344,469</u>	<u>372,941</u>	<u>406,943</u>	<u>416,446</u>	<u>616,065</u>
	27,337	107,342	136,145	131,058	437,878
	6,089	4,122	5,962	6,155	8,242
\$	<u>33,426</u>	<u>111,464</u>	<u>142,107</u>	<u>137,213</u>	<u>446,120</u>

Net (expense) revenue

Governmental activities
 Business-type activities
 Total primary government net expense

General revenues and other changes in net position:

Governmental activities:

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

Business-type activities:

Unrestricted investment earnings
 Other
 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)

	2011-12 (1)		2013-14 (2)		
	as restated	2012-13	as restated	2014-15	2015-16
General Fund					
Nonspendable	\$ 3,451	\$ 5,179	\$ 13,023	\$ 12,074	\$ 14,673
Committed	243	240	153	90	3
Assigned	35,655	45,743	50,694	64,400	73,592
Unassigned	48,496	48,479	47,658	55,325	57,497
Subtotal General Fund	<u>87,845</u>	<u>99,641</u>	<u>111,528</u>	<u>131,889</u>	<u>145,765</u>
All Other Governmental Funds					
Nonspendable	2,280	2,566	4,045	5,456	4,326
Restricted	235,047	242,054	239,446	235,532	222,475
Committed	2,868	3,217	3,806	6,873	7,024
Assigned	15,775	28,429	34,065	31,309	48,785
Unassigned	(1,329)	(609)	-	(412)	-
Subtotal all other governmental funds	<u>254,641</u>	<u>275,657</u>	<u>281,362</u>	<u>278,758</u>	<u>282,610</u>
Total governmental fund balance	<u>\$ 342,486</u>	<u>\$ 375,298</u>	<u>\$ 392,890</u>	<u>\$ 410,647</u>	<u>\$ 428,375</u>

Notes:

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

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector

	2016-17	2017-18	2018-19	2019-20	2020-21	
\$	12,974	\$ 11,306	\$ 8,966	\$ 11,037	\$ 8,457	General Fund
	3	5	15	14	124	Nonspendable
	76,290	86,444	111,584	146,306	276,514	Committed
	60,403	53,224	71,294	37,870	91,118	Assigned
	<u>149,670</u>	<u>150,979</u>	<u>191,859</u>	<u>195,227</u>	<u>376,213</u>	Unassigned
						Subtotal general fund
	3,973	3,771	3,763	3,687	3,752	All Other Governmental Funds
	221,115	237,938	275,209	289,226	364,392	Nonspendable
	5,373	8,860	9,152	6,847	13,358	Restricted
	42,193	46,980	46,491	39,248	27,133	Committed
	-	-	-	-	-	Assigned
	<u>272,654</u>	<u>297,549</u>	<u>334,615</u>	<u>339,008</u>	<u>408,635</u>	Unassigned
\$	<u>422,324</u>	<u>448,528</u>	<u>526,474</u>	<u>534,235</u>	<u>784,848</u>	Subtotal all other governmental funds
						Total governmental fund balance

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

	2011-12 (1) as restated	2012-13	2013-14 (2) as restated	2014-15	2015-16
Revenues (by source):					
Taxes	\$ 216,720	\$ 231,920	\$ 247,203	\$ 269,220	\$ 282,665
Licenses, permits and franchise fees	22,053	21,962	23,360	24,315	28,577
Fines, forfeitures and penalties	16,110	24,978	13,312	17,182	24,836
Use of money and property	13,940	7,276	9,919	5,954	7,561
Intergovernmental	388,607	401,810	440,438	432,396	469,363
Charges for services	61,135	74,580	67,657	52,483	54,607
Other	24,122	20,422	16,782	21,495	29,495
Total revenues	<u>742,687</u>	<u>782,948</u>	<u>818,671</u>	<u>823,045</u>	<u>897,104</u>
Expenditures (by function):					
Current:					
General government	72,306	85,869	91,087	97,029	108,126
Public protection	233,356	243,245	249,862	268,532	281,466
Public ways and facilities	27,922	25,991	41,824	29,197	30,496
Health and sanitation	116,802	122,133	123,730	122,444	135,081
Public assistance	181,425	195,708	210,568	210,166	218,413
Education	606	611	837	836	1,032
Recreation and cultural services	12,284	12,037	12,812	14,309	15,231
Capital outlay	37,105	32,643	46,142	39,679	39,986
Debt service:					
Principal	10,683	12,149	20,573	8,509	82,754
Interest	16,714	17,838	13,169	13,178	18,697
Total expenditures	<u>709,203</u>	<u>748,224</u>	<u>810,604</u>	<u>803,879</u>	<u>931,282</u>
Excess (deficiency) of revenues over (under) expenditures	<u>33,484</u>	<u>34,724</u>	<u>8,067</u>	<u>19,166</u>	<u>(34,178)</u>
Other financing sources (uses):					
Transfers in	98,435	79,641	82,821	86,587	143,129
Transfers out	(95,189)	(80,543)	(84,445)	(88,797)	(141,950)
Issuance of long-term debt	107	594	10,640	299	43,335
Premium on long term debt issuance	-	-	-	-	7,044
Proceeds from sale of capital assets	5,124	125	509	390	348
Other financing sources/(uses)	-	-	-	-	-
Total other financing sources and uses	<u>8,477</u>	<u>(183)</u>	<u>9,525</u>	<u>(1,521)</u>	<u>51,906</u>
Special/Extraordinary item	15,455	-	-	-	-
Net change in fund balances	<u>57,416</u>	<u>34,541</u>	<u>17,592</u>	<u>17,645</u>	<u>17,728</u>
Fund balances, beginning of year, as restated	<u>285,070</u>	<u>340,757</u>	<u>375,298</u>	<u>393,002</u>	<u>410,647</u>
Fund balances, end of year	<u>\$ 342,486</u>	<u>\$ 375,298</u>	<u>\$ 392,890</u>	<u>\$ 410,647</u>	<u>\$ 428,375</u>
Debt service as a percentage of noncapital expenditures	4.08%	4.19%	4.41%	2.84%	11.38%

Notes:

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

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector

2016-17	2017-18	2018-19	2019-20	2020-21	
\$ 299,817	\$ 322,433	\$ 340,219	\$ 353,260	\$ 389,957	Revenues (by source):
29,169	29,509	34,078	33,698	32,187	Taxes
12,995	13,129	16,247	16,951	16,500	Licenses, permits and franchise fees
7,130	9,632	19,058	13,547	6,995	Fines, forfeitures and penalties
468,052	518,038	504,581	512,657	637,215	Use of money and property
56,529	56,299	58,012	56,972	60,138	Intergovernmental
32,061	35,267	46,826	29,921	222,792	Charges for services
905,753	984,307	1,019,021	1,017,006	1,365,784	Other
					Total revenues
					Expenditures (by function):
					Current:
99,429	114,791	88,279	117,547	193,864	General government
307,874	322,852	340,814	350,655	360,635	Public protection
39,023	33,607	35,228	47,653	37,392	Public ways and facilities
137,342	146,623	141,141	136,668	147,393	Health and sanitation
224,976	225,460	231,592	234,557	247,687	Public assistance
1,087	1,161	1,132	1,187	1,169	Education
32,276	35,279	27,188	28,505	31,835	Recreation and cultural services
52,458	59,425	58,318	58,918	85,139	Capital outlay
					Debt service:
9,957	11,473	9,368	9,753	22,574	Principal
6,981	6,338	6,008	5,506	5,509	Interest
911,403	957,009	939,068	990,949	1,133,197	Total expenditures
					Excess (deficiency) of revenues over (under) expenditures
(5,650)	27,298	79,953	26,057	232,587	
					Other financing sources (uses):
80,486	97,898	121,415	148,265	144,610	Transfers in
(81,597)	(98,866)	(124,507)	(156,760)	(145,754)	Transfers out
17,225	2,300	654	-	66,636	Issuance of long-term debt
-	-	-	-	7,746	Premium on long term debt issuance
551	1,080	431	486	755	Proceeds from sale of capital assets
(17,066)	-	-	-	(55,967)	Other financing sources/(uses)
(401)	2,412	(2,007)	(8,009)	18,026	Total other financing sources and uses
-	(3,506)	-	(10,287)	-	Special/Extraordinary item
(6,051)	26,204	77,946	7,761	250,613	Net change in fund balances
428,375	422,324	448,528	526,474	534,235	Fund balances, beginning of year, as restated
\$ 422,324	\$ 448,528	\$ 526,474	\$ 534,235	\$ 784,848	Fund balances, end of year
					Debt service as a percentage of noncapital expenditures
1.97%	1.98%	1.75%	1.64%	2.68%	

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)
2011-12	\$ 65,715,029	\$ 2,550,892	\$ (2,437,205)	\$ 65,828,716	1.00
2012-13	65,424,659	2,394,378	(2,514,061)	65,304,976	1.00
2013-14	68,023,890	2,402,413	(2,740,545)	67,685,758	1.00
2014-15	73,289,559	2,476,588	(2,916,461)	72,849,686	1.00
2015-16	78,257,731	2,681,992	(3,116,014)	77,823,709	1.00
2016-17	82,727,351	2,659,027	(3,171,082)	82,215,296	1.00
2017-18	85,835,554	2,758,806	(3,139,460)	85,454,900	1.00
2018-19	90,472,427	2,908,430	(3,212,531)	90,168,326	1.00
2019-20	96,098,191	3,241,273	(3,502,462)	95,837,002	1.00
2020-21	101,928,048	3,538,887	(3,786,024)	101,680,911	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	Rate	School Districts			
				Cities (2)	(3)	Special Districts	
2011-12	0.21313	0.78687	1.0000	0.07500	0.02607	0.01266	1.11373
2012-13	0.21326	0.78674	1.0000	0.06500	0.02597	0.01174	1.10271
2013-14	0.21332	0.78668	1.0000	0.05200	0.02603	0.01259	1.09061
2014-15	0.21282	0.78718	1.0000	0.05700	0.02561	0.01170	1.09431
2015-16	0.21305	0.78695	1.0000	0.10700	0.02440	0.01263	1.14403
2016-17	0.21333	0.78667	1.0000	0.10700	0.02440	0.02440	1.15580
2017-18	0.21352	0.78648	1.0000	0.10700	0.02438	0.01152	1.14290
2018-19	0.21416	0.78584	1.0000	0.10700	0.02395	0.01298	1.14393
2019-20	0.21460	0.78540	1.0000	0.10700	0.02343	0.01317	1.14360
2020-21	0.21460	0.78540	1.0000	0.10700	0.02380	0.01290	1.14370

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, 2021 and June 30, 2012
 (Dollar Amounts in Thousands)

Taxpayer	June 30, 2021:			June 30, 2012:		
	Total Taxes (1)	Rank	Percentage of Total County Taxes	Total Taxes (1)	Rank	Percentage of Total County Taxes
Pacific Gas & Electric Co.	\$ 17,528	1	1.49%	\$ 8,205	2	1.07%
Geysers Power Co. LLC	16,504	2	1.40	10,111	1	1.31
Keysight Technologies Inc.	3,386	3	0.29	1,530	4	0.20
Foley Family Farms LP	1,756	4	0.15			
Enclave Apartments LLC	1,706	5	0.14			
Pacific Bell Telephone Co.	1,486	6	0.13	1,928	3	0.25
Jackson Family Investments LLC	1,367	7	0.12			
Gallo Vineyards Inc.	1,224	8	0.10			
CWI-Fairmont Sonoma Hotel	1,196	9	0.10			
Foley Family Farms LLC	1,180	10	0.10			
CPN Wild Horse GeoThermal				1,076	5	0.14
Ferrari-Carano Vineyards				944	6	0.12
Simi Real Estate				939	7	0.12
EMI Santa Rosa LTD				911	8	0.12
Varenna at Fountaingrove				857	9	0.11
Constellation Wines US Inc.				827	10	0.11
Total	<u>\$ 47,333</u>		<u>4.02%</u>	<u>\$ 27,328</u>		<u>3.55%</u>
Total taxes of all taxpayers (2)	<u>\$ 1,179,493</u>			<u>\$ 788,486</u>		

Notes:

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

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector
 Sonoma County Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2012

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
2011-12	\$ 658,287	\$ 642,641	97.6%	\$ 15,067	\$ 657,708	99.9%
2012-13	653,050	641,750	98.3%	10,817	652,567	99.9%
2013-14	676,858	667,922	98.7%	8,423	676,345	99.9%
2014-15	728,497	721,075	99.0%	6,780	727,855	99.9%
2015-16	778,237	770,592	99.0%	6,800	777,392	99.9%
2016-17	822,153	815,344	99.2%	5,742	821,087	99.9%
2017-18	852,241	844,872	99.1%	8,295	853,167	100.1%
2018-19	901,683	893,578	99.1%	5,859	899,437	99.8%
2019-20	958,370	946,295	98.7%	7,980	954,275	99.6%
2020-21	1,016,809	1,003,959	98.7%	-	1,003,959	98.7%

Notes:

(1) Secured and unsecured tax levy for the County itself, school districts, cities, and special districts under the supervision of their own governing boards.

(2) Included are amounts collected by the County on behalf of itself, school districts, cities, and special districts under the supervision of their own governing boards.

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector

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

Fiscal Year	Governmental Activities				
	Certificates of Participation	Bonds Payable	Pension Obligation Bonds	Notes Payable	Loans Payable
	2011-12	\$ 36,990	\$ 97,975	\$ 495,220	\$ 3,525
2012-13	32,471	90,700	472,255	1,925	75,856
2013-14	28,264	87,425	459,165	875	75,513
2014-15	25,384	84,020	443,565	-	76,246
2015-16	22,356	48,865	425,250	-	74,490
2016-17	20,212	43,645	404,185	-	72,423
2017-18	16,538	38,180	379,925	3,360	69,633
2018-19	14,929	32,440	352,370	-	67,974
2019-20	13,170	26,406	321,415	-	66,485
2020-21	11,252	83,461	286,690	840	-

Fiscal Year	Business-Type Activities				
	Certificates of Participation	Sewer and Water Bonds	Energy Independence Bonds	Notes and Loans Payable	Advances From Other Governments
	2011-12	4,700	45,290	46,614	1,391
2012-13	3,200	-	47,648	810	12,358
2013-14	1,635	-	45,988	15,700	12,066
2014-15	-	-	42,449	8,419	9,817
2015-16	-	-	38,250	7,217	8,799
2016-17	-	-	33,556	4,215	7,829
2017-18	-	-	30,307	448	6,595
2018-19	-	-	28,311	17,357	2,369
2019-20	-	-	25,128	16,857	1,985
2020-21	-	-	23,356	17,146	1,632

Fiscal Year	Ratios based on Total Primary Debt			
	Population (1)	Percentage of Assessed Value (2)	Percentage of Personal Income	Per Capita (3)
	2011-12	487,011	1.55%	4.62%
2012-13	490,423	1.22%	3.39%	1,628
2013-14	490,486	1.08%	2.98%	1,479
2014-15	496,253	0.96%	2.59%	1,388
2015-16	501,959	0.82%	2.37%	1,266
2016-17	505,120	0.73%	2.12%	1,200
2017-18	503,332	0.67%	2.00%	1,132
2018-19	500,675	0.60%	1.79%	1,076
2019-20	492,980	0.50%	1.45%	971
2020-21	484,207	0.47%	1.38%	988

Notes:

- (1) Population Estimate as of January 1, 2021
- (2) See the "Assessed Value of Taxable Property and Actual Value of Property" table for total taxable assessed value. Assessed value does not include tax exempt property.
- (3) See the "Demographic and Economic Statistics" table for population figures. Ratio is calculated using population for the latest calendar year for each corresponding fiscal year.
- (4) FY2019-20 long-term contract payable and Land fill closure and postclosure determined to be long-term liability not debt, noted as not applicable or NA.

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector

Long-Term Contract		Unamortized			Fiscal Year
Payable (4)	Capital Leases	Premiums	Subtotal		
\$ 100,981	\$ 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	
5,958	4,113	4,696	522,403	2017-18	
5,296	4,407	3,913	481,329	2018-19	
-	3,937	3,130	434,543	2019-20	
-	3,380	9,826	395,449	2020-21	

Landfill Closure and Postclosure (4)	Capital Leases	Unamortized Loss	Subtotal	Total Primary Government	Fiscal Year
51,979	13,812	(995)	200,757	1,021,273	2011-12
52,778	669	(100)	117,363	798,515	2012-13
-	266	-	75,655	734,057	2013-14
-	-	-	60,685	696,524	2014-15
4,834	-	-	59,100	639,473	2015-16
9,993	-	-	55,593	604,100	2016-17
9,831	-	-	47,181	569,584	2017-18
9,508	-	-	57,545	538,874	2018-19
NA	-	-	43,970	478,513	2019-20
NA	-	-	42,134	437,583	2020-21

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
2011-12	65,828,716	1,316,574	-	1,316,574	100%
2012-13	65,304,976	1,306,100	-	1,306,100	100%
2013-14	67,685,758	1,353,715	-	1,353,715	100%
2014-15	72,849,686	1,456,994	-	1,456,994	100%
2015-16	77,823,709	1,556,474	-	1,556,474	100%
2016-17	82,215,296	1,644,306	-	1,644,306	100%
2017-18	85,454,900	1,709,098	-	1,709,098	100%
2018-19	90,168,326	1,803,367	-	1,803,367	100%
2019-20	95,837,002	1,916,740	-	1,916,740	100%
2020-21	101,680,911	2,033,618	-	2,033,618	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, 2021
 (Dollar Amounts in Thousands)

2020-21 Taxable Assessed Valuation: \$ 101,680,911

<u>Overlapping Debt and Tax Assessment Debt (1)</u>	<u>Percentage Applicable to Sonoma County Taxable Assessed Valuation</u>	<u>Debt Outstanding</u>
High School Districts	100%	\$ 271,033
Unified School Districts	100%	599,104
Elementary Districts	100%	346,482
Santa Rosa Junior College	100%	356,205
Sonoma County Water Agency	100%	69,925
Total Overlapping Debt and Tax Assessment Debt		<u>\$ 1,642,749</u>

<u>Direct Debt (1)</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to Sonoma County Taxable Assessed Valuation</u>	<u>Debt Outstanding applicable to taxable assessed valuation</u>
Sonoma County Certificates of Participation	\$ 11,252	100%	\$ 11,252
Sonoma County Bonds Payable	93,287	100%	93,287
Sonoma County Pension Obligation Bonds	286,690	100%	286,690
Sonoma County Notes Payable	840	100%	840
Sonoma County Capital Leases	3,380	100%	3,380
Total Direct Debt	<u>\$ 395,449</u>		<u>\$ 395,449</u>
Total Combined Overlapping and Direct Debt			<u>\$ 2,038,198</u>

Assessed Valuation Ratio:

Total Overlapping Tax and Assessment Debt	1.62%
Total Direct Debt	0.39%
Total Combined Overlapping and Direct Debt	2.00%

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.

Source:

Sonoma County Water Agency Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2021
 Sonoma County Auditor-Controller-Treasurer-Tax Collector

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

Calendar Year	Estimated	Personal	Per Capita		Unemployment
	Population	Income (1)	Personal Income	School Enrollment	Rate
2012	487,011	\$ 21,417,425	\$ 43,977	70,688	9.0%
2013	490,423	22,126,957	45,118	70,637	7.1%
2014	490,486	23,548,182	48,010	70,932	5.7%
2015	496,253	24,606,709	49,585	71,096	4.3%
2016	501,959	26,874,652	53,540	71,131	4.1%
2017	505,120	27,034,022	53,520	70,940	3.6%
2018	503,332	28,457,348	56,538	70,449	2.4%
2019	500,675	30,183,693	60,286	69,734	2.8%
2020	492,980	32,972,432	66,884	68,194	11.6%
2021	484,207	34,565,600	71,386	66,450	5.8%

Incorporated Cities Population:

Cloverdale	9,133
Cotati	7,429
Healdsburg	11,800
Petaluma	61,104
Rohnert Park	42,484
Santa Rosa	171,711
Sebastopol	7,657
Sonoma	10,924
Town of Windsor	27,855
Total Incorporated	350,097
Total Unincorporated Areas	134,110
Total Population	484,207

Notes:

(1) Personal Income of all County residents in thousands and estimated as of November 2021.

Sources:

California Department of Finance, E-1 Population Estimates for Cities, Counties, and the State - January 1, 2020

US Department of Commerce, Bureau of Economic Analysis - Regional Data of GDP and Personal Income (BEARFACTS); estimates based on November 2021

California Department of Education; Data Enrollment by Grade report for 2020-21

California Employment Development Department: Labor Force Statistics

Economic Development Dept. -Local Area Unemployment Map for Counties, as of June 2021

COUNTY OF SONOMA, CALIFORNIA
 Major Employers (Unaudited)
 June 30, 2021 and June 30, 2012

Employer	June 30, 2021			June 30, 2012		
	Number of Employees	Rank	Percent of Total County Employment	Number of Employees	Rank	Percent of Total County Employment
County of Sonoma	3,860	1	1.62%	3,841	1	1.60%
Kaiser Permanente	3,015	2	1.26	2,812	2	1.17
Santa Rosa City Schools	1,600	3	0.67	1,352	6	0.56
Santa Rosa Junior College	1,544	4	0.65	1,567	4	0.65
Keysight Technologies	1,500	5	0.63	1,150	10	0.48
Providence (St. Joseph Health)	1,476	6	0.62	2,489	3	1.04
Sonoma State University	1,410	7	0.59			
City of Santa Rosa	1,250	8	0.52	1,200	9	0.50
Sutter Santa Rosa Regional Hospital	1,200	9	0.50	1,497	5	0.62
Jackson Family Wines	1,000	10	0.42			
Petaluma School District			0.00	1,300	7	0.54
Safeway			0.00	1,200	8	0.50
Ten largest Employer's	17,855		7.48%	18,408		7.66%
All other employer's	220,845		92.52%	221,892		92.34%
Total Employers	238,700		100.00%	240,300		100.00%

Sources:

- County of Sonoma Adopted Budget Schedules 2020-2021, 2011-2012
- North Bay Business Journal Book of Lists
- State of California, State Employee Demographics
- Santa Rosa City Schools Website
- Sonoma State University Fact Book
- City of Santa Rosa, Santa Rosa Operations & Maintenance Budget
- State of California Employment Development Department: Labor Force Statistics
- County of Sonoma Adopted Budget Schedules 2011-2012, County of Sonoma Comprehensive Annual Financial Report, 2011-2012

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

FTE'S:	2011-12	2012-13	2013-14	2014-15	2015-16
General Government					
Board of Supervisors / County Administrator	28	32	35	37	39
General Services	114	116	119	119	111
County Clerk-Assessor-Recorder-PA	111	114	118	109	102
Auditor-Controller / Treasurer-Tax Collector	93	97	96	92	88
County Counsel	36	36	38	38	39
Human Resources	47	50	56	57	55
Information Systems	107	107	107	117	100
Economic Development	8	11	12	10	12
Public Protection					
District Attorney	113	114	120	121	115
Public Defender	50	52	52	49	49
Sheriff	624	634	648	635	603
Probation	279	278	285	286	291
Permit and Resource Management	101	102	101	108	105
Emergency Services	25	27	27	24	23
Child Support Services	108	102	99	98	85
Agricultural Commissioner	43	37	41	32	32
Northern Sonoma County Air Pollution Control	6	6	6	6	6
Public Assistance					
Human Services and IHSS	666	698	784	836	891
Health Services					
H.S.-Administration and other	56	59	69	75	66
Public Health	211	202	200	206	213
Mental Health	172	190	196	212	201
Alcohol, Drug & Tobacco	39	41	44	38	35
Special Revenue Funds	6	7	25	26	25
County Medical Services Program	-	26	35	39	31
Public Ways & Facilities					
Roads	128	128	137	124	118
Cultural & Recreational					
Regional Parks (1)	126	117	127	79	81
Agricultural Preservation and Open Space District	29	28	29	27	24
Education					
U.C. Cooperative Extension	5	5	5	5	5
Enterprise Funds					
Integrated Waste Enterprise Fund (2)	40	41	41	40	9
Airport Enterprise Fund	15	15	15	14	15
Transit	7	7	6	6	5
Fairgrounds	37	34	34	36	27
Discrete Component Units					
Community Development Commission	43	34	35	36	39
Sonoma Water	230	243	250	212	215
Library (3)	138	138	138	-	-
	<u>3,841</u>	<u>3,928</u>	<u>4,130</u>	<u>3,949</u>	<u>3,855</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

2016-17	2017-18	2018-19	2019-20	2020-21	FTE'S:
					General Government
38	45	57	64	72	Board of Supervisors / County Administrator
110	107	102	103	98	General Services
103	105	107	101	98	County Clerk-Assessor-Recorder-PA
90	93	99	94	94	Auditor-Controller / Treasurer-Tax Collector
41	44	43	41	42	County Counsel
56	59	67	66	68	Human Resources
102	99	99	100	98	Information Systems
12	12	12	21	14	Economic Development
					Public Protection
122	126	125	121	122	District Attorney
51	51	50	52	49	Public Defender
625	624	611	608	595	Sheriff
267	262	262	269	251	Probation
112	133	151	139	154	Permit and Resource Management
21	17	9	12	10	Emergency Services
85	87	84	79	72	Child Support Services
37	36	36	35	33	Agricultural Commissioner
6	6	-	-	-	Northern Sonoma County Air Pollution Control
					Public Assistance
877	834	847	852	875	Human Services and IHSS
					Health Services
65	82	76	77	66	H.S.-Administration and other
210	193	197	200	195	Public Health
226	205	190	208	222	Mental Health
39	45	14	14	15	Alcohol, Drug & Tobacco
20	22	9	10	21	Special Revenue Funds
30	17	20	19	20	County Medical Services Program
					Public Ways & Facilities
113	117	121	124	123	Roads
					Cultural & Recreational
79	88	88	107	112	Regional Parks (1)
25	25	25	27	27	Agricultural Preservation and Open Space District
					Education
5	4	5	5	4	U.C. Cooperative Extension
					Enterprise Funds
10	8	9	10	10	Integrated Waste Enterprise Fund (2)
16	16	18	18	18	Airport Enterprise Fund
5	5	5	6	6	Transit
25	27	27	24	13	Fairgrounds
					Discrete Component Units
43	41	46	44	36	Community Development Commission
228	222	224	222	227	Sonoma Water
-	-	-	-	-	Library (3)
<u>3,894</u>	<u>3,857</u>	<u>3,835</u>	<u>3,872</u>	<u>3,860</u>	

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

Function/Program	2011-12	2012-13	2013-14	2014-15	2015-16
Law & Justice					
Filed Felonies/New Cases/New VOPs - DA/PD	2,066	2,321	2,511	2,706	2,229
Misdemeanor/Felony Court Appearances - DA/PD	124,854	123,008	130,135	-	149,121
Public Safety					
Dispatch Calls - Sheriff	126,882	126,959	125,149	115,351	114,980
Adult Detention Facility Bookings - Sheriff	18,000	17,773	17,703	16,881	15,953
Juvenile Hall Average Daily Population	84	80	76	72	60
Health & Public Assistance					
Birth Certificates Registered - Health Services	5,188	5,058	5,166	5,224	5,380
Emergency Medical Responses - Health Services	43,278	45,980	50,634	55,157	50,567
Total Collections - Child Support Enforcement (4)	\$ 28,574	\$ 28,372	\$ 28,699	\$ 29,038	\$ 31,063
Community Resources & Public Facilities					
Permit & Resource Management:					
Code Enforcement Cases	850	877	899	931	1,075
Building Permits Issued	16,690	-	16,517	5,450	6,004
Integrated Waste					
Tonnage - Transportation & Public Works (2)	240,000	230,837	267,251	266,913	292,867
Diverted Tonnage - Transportation & Public Works	110,000	110,000	109,000	119,566	102,302
Regional Parks					
Park Visitors	4,064,068	5,383,600	5,843,143	5,545,143	5,084,152
Veterans/Community Center (3):					
Events	4,397	3,655	4,788	1,910	2,912
Attendance	319,317	280,885	312,570	199,883	255,018

Notes:

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

Source:

Sonoma County Departments

2016-17	2017-18	2018-19	2019-20	2020-21	Function/Program
2,370	2,553	–	–	2,196	Law & Justice
99,714	30,572	–	–	139,428	Filed Felonies/New Cases/New VOPs - DA/PD Misdemeanor/Felony Court Appearances - DA/PD
111,568	114,599	105,357	96,478	124,158	Public Safety
15,987	16,516	18,498	14,546	17,903	Dispatch Calls - Sheriff Adult Detention Facility Bookings - Sheriff
54	41	–	38	90	Juvenile Hall Average Daily Population
4,997	4,715	4,642	4,559	5,532	Health & Public Assistance
66,680	70,310	75,000	–	53,417	Birth Certificates Registered - Health Services Emergency Medical Responses - Health Services
\$ 34,120	\$ 35,220	\$ 34,421	–	\$ 30,363	Total Collections - Child Support Enforcement (4)
994	1,890	1,821	1,687	870	Community Resources & Public Facilities
5,933	8,625	9,094	8,445	16,340	Permit & Resource Management: Code Enforcement Cases Building Permits Issued
297,282	1,216,047	361,092	323,030	240,000	Integrated Waste
85,696	85,365	92,507	101,275	107,356	Tonnage - Transportation & Public Works (2) Diverted Tonnage - Transportation & Public Works
5,376,723	5,317,133	5,506,506	5,359,420	4,605,999	Regional Parks
3,793	1,583	2,078	1,357	4,145	Park Visitors
343,136	135,182	207,640	123,681	387,500	Veterans/Community Center (3): Events Attendance

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

Function	2011-12	2012-13	2013-14	2014-15	2015-16
Sheriff:					
Stations	3	3	3	3	3
Sub-Stations (2)	5	5	5	5	5
Patrol Units	155	179	186	161	157
Helicopter	1	1	1	1	1
Marine Craft	5	5	5	5	5
Streets And Highways:					
Streets (miles)	1,382	1,382	1,382	1,382	1,379
Bridges (longer than 20 feet)	332	330	332	332	328
Traffic Lights:					
Traffic Lights - County Only	35	37	38	38	38
Traffic Lights - Shared With Cities	3	3	3	3	3
Traffic Lights - Shared With State	24	26	27	30	30
Total Traffic Lights	<u>62</u>	<u>66</u>	<u>68</u>	<u>71</u>	<u>71</u>
Parks And Recreation:					
Acreage Open to Public (1)	49,882	57,980	11,372	9,403	11,037
Sonoma Water:					
Water Mains (miles)	90	90	90	90	90
Chlorination Facilities	3	3	3	3	3
Pumping Plants/Booster Stations	21	21	21	21	21
Production Wells	9	9	9	9	9
Tank Storage Capacity (thousands of gallons)	133,000	128,800	128,800	128,800	128,800
Sanitation:					
Sanitary Sewers (miles)	250	252	230	230	230
Treatment Capacity (thousands of gallons)	13,439	13,439	13,439	13,439	13,439
Treatment Capacity (Avg. Daily Dry Weather Flow, MGD) (3)	-	-	-	-	-
Transit:					
Fleet (including buses and vans)	82	81	81	80	83

Notes:

- (1) 2011-12 Sonoma County Regional Parks assumed the management of Annadel State Park from the State of California. In 2013-14 the State of California reassumed management back from the County.
- (2) 2017-18 Roseland, Larkfield, and Amarosa sub-stations were closed
- (3) In 2017-18, changed measurement from "thousands of gallons" to "millions of gallons per day"
 – Long dash Indicates historical data not available at time of reporting, changed operating indicator, or statistics no longer available

Source:

Sonoma County Departments

2016-17	2017-18	2018-19	2019-20	2020-21	Function
					Sheriff:
3	3	3	3	3	Stations
5	2	2	2	2	Sub-Stations (2)
159	146	148	–	–	Patrol Units
1	1	1	1	1	Helicopter
5	5	5	5	4	Marine Craft
					Streets And Highways:
1,379	1,368	1,368	1,368	1,369	Streets (miles)
328	328	328	328	327	Bridges (longer than 20 feet)
					Traffic Lights:
40	38	38	38	35	Traffic Lights - County Only
3	3	1	1	5	Traffic Lights - Shared With Cities
30	30	31	32	30	Traffic Lights - Shared With State
<u>73</u>	<u>71</u>	<u>70</u>	<u>71</u>	<u>70</u>	Total Traffic Lights
					Parks And Recreation:
11,036	11,071	12,556	8,976	9,218	Acreage Open to Public (1)
					Sonoma Water:
85	85	85	85	85	Water Mains (miles)
3	3	3	3	3	Chlorination Facilities
21	21	21	21	21	Pumping Plants/Booster Stations
9	9	9	9	9	Production Wells
129,000	129,000	129,000	129,000	129,000	Tank Storage Capacity (thousands of gallons)
					Sanitation:
230	230	230	273	273	Sanitary Sewers (miles)
13,439	13,439	–	–	–	Treatment Capacity (millions of gallons per day)
–	5.36	4.86	4.94	2.80	Treatment Capacity (Avg. Daily Dry Weather Flow, MGD) (3)
					Transit:
80	83	83	86	81	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.

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.

ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR). 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.

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 ACFRs 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.

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.

CUSTODIAL FUND. Fiduciary funds that are not required to be reported in Investment Trusts, OPEB, Pension or Private Purpose Trust funds.

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 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.

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 INVESTMENT IN CAPITAL ASSETS. 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.

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.

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 ACFR.

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.

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).