

ANNUAL COMPREHENSIVE
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2022



Sonoma County California

COUNTY OF SONOMA
STATE OF CALIFORNIA

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

For The Fiscal Year Ended

June 30, 2022



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

Erick Roeser
Auditor-Controller-Treasurer-Tax Collector



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INTRODUCTORY SECTION



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ASSISTANT AUDITOR-CONTROLLER
TREASURER-TAX COLLECTOR

January 13, 2023

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, 2022, is hereby submitted in compliance with Sections 25250 and 25253 of the Government Code of the State of California.

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

The Independent Auditor's Report is located at the front of the financial section of this report. Eide Bailly LLP, a firm of licensed certified public accountants, has issued an unmodified ("clean") opinion on the County's financial statements for the fiscal year ended June 30, 2022.

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 482,404. 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 3,827 full-time employees in fiscal year 2021-22 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 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.

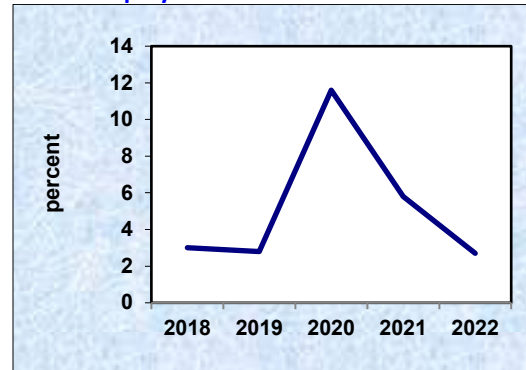
FACTORS AFFECTING ECONOMIC CONDITION

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

Economy

- During Fiscal Year 2021-22 Sonoma County experienced mixed economic conditions including a significant increase in the rate of inflation, and a continued decrease in the unemployment rate and transient occupancy tax rebounding from pandemic lows.
- As of June 2022, median home prices increased 5.3%. Sonoma County remains one of the more affordable Bay Area counties.

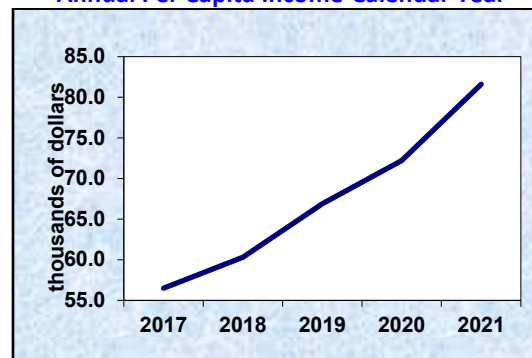
Unemployment Rate as of June 30



Unemployment

- As of June 2022, the County's unemployment rate decreased to 2.7% from 5.8% in June 2021. This is lower than both California's unemployment rate of 4.2% and the national unemployment rate of 3.6% as of June 2022.
- As of September 2022, the County unemployment rate was 2.5% compared to 4.5% in September 2021. The County's September 2022 rate is lower than both the California and national unemployment rates of 3.9% and 3.5%, respectively.

Annual Per Capita Income-Calendar Year



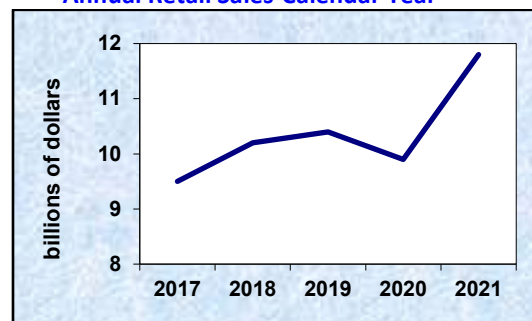
Income

- County per capita personal income increased to \$81,591 for the 2021 calendar year, from \$72,213 for the 2020 calendar year.

Retail Sales

- Retail sales county-wide increased 19.2% to \$11.8 billion for the 2021 calendar year, from \$9.9 billion for the 2020 calendar year.
- County unincorporated area retail sales increased 20% to \$2.4 billion in 2021 calendar year, from \$2.0 billion in the 2020 calendar year.

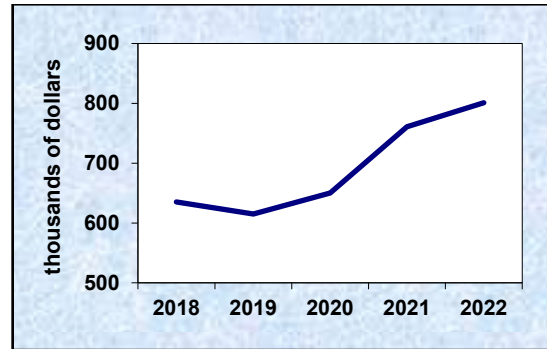
Annual Retail Sales-Calendar Year



Real Estate

- As of June 2022, the median home price increased 5.3% to \$801,000 from \$760,500 in June 2021.
- Certified valuation of secured and unsecured property, including residential and non-residential, increased 3.2% to \$101.8 billion for fiscal year 2021-22 from \$98.6 billion for fiscal year 2020-21.
- Certified valuation of residential property increased 4.0% to \$70.6 billion for fiscal year 2021-22 from \$67.9 billion for fiscal year 2020-21.
- Certified valuation of non-residential property increased 1.6% to \$31.2 billion for fiscal year 2021-22 from \$30.7 billion for fiscal year 2020-21.

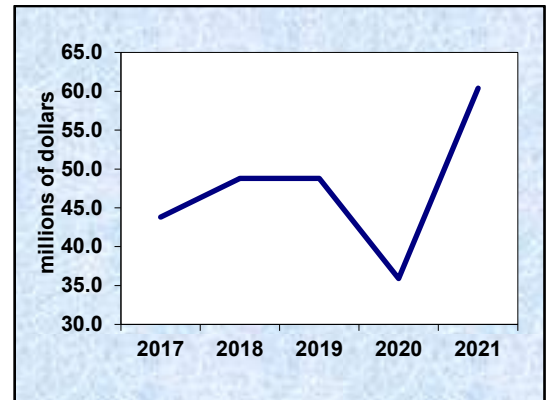
Median Home Price as of June 30



Tourism

- Sonoma County's lodging industry average annual occupancy increased to 64.0% in calendar year 2021 from 53.0% in calendar year 2020.
- County-wide transient occupancy tax (TOT) collections increased 68.2% to \$60.4 million in 2021 compared to \$35.9 million in 2020. Subsequently, TOT increased 49.7% to \$26.2 million for the first two quarters of 2022, compared to \$17.5 million for the first two quarters of 2021.

Annual Transient Occupancy Tax-
Calendar Year



FINANCIAL INDICATORS

The reporting period for the financial indicators is fiscal year 2021-22. County and other governmental agency's transient occupancy tax increased 35.0%, local sales tax increased 34.7%, and the County's largest revenue source, secured property taxes, increased 3.4%. The County General Fund's share of secured property tax revenue increased 4.2%.

California's 2022-23 Budget Act notes a \$307.9 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: addressing the impacts of climate change, 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 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 2021-22 in support of the Goals noted above:

- Disseminated \$5.7 million in State Emergency Solutions Grant-CV funds to reduce the impact of COVID-19 on individuals experiencing homelessness
- Administered the completion of the new Crestwood Mental Health Facility located on the Los Guilicos Campus
- Introduced Anti-Racist Results Based Accountability to the American Rescue Plan Act (ARPA) Equity Work Group to support the development of priority areas for ARPA funding and possible performance measures for future grantees
- Developed new Emergency Operations Plan Annexes for hazards and specific emergency functions including Alert & Warning, Public Safety Power Shutoff (PSPS), Evacuation, and Mass Care & Shelter
- The Pretrial Program implementation has successfully contributed to reducing the jail population from 1,050 in December 2019 to 726 in February 2022 (31% reduction)
- Victims Services coordinated Homeless Outreach Services with the Family Justice Center and local non-profits to house 695 unsheltered victims of crime and provided 139 nights of emergency hotel accommodations
- Installed General Mobile Radio Service repeaters at Fitch Mountain and Schellenger Road to bolster communication during disasters
- Created a vegetation management grant program to distribute PG&E settlement funds into the community to help mitigate fire risk

LONG-TERM FISCAL OUTLOOK

The County's fiscal position has recovered from the Pandemic. Revenue streams have nearly all recovered to, and in some cases surpassed, pre-pandemic levels. The long-term fiscal outlook has a high level of uncertainty due to the related factors of high inflation and increasing interest rates.

Looking ahead, property tax growth is expected to slow significantly as property sales, which drive the majority of growth, are impacted by higher interest rates. While a reduction in assessed value is not expected, a prolonged period of low growth is.

Sales tax revenue is expected to grow only slowly over the next few years. Should the state enter a significant recession, these figures could drop significantly.

While the worst of the pandemic may be behind us, demand for County services is not reducing. Disaster mitigation, the fight against homelessness, strengthening mental health and social safety net services, and striving for social equity all remain critical challenges.

The County is committed to fiscal sustainability, working within its means while engaging the community in opportunities to ensure funding for community priorities, and works constantly to best provide critical services while maintaining a balanced budget and sufficient reserves to weather potential downturns.

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

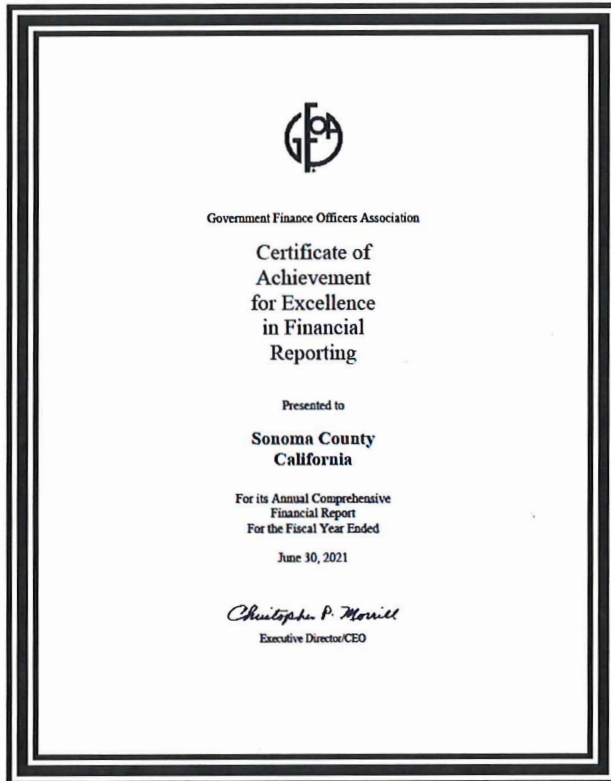
The County has a Debt Advisory Committee (DAC) to provide guidance and support related to all County debt issuance and management. The DAC provides the County Administrator and the Board of Supervisors a review process to ensure that all potential debt obligations are evaluated for cost effectiveness, 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 Government Finance Officers Association (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 ACFR for the fiscal year ended June 30, 2021. This was the thirtieth 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 ACFR that satisfied both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The current ACFR 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, 2021. This was the twenty-seventh 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, 2021. The County has received this prestigious award twenty-four 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 (Interim) Ethan Brown
Emergency Management Manager Christopher Godley
Fair Manager Rebecca Bartling
General Services Director..... Caroline Judy
Health Services Director Tina Rivera
Human Resources DirectorChristina 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..... Brian Morris
Regional Parks Director Bert Whitaker
Transportation & Public Works Director..... Johannes Hovertsz
U.C. Cooperative Extension Director..... Stephanie Larson
Sonoma Water General Manager..... Grant Davis

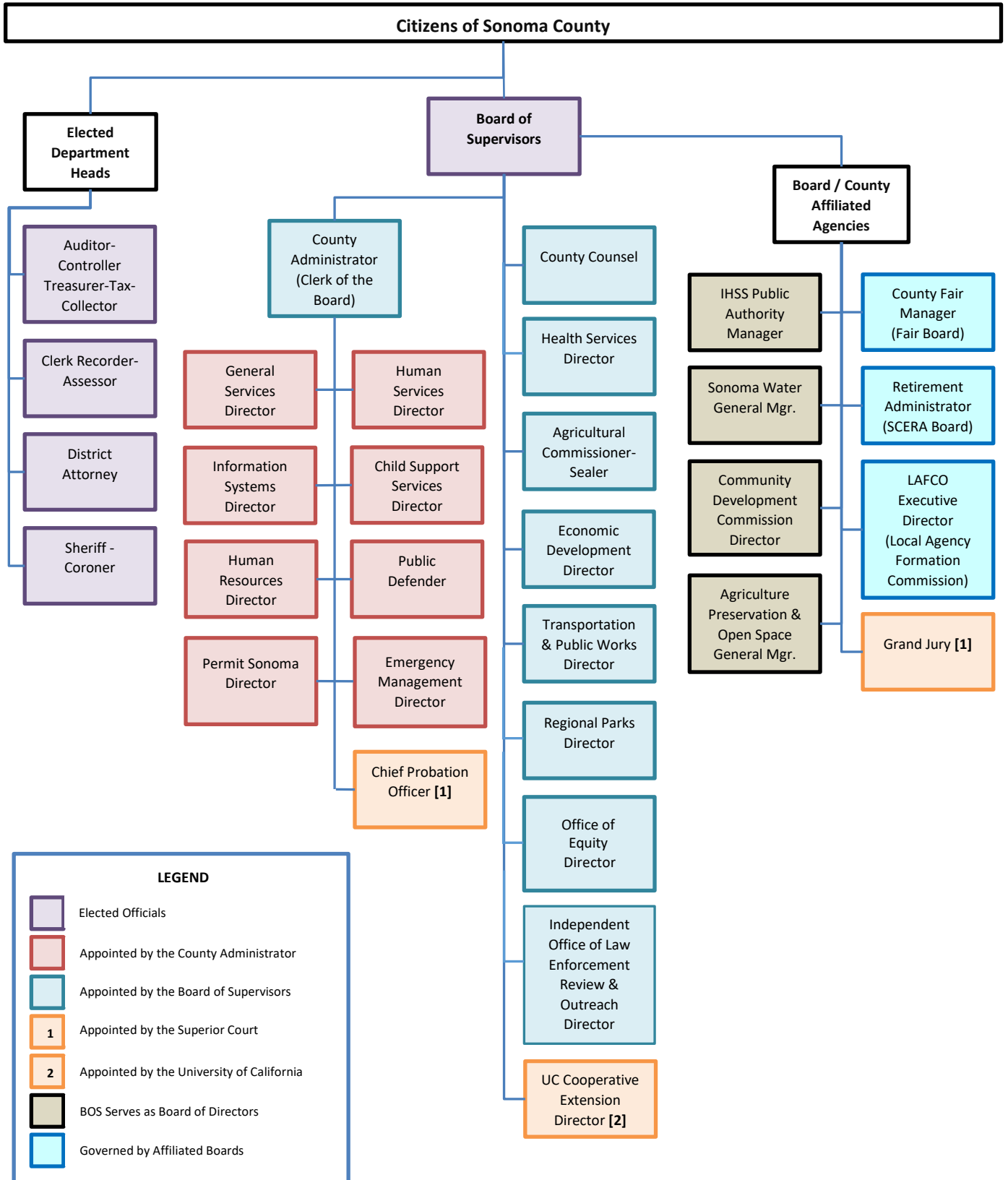
DIRECTORY OF APPOINTED AND ELECTED OFFICIALS

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





Independent Auditor’s Report

Board of Supervisors
 County of Sonoma, California

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2022, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying 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 the County, as of June 30, 2022, 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.

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 as of June 30, 2022:

Opinion Unit	Assets	Net Position/ Fund Balances	Revenues
Aggregate Discretely Presented Component Units	100%	100%	100%
Governmental Activities	17%	26%	1%
Business-Type Activities	96%	95%	93%
Aggregate remaining fund information	61%	69%	20%
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 opinions, insofar as it relates to the amounts included for 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) are based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, the County has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the governmental activities, business-type activities, Refuse Fund (major enterprise fund), and Airport Fund (major enterprise fund) net position as of July 1, 2021, to restate beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

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 is the responsibility of management and, 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 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.

Supplementary 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 combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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. In our opinion, 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2023, 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, and 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
January 13, 2023



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, 2022. 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 \$2.0 billion at June 30, 2022, an increase from prior year of \$280.1 million.
- The County's net position included \$1.6 billion net investment in capital assets, \$446.7 million in restricted net position offset by a \$48.0 million deficit in unrestricted net position. The deficit is primarily the result of the County's deferred amounts related to pension and other postemployment benefits (OPEB).
- The County's governmental funds reported a combined ending fund balance of \$869.7 million, an increase of \$84.9 million over prior year. Amounts available for spending include restricted, committed, assigned, and unassigned fund balances and total 98.5% of ending fund balance. Of this amount, \$435.0 million is restricted by law or externally imposed requirements, \$34.6 million is committed for specific purposes, \$319.6 million is assigned to specific purposes determined by the Board of Supervisors and the County Administrator's Office, \$67.3 million is unassigned. \$13.2 million is nonspendable.
- The General Fund unassigned fund balance was \$67.3 million, or 12.4% of total General Fund expenditures.

Additional information and analysis on the financial highlights follow 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 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.

Other Supplementary Information - includes the combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, internal service funds, nonmajor component units and the fiduciary combining statements.

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 \$2.0 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, 2022
(Dollars in Thousands)

	Governmental Activities		Business-Type Activities		Total		Total	
	2022	2021 (1)	2022	2021 (2)	2022	2021 (1)	Dollar Change	Percent Change
Assets:								
Current and other assets	\$ 1,248,482	\$ 1,089,913	\$ 139,646	\$ 116,608	\$ 1,388,128	\$ 1,206,521	\$ 181,607	15.1%
Capital assets, net of depreciation	1,509,311	1,488,259	175,278	166,807	1,684,589	1,655,066	29,523	1.8%
Total assets	2,757,793	2,578,172	314,924	283,415	3,072,717	2,861,587	211,130	7.4%
Deferred outflows of resources	213,989	113,375	2,384	2,021	216,373	115,396	100,977	87.5%
Liabilities:								
Current and other liabilities	284,085	262,786	15,126	13,411	299,211	276,197	23,014	8.3%
Long-term liabilities	574,509	825,242	49,610	53,763	624,119	879,005	(254,886)	(29.0%)
Total liabilities	858,594	1,088,028	64,736	67,174	923,330	1,155,202	(231,872)	(20.1%)
Deferred inflows of resources	366,866	112,091	44,438	35,323	411,304	147,414	263,890	(41.6%)
Net position:								
Net investment in capital assets	1,397,357	1,359,263	158,458	149,102	1,555,815	1,508,365	47,450	3.1%
Restricted	423,220	351,841	23,452	20,640	446,672	372,481	74,191	19.9%
Unrestricted	(74,255)	(219,676)	26,224	13,197	(48,031)	(206,479)	158,448	76.7%
Total net position	\$ 1,746,322	\$ 1,491,428	\$ 208,134	\$ 182,939	\$ 1,954,456	\$ 1,674,367	\$ 280,089	16.7%

(1) The FY 2021 assets, liabilities, and deferred inflows of resources were restated due to the implementation of GASB 87. See Notes 5 and 20.

Analysis of Net Position

The County's total net position increased 16.7% in the current fiscal year. Changes in the County's net position are described below.

Net Investment in Capital Assets

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

The County's net investment in capital assets was \$1.6 billion at fiscal year-end and consists of investment in capital assets (net of accumulated depreciation) of \$1.7 billion less related debt, an increase of \$47.5 million, or 3.1%.

Restricted Net Position

Restricted net position of \$446.7 million represents resources that are subject to external restrictions on their use, or by enabling legislation.

Restricted net position increased \$74.2 million or 19.9%. The primary changes to restricted net position, by function, include:

- Health services increased \$45.4 million primarily due to a combination of increased revenue in Health and Mental Health Realignment funds, Measure O revenue (mainly from sales tax and vehicle license fees), Mental Health Services Act funding, and Behavioral Health Stabilization Fund, along with mobile support expansion programs yet to be executed, and lower salaries and benefits from unfilled positions (especially in Mental Health Realignment fund)
- Public protection increased by \$10.2 million due to increases in Sheriff and Probation realignment revenues related to Community Correction Partnership and one-time state prepayment for Gleason Beach Cleanup Project
- Public assistance increased \$15.0 million primarily due to 1991 realignment additional funding and increased Human Services revenue
- Refuse contractual agreement increased \$1.2 million mainly from amount collected for landfill agreement between county and cities
- Airport facility charges increased \$1.2 million due to higher fee collection from increased airport traffic

Unrestricted Net Position

The County's prior year unrestricted net position deficit of \$206.5 million was reduced by \$158.5 million to a deficit of \$48.0 million. The majority of the deficit is due to deferred amounts related to pension and OPEB.

Analysis of Primary Government

Change in net position (net revenue), of the Primary Government (Governmental and Business-Type Activities) decreased 37.2% to \$280.1 million from \$446.1 million in prior year.

Changes in Net Position
For the Fiscal Year Ended June 30, 2022
(Dollars in Thousands)

	Governmental Activities		Business-Type Activities		Total		Total	
	2022	2021	2022	2021	2022	2021	Dollar Change	Percent Change
Revenues:								
Program revenues:								
Charges for services	\$ 111,172	\$ 108,825	\$ 30,719	\$ 25,385	\$ 141,891	\$ 134,210	\$ 7,681	5.7%
Operating grants and contributions	651,763	633,524	23,639	21,099	675,402	654,623	20,779	3.2%
Capital grants and contributions	4,635	3,681	18,753	6,195	23,388	9,876	13,512	136.8%
General revenues:								
Property taxes	304,492	290,134	-	-	304,492	290,134	14,358	4.9%
Documentary transfer taxes	9,378	9,071	-	-	9,378	9,071	307	3.4%
Transient occupancy taxes	32,830	24,289	-	-	32,830	24,289	8,541	35.2%
Grants and other unrestricted governmental revenues	95,805	66,463	-	-	95,805	66,463	29,342	44.1%
Unrestricted investment earnings	(23,419)	7,304	(1,980)	264	(25,399)	7,568	(32,967)	(435.6%)
Other	51,793	217,255	2,960	1,285	54,753	218,540	(163,787)	(74.9%)
Total operating revenues	1,238,449	1,360,546	74,091	54,228	1,312,540	1,414,774	(102,234)	(7.2%)
Expenses:								
General government	188,199	174,850	-	-	188,199	174,850	13,349	7.6%
Public protection	324,378	315,399	-	-	324,378	315,399	8,979	2.8%
Public ways and facilities	42,276	41,555	-	-	42,276	41,555	721	1.7%
Health and sanitation	150,633	126,113	-	-	150,633	126,113	24,520	19.4%
Public assistance	222,131	211,766	-	-	222,131	211,766	10,365	4.9%
Education	1,049	1,047	-	-	1,049	1,047	2	0.2%
Recreation and cultural services	33,273	28,821	-	-	33,273	28,821	4,452	15.4%
Interest on long-term debt	19,365	21,752	-	-	19,365	21,752	(2,387)	(11.0%)
Refuse	-	-	5,968	5,500	5,968	5,500	468	8.5%
Airport	-	-	12,342	11,028	12,342	11,028	1,314	11.9%
Energy Independence Program	-	-	2,056	2,417	2,056	2,417	(361)	(14.9%)
Transit	-	-	20,387	18,505	20,387	18,505	1,882	10.2%
Fair	-	-	6,160	5,954	6,160	5,954	206	3.5%
Marinas	-	-	2,794	2,843	2,794	2,843	(49)	(1.7%)
Other	-	-	1,440	1,104	1,440	1,104	336	30.4%
Total operating expenses	981,304	921,303	51,147	47,351	1,032,451	968,654	63,797	6.6%
Excess before transfers	257,145	439,243	22,944	6,877	280,089	446,120	(166,031)	(37.2%)
Transfers	(2,251)	(1,365)	2,251	1,365	-	-	-	0.0%
Change in net position	254,894	437,878	25,195	8,242	280,089	446,120	(166,031)	(37.2%)
Net position, beginning of year	1,491,428	1,053,550	182,939	174,697	1,674,367	1,228,247	446,120	36.3%
Net position, end of year	\$ 1,746,322	\$1,491,428	\$ 208,134	\$ 182,939	\$ 1,954,456	\$ 1,674,367	\$ 280,089	16.7%

Analysis of Governmental Activities

Governmental activities increased the County's net position \$254.9 million and accounted for 91.0% of the County's total increase in net position from current year activities. Governmental activities operating revenues exceeded operating expenses by \$257.1 million. Transfers to business-type activities decreased net position by \$2.3 million.

Revenues:

Operating revenues for the County's governmental activities decreased 9.0% from the prior year amount of \$1.36 billion to \$1.24 billion. Revenues are divided into two categories: program revenues and general revenues.

Program Revenues:

Program revenues increased \$21.5 million or 2.9%, from the prior year to \$767.6 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 62.0% of the County's funding for governmental activities.

- Operating grants and contributions increased by \$18.2 million or 2.9% to \$651.7 million due primarily to:
 - Public protection increase of \$13.7 million primarily related to increased State Prop 172 Public Safety funds to Law Enforcement and Fire Services, and one-time state prepayment for Gleason Beach Cleanup Project
 - Health and sanitation increase of \$11.6 million primarily due to:
 - \$8.0 million in 1991 Realignment from higher vehicle license fee and sale tax revenue
 - \$2.0 million increase in Homeless Housing and Assistance (HHAP) state grant funding for emergency shelter and street & youth outreach
 - \$1.8 million increase in Disaster Funding mainly from Paycheck Protection Program and Epidemiology and Laboratory Capacity grants
 - \$1.6 million increase in COVID-19 immunization grants
 - \$0.8 million increase in Community Health Workers Public Health Response and Resiliency grant
 - \$3.0 decrease from intergovernmental state funding due to lower number of billable months compared to prior year
 - Public assistance increase of \$6.4 million primarily due to:
 - \$4.0 million increase in Realignment revenues from higher sales tax volume
 - \$4.3 million increase in state funding reimbursements for cost-of-living adjustments and additional staffing to fill vacant positions
 - \$1.3 million increase in Welfare Programs related to increased case load
 - \$3.9 million decrease from termination of the Title IV-E Waiver fund in prior year
 - Recreation and cultural services increase of \$2.2 million mainly due to higher grant revenue from state for wildfire prevention and forest management, and higher Sonoma Water revenue for Spring Lake
 - Public ways and facilities decrease of \$10.3 million due to lower Caltrans project reimbursements as less projects were under construction than prior year
 - General government decrease of \$5.4 million due in most part to discontinuation of Federal CARES emergency funding, partially offset by new funding from American Rescue Plan and increased federal fundings for 2020 LNU Fire and COVID-19 Department of Health Services response

General Revenues:

General revenues had an overall decrease of \$143.6 million, or 23.4%, to \$470.9 million from the prior year. These revenues include general taxes that provide the Board of Supervisors with discretionary spending ability. The primary reasons for the decrease are as follows:

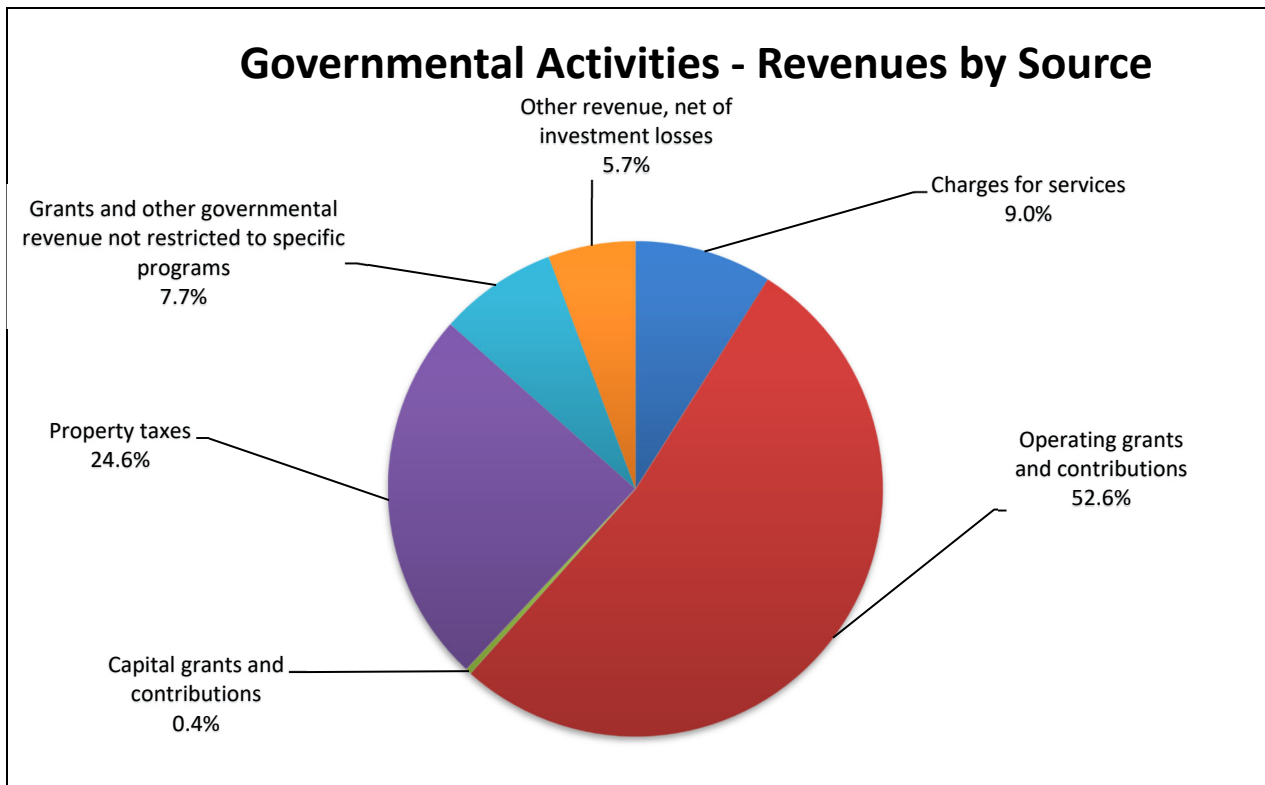
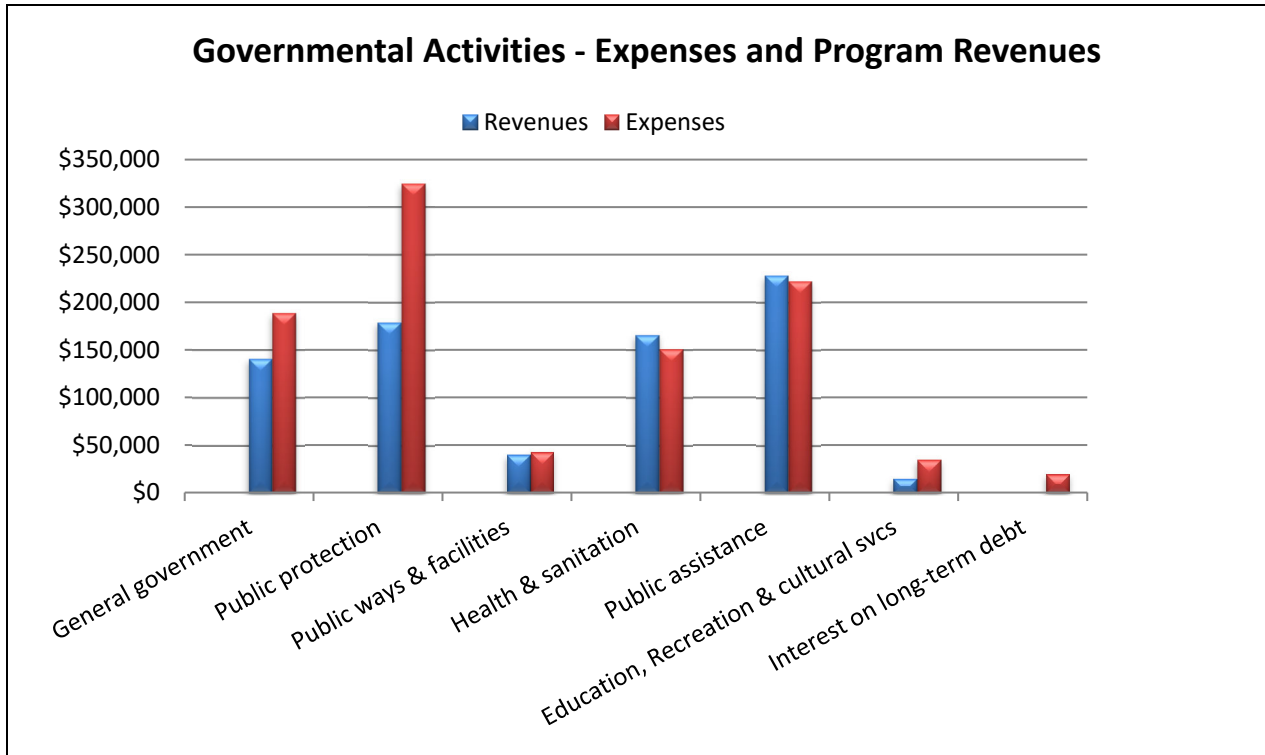
- Property tax revenue \$14.4 million increase attributable to sustained growth in assessed values along with higher supplemental assessments, growth in utilities roll, and restoration of fire affected parcels
- Transient occupancy tax revenue increased \$8.5 million due to continued relaxation of COVID-19 travel restrictions
- Grants and other unrestricted revenues increased \$29.3 million primarily due to increased sales and use tax revenues, in particular from higher Measure O revenue in Health Services
- Investment earnings (losses) decreased \$30.7 million in total mostly due to higher unrealized investment losses
- Other general revenues decreased \$165.5 million mostly from prior year revenue including 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 \$60.0 million from prior year to \$981.3 million. The primary reasons for the increase are as follows:

- Health and sanitation expenses increased \$24.5 million, or 19.4%, mainly due to:
 - Higher salaries and benefits from COVID-19 related labor costs, such as planning, testing, vaccination, and community outreach
 - Higher expenses primarily for mental health services at children's shelters, residential crisis services, adult inpatient hospital services, residential care facilities, transitional and permanent housing programs from higher Measure O revenue
 - Higher spending for contracted health workers and support services for increased COVID-19 program activities
 - Increased expenses for youth and family services under behavioral health programs
 - Cost settlement paybacks for FY12-13 and FY13-14 audits
- General government expenses increased \$13.3 million, or 7.6% due in most part to:
 - Contribution from the PG&E 2017 Fire Settlement to the RED Housing Fund, a California nonprofit public benefit corporation, to provide financing, credit enhancement, and/or guarantees to support the development of housing projects within Sonoma County
 - Payment to Sonoma County Transit Authority for road improvements per agreement with Graton Rancheria
 - Higher cost plan charges due to disaster costs
- Public assistance expenses increased \$10.4 million, or 4.9%, primarily due to:
 - Increase in salary and benefits from filling vacant positions and cost-of-living adjustments
 - Higher amortization expense due to new lease accounting standard implementation (GASB87)
 - Increased depreciation expenses, especially under Behavioral Health
- Public protection expenses increased \$9.0 million, or 2.8% primarily due to:
 - Higher salaries and benefits due to positions filled in Law Enforcement for new contracts and in Public Defender with new state grant
 - Higher amortization expense due to new lease accounting standard implementation (GASB87)
 - Higher one-time state-mandated encryption project and higher detention facilities reimbursements
- Recreation and cultural services expenses increased \$4.5 million, or 15.4%, due to
 - Increase in Regional Park operations, maintenance, and community engagement from increase in park usage and programs
 - Higher activities related to state grant for wildfire prevention and forest management
 - Increase in maintenance, habitat restoration, and improvement projects in Ag + Open Space

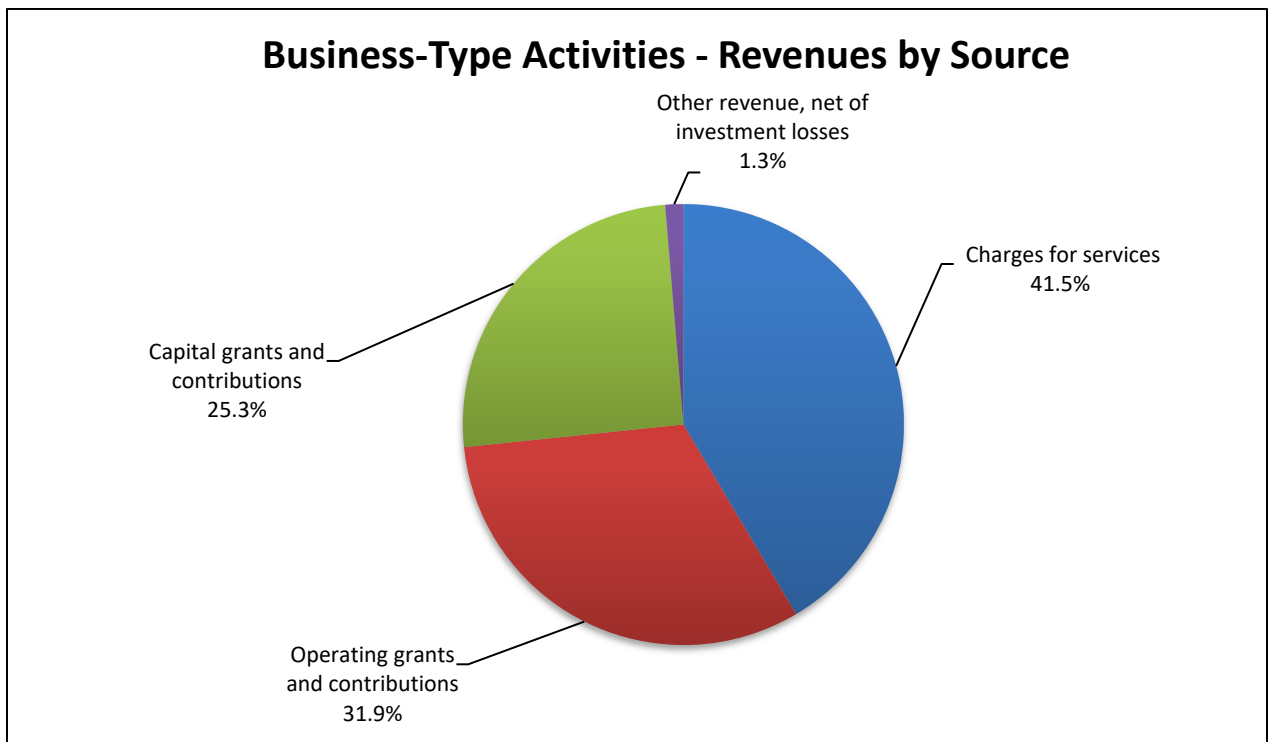
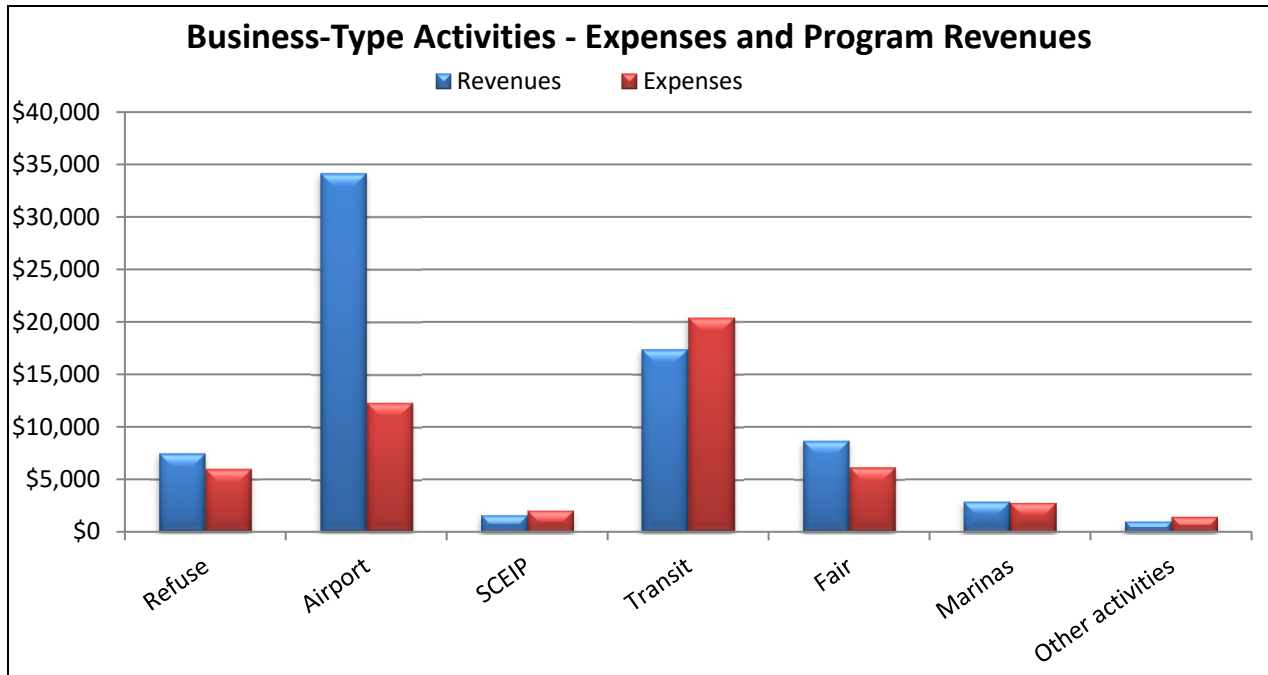
Governmental Activities Comparisons



Business-Type Activities Comparison

Business-type activities net position increased by \$25.2 million, from \$182.9 million to \$208.1 million for the year ended June 30, 2022.

Revenues for the County's business-type activities had an increase from the prior year of \$19.9 million or 36.6% to \$74.1 million.



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, 2022, the County's governmental funds reported combined fund balances of \$869.7 million, an increase of \$84.9 million compared to fiscal year 2021. 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, \$13.2 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 million, prepaid items and deposits of \$8.5 million and advances of \$3.8 million.
- Restricted fund balance, \$435.0 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 - \$74.9 million
 - Capital projects and equipment replacement - \$41.7 million
 - Debt service - \$10.5 million
 - Parks donations, mitigation, and operations - \$10.0 million
 - Courthouse/Criminal Justice Construction - \$2.0 million
 - Health services programs - \$157.8 million
 - Fire and emergency services - \$1.9 million
 - Public assistance - \$52.1 million
 - Lighting districts - \$10.4 million
 - Public protection - \$66.0 million
 - Clerk, Recorder, Assessor operations - \$5.6 million
 - Other - \$2.1 million
- Committed fund balance, \$34.6 million, consists of amounts that have been committed to specific purposes by the Board of Supervisors and consists of amounts committed to:
 - Community investment - \$19.2 million
 - Road activities and other - \$15.4 million
- Assigned fund balance, \$319.6 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 - \$135.0 million
 - Tribal development impact mitigation - \$27.4 million
 - Redevelopment agencies - \$6.6 million
 - General services - \$8.9 million
 - Public protection - \$13.2 million
 - Encumbrances - \$13.1 million
 - Fire Settlement projects - \$45.5 million
 - Projected budget deficit - \$34.8 million
 - Cannabis program - \$5.6 million
 - Other programs - \$29.5 million

- Unassigned fund balance of \$67.3 million represents the residual classification for the General Fund

Approximately 98.5%, or \$856.4 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 decreased by 25.6%, or \$96.3 million, to \$279.9 million at June 30, 2022. The nonspendable portion of fund balance was \$9.1 million. The spendable portion was \$270.8 million, a decrease of \$97.0 million, or 26.4%, over the prior year balance of \$367.8 million. This decrease is mainly due to:

- A decrease of \$101.6 million from Fire Settlements fund transfers to departments for executing designated initiatives
- A decrease of \$10.2 million primarily due to transfer of Chanate Campus sales proceeds to capital project deferred maintenance
- A decrease of \$5.8 million from payment to Sonoma County Transit Authority for road improvements per agreement with Graton Rancheria
- A decrease of \$4.9 million from cost plan charges due to disaster costs
- A fund balance increase of \$26.6 million for projected budget deficits from savings of prior year and current year initiatives

Other - Governmental Funds

As compared with the prior year, the total fund balances of the remaining governmental funds increased 44.3%, or \$181.2 million, to \$589.8 million with the following significant changes:

- Human Services fund balance increased \$8.9 million, from \$33.8 to \$42.7 million primarily due to higher revenue from sales tax and vehicle license fee and state funding draw down from COLAs and filling vacant positions, along with transfer of realignment fund to operating fund
- Health and Sanitation fund balance increased \$42.1 million, from \$106.3 to \$148.5 million primarily due to increase revenue in Health and Mental Health Realignment funds, Measure O revenue (mainly from sales tax and vehicle license fees), and Mental Health Services Act funding, higher General Fund transfer for mobile support expansion programs yet to be executed, and lower salaries and benefits from unfilled positions (especially in Mental Health Realignment fund)
- Open Space Special Tax Account increased \$10.9 million, from \$60.5 to \$71.4 million primarily from increased Measure F sales tax allocations and capital asset acquisition transfers
- Community Investment fund balance increased \$8.0 million, from \$11.2 to \$19.2 million due to increase in transient occupancy taxes collected resulting from continued relaxation of COVID-19 travel restrictions
- Roads fund balance increased \$40.3 million, from \$25.4 to \$65.7 million primarily due to various construction projects initiated during the year from the PG&E Fire Settlement
- Capital Projects fund balance increased \$50.1 million, from \$18.4 to \$68.5 million primarily due to funding spent on the following capital projects:
 - American Rescue Plan Act (ARPA) funding for replacing public health and morgue facilities currently leasing from Chanate Campus
 - Unspent general fund allocations and Chanate Campus sale proceeds for county-wide deferred maintenance
- Mandated funds increased \$4.9 million due primarily to one-time state prepayment for Gleason Beach Cleanup Project
- 2011 Realignment increased \$16.1 million, from \$45.2 to \$61.3 million primarily due to:
 - Behavioral Health realignment unspent revenue
 - Higher Community Correction Partnership revenue
- Special Districts decreased \$2.6 million, from \$24.3 to \$21.7 million primarily due to increased Fire Services capital outlay and higher spending for In-Home Supportive and Roads

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 \$25.2 million in the current year mostly due to:

- Airport net position increased \$23.5 million, primarily related to increases in rent/concession revenue and FAA and CARES Act Grant funding
- Fair net position increased \$3.8 million, mainly related to increases in rent and concessions as well as PPP Loan forgiveness and Target Support Program funding
- Transit net position decreased \$3.0 million, in most part due to the depreciation of assets

Current year activities of the internal service funds (ISF) increased the net position of the ISF \$136.2 million primarily due to the following:

- Employee retirement fund net position increased \$111.1 million primarily as a result of a favorable return on the market value of assets during calendar year 2021 that was greater than the assumed rate of return
- Other Postemployment Benefits (OPEB) net position increased by \$23.6 million, the majority due to fund investment performance

General Fund Budgetary Highlights

The County's final budget appropriations for General Fund expenditures increased \$137.6 million over the original budget, or 26.9%; primarily due to implementation of the ARPA expenditure plan, Board approved increases related to COVID-19 response, grants and contributions made from the 2017 PG&E Settlement fund, appropriation for new accounting standard implementation (GASB87), and other operational adjustments.

Revenues:

General Fund actual revenues were \$2.9 million less than final budget revenue estimates. The main reasons are as follows:

- Intergovernmental revenue was \$9.7 million lower due to delay of FEMA reimbursements for disaster fundings
- Use of money and property was \$9.6 million lower due to higher unrealized investment losses
- Charges for services was \$2.3 million less primarily due to:
 - Lower Fleet Heavy Equipment revenue due to staffing shortages and supply chain issues impacting delivery of services
 - Lower PRMD project review revenue due to no environmental review contract work and a reduction in billable pass-through activities in labor and third-party contracts
- Tax revenues were higher by \$18.3 million over budget primarily due to growth in real property assessed value and higher supplemental assessments, growth in utilities roll, and restoration of fire affected parcels

Expenditures:

General Fund variance between the final budget and actual expenditures resulted in \$91.4 million of unspent appropriations. Key variances are as follows:

- \$62.0 million savings in General Government expenditures related to:
 - Disaster Recovery spending came in lower as budget was based on COVID-19 uncertainties and actual outlay were lower due to better-than-anticipated conditions
 - Budget assumptions for contingencies and disaster response did not materialize
- \$43.1 million savings in Public Protection primarily related to delays in both recruitment/hiring and project executions in Law Enforcement, Probation, Detention, PRMD, and Emergency Services areas.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The County's capital assets for its governmental and business-type activities as of June 30, 2022, were \$1.7 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 \$29.5 million or 1.8%.

Capital Assets (net of depreciation)
For the Fiscal Year Ended June 30, 2022
(Dollars in Thousands)

	Governmental Activities		Business-Type Activities		Total		Total	
	2022	2021 (1)	2022	2021 (1)	2022	2021 (1)	Dollar Change	Percent Change
Capital assets, non-depreciable:								
Land	\$ 351,407	\$ 365,201	\$ 27,718	\$ 27,724	\$ 379,125	\$ 392,925	\$ (13,800)	(3.5%)
Intangible assets	417,381	402,549	-	-	417,381	402,549	14,832	3.7%
Work in progress	5,380	6,874	-	-	5,380	6,874	(1,494)	(21.7%)
Construction in progress	127,975	121,520	23,651	7,473	151,626	128,993	22,633	17.5%
Total capital assets, non-depreciable	902,143	896,144	51,369	35,197	953,512	931,341	22,171	2.4%
Capital assets, depreciable:								
Intangible assets	12,012	14,295	2,887	3,388	14,899	17,683	(2,784)	(15.7%)
Infrastructure	200,186	176,994	10,974	11,496	211,160	188,490	22,670	12.0%
Buildings and improvements	268,273	268,113	97,523	103,061	365,796	371,174	(5,378)	(1.4%)
Land improvements	10,337	8,085	158	173	10,495	8,258	2,237	27.1%
Machinery and equipment	33,283	33,037	12,367	13,492	45,650	46,529	(879)	(1.9%)
Right-to-use leased building	80,806	89,097	-	-	80,806	89,097	(8,291)	(9.3%)
Right-to-use leased land	2,271	2,494	-	-	2,271	2,494	(223)	(8.9%)
Total capital assets, depreciable	607,168	592,115	123,909	131,610	731,077	723,725	7,352	1.0%
Total	\$ 1,509,311	\$ 1,488,259	\$ 175,278	\$ 166,807	\$ 1,684,589	\$ 1,655,066	\$ 29,523	1.8%

(1) The FY 2021 right-to-use leased building and land balances were restated due to the implementation of GASB 87. See Notes 5 and 20.

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

Non-depreciable intangible assets for governmental activities increased \$14.8 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 \$13.8 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 \$22.6 million. Capital outlay of \$75.6 million was offset by project completions, transfers, and retirements of \$53.1 million.

The County completed and capitalized CIP projects totaling approximately \$48.8 million. Major and other completed projects include:

- 2021 Pavement Preservation Program – 49 different road segments \$15.1 million
- Boyes Blvd at Sonoma Creek Bridge \$9.3 million
- January and February 2017 storm repair Geysers Road & Cazadero Highway \$5.2 million
- Health Services, Los Guilicos Homeless Shelter \$4.2 million

- Regional Parks, Westside Boat Launch \$2.3 million
- Regional Parks, Doran Boat Launch \$1.6 million
- Regional Parks, Taylor Mountain (new park) \$1.6 million
- Stoney Point Road improvements \$1.5 million
- Penngrove railroad safety improvements \$1.4 million
- Behavioral Health relocation \$1.2 million

The County acquired an additional \$10.7 million in depreciable assets and recorded total depreciation of \$58.3 million against all depreciable capital assets. Capital asset disposals totaled \$5.2 million 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 \$732.6 million.

**Long Term Liabilities
For the Fiscal Year Ended June 30, 2022
(Dollars in Thousands)**

	Governmental Activities		Business-Type Activities		Total		Total	
	2022	2021(1)	2022	2021(1)	2022	2021(1)	Dollar Change	Percent Change
	Compensated absences	\$ 40,446	\$ 40,763	\$ 594	\$ 616	\$ 41,040	\$ 41,379	\$ (339)
Self-Insurance	60,627	56,790	-	-	60,627	56,790	3,837	6.8%
Certificates of participation	9,189	11,252	-	-	9,189	11,252	(2,063)	(18.3%)
Bonds and bond premium payable	82,408	93,287	23,695	23,356	106,103	116,643	(10,540)	(9.0%)
Pension obligation bonds	247,880	286,690	-	-	247,880	286,690	(38,810)	(13.5%)
Notes payable	-	840	477	996	477	1,836	(1,359)	(74.0%)
Loans payable	-	-	15,683	16,150	15,683	16,150	(467)	(2.9%)
Other Long-term obligations	6,217	7,352	9,031	10,258	15,248	17,610	(2,362)	(13.4%)
Lease liabilities	84,892	91,591	-	-	84,892	91,591	(6,699)	(7.3%)
Net pension liability	-	152,944	728	2,672	728	155,616	(154,888)	(99.5%)
Net OPEB liability	148,184	184,512	2,532	3,330	150,716	187,842	(37,126)	(19.8%)
Total	\$ 679,843	\$ 926,021	\$ 52,740	\$ 57,378	\$ 732,583	\$ 983,399	\$ (250,816)	(25.5%)

(1) The FY 2021 Lease liabilities balance was restated due to the implementation of GASB 87. See Notes 5 and 20.

Long-term liabilities decreased by \$250.8 million, or 25.5%, during the current fiscal year ended June 30, 2022.

The decrease was primarily due to the following:

- Net pension liability decrease of \$154.9 million, due to favorable returns on investments at Sonoma County Employee’s Retirement Association (SCERA)
- Pension obligation bonds decrease of \$38.8 million, due to scheduled principal payments
- Net OPEB liability decrease of \$37.1 million, due to fund investment performance

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 2021-22 Sonoma County saw positive trends in the economy led by increased consumer spending, increased real estate values, increased tourism, and decreased unemployment. For fiscal year 2022-23 revenues are growing at a rate largely matching cost increases but increasing demand for County services and increases in inflation and interest rates, have potential to offset recent positive trends and affect public services provided by the County.

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/administrative-support-and-fiscal-services/county-administrators-office/budget-and-operations/budget-reports>

BASIC FINANCIAL STATEMENTS

COUNTY OF SONOMA, CALIFORNIA

Statement of Net Position

June 30, 2022

(Dollars in Thousands)

	Primary Government			Discrete Component Units		
	Governmental	Business-	Total	Sonoma	Community	Nonmajor
	Activities	Type Activities			Water	Development
					Commission	Units
ASSETS						
Cash and investments	\$ 987,016	\$ 67,365	\$ 1,054,381	\$ 171,470	\$ 26,584	\$ 34,633
Restricted cash and investments	11,495	18,275	29,770	34,711	1,078	6,134
Receivables, net	27,590	27,005	54,595	21,953	109,814	1,388
Inventories	855	1,005	1,860	-	-	-
Due from other governments	144,001	16,696	160,697	-	-	767
Advances to other governments	-	17	17	-	-	-
Lease receivables	5,971	8,024	13,995	-	-	-
Prepaid expenses and deposits	9,164	782	9,946	2,498	258	1
Net pension assets	62,270	597	62,867	5,211	628	-
Internal balances	120	(120)	-	-	-	-
Capital assets:						
Nondepreciable	902,143	51,369	953,512	155,404	7,192	13,707
Depreciable, net	<u>607,168</u>	<u>123,909</u>	<u>731,077</u>	<u>187,019</u>	<u>14,511</u>	<u>109,825</u>
Total assets	<u>2,757,793</u>	<u>314,924</u>	<u>3,072,717</u>	<u>578,266</u>	<u>160,065</u>	<u>166,455</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charge on refunding/other	1,659	-	1,659	223	-	56
Deferred amounts related to pensions	181,776	1,756	183,532	12,281	1,324	-
Deferred amounts related to OPEB	<u>30,554</u>	<u>628</u>	<u>31,182</u>	<u>2,808</u>	<u>396</u>	<u>-</u>
Total deferred outflows of resources	<u>213,989</u>	<u>2,384</u>	<u>216,373</u>	<u>15,312</u>	<u>1,720</u>	<u>56</u>
LIABILITIES						
Accounts payable and accrued liabilities	75,843	6,776	82,619	8,272	5,334	2,270
Due to other governments	10,439	1,950	12,389	493	537	-
Advances from grantors and third parties	82,136	1,621	83,757	-	-	-
Deposits from others	1,964	288	2,252	19	-	-
Interest payable	1,824	444	2,268	2,014	-	234
Other liabilities	6,545	917	7,462	7,055	80	-
Long-term liabilities:						
Due within one year	105,334	3,130	108,464	8,672	476	2,622
Due in more than one year	<u>574,509</u>	<u>49,610</u>	<u>624,119</u>	<u>134,895</u>	<u>1,761</u>	<u>16,376</u>
Total liabilities	<u>858,594</u>	<u>64,736</u>	<u>923,330</u>	<u>161,420</u>	<u>8,188</u>	<u>21,502</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred amounts related to leases	5,911	7,956	13,867	-	-	-
Service concession arrangement/other	203	31,978	32,181	142	-	-
Deferred amounts related to pensions	325,697	3,685	329,382	26,191	3,246	-
Deferred amounts related to OPEB	<u>35,055</u>	<u>819</u>	<u>35,874</u>	<u>3,264</u>	<u>782</u>	<u>-</u>
Total deferred inflows of resources	<u>366,866</u>	<u>44,438</u>	<u>411,304</u>	<u>29,597</u>	<u>4,028</u>	<u>-</u>

See accompanying notes to the basic financial statements

COUNTY OF SONOMA, CALIFORNIA
Statement of Net Position (Continued)
June 30, 2022
(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	1,397,357	158,458	1,555,815	232,061	21,212	107,698
Restricted:						
Capital projects	29,856	-	29,856	-	-	-
Debt service	10,465	-	10,465	-	-	-
Agricultural preservation and open spaces	74,886	-	74,886	-	-	-
Health services programs	157,837	-	157,837	-	-	-
Public protection	65,961	-	65,961	-	-	-
Public assistance	52,122	-	52,122	-	-	-
Parks donations, mitigation and operations	9,980	-	9,980	-	-	-
Lighting districts	10,450	-	10,450	-	-	-
Fire and emergency services	1,914	-	1,914	-	-	-
Courthouse/Criminal Justice Construction	2,012	-	2,012	-	-	-
Clerk, Recorder, Assessor operations	5,627	-	5,627	-	-	-
Other programs	2,110	188	2,298	-	-	-
Airport Passenger Facility Charges	-	3,087	3,087	-	-	-
Airport Customer Facility Charges	-	504	504	-	-	-
Refuse contractual commitments	-	18,090	18,090	-	-	-
Fair junior livestock auction	-	159	159	-	-	-
Fair for capital asset maintenance	-	121	121	-	-	-
Fair endowment	-	1,303	1,303	-	-	-
Discrete Component Units	-	-	-	94,729	1,092	4,879
Total restricted	423,220	23,452	446,672	94,729	1,092	4,879
Unrestricted	(74,255)	26,224	(48,031)	75,771	127,265	32,432
Total net position	<u>\$ 1,746,322</u>	<u>\$ 208,134</u>	<u>\$ 1,954,456</u>	<u>\$ 402,561</u>	<u>\$ 149,569</u>	<u>\$ 145,009</u>

COUNTY OF SONOMA, CALIFORNIA

Statement of Activities
For the Year Ended June 30, 2022
(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	\$ 188,199	\$ 45,322	\$ 93,573	\$ 1,654
Public protection	324,378	40,142	138,300	418
Public ways and facilities	42,276	5,379	34,421	-
Health and sanitation	150,633	11,299	153,831	35
Public assistance	222,131	1,618	226,212	256
Education	1,049	-	6	-
Recreation and cultural services	33,273	7,412	5,420	2,272
Interest on long-term debt	19,365	-	-	-
Total governmental activities	981,304	111,172	651,763	4,635
Business-type activities:				
Refuse	5,968	7,407	-	-
Airport	12,342	8,339	7,699	18,100
Energy Independence Program	2,056	1,619	-	-
Transit	20,387	791	15,940	653
Fair	6,160	8,668	-	-
Marinas	2,794	2,878	-	-
Other	1,440	1,017	-	-
Total business-type activities	51,147	30,719	23,639	18,753
Total primary government	\$ 1,032,451	\$ 141,891	\$ 675,402	\$ 23,388
Discrete Component Units:				
Sonoma Water	\$ 98,189	\$ 75,495	\$ 4,309	\$ 4,129
Community Development Commission	107,756	-	110,452	-
Sonoma Valley Sanitation District	15,740	18,236	383	63
Russian River Sanitation District	6,274	5,711	-	1,298
South Park Sanitation District	3,358	4,551	55	-
Occidental Sanitation District	1,437	390	700	225
Total Discrete Component Units	\$ 232,754	\$ 104,383	\$ 115,899	\$ 5,715
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
\$ (47,650)	\$ -	\$ (47,650)			
(145,518)	-	(145,518)			
(2,476)	-	(2,476)			
14,532	-	14,532			
5,955	-	5,955			
(1,043)	-	(1,043)			
(18,169)	-	(18,169)			
(19,365)	-	(19,365)			
<u>(213,734)</u>	<u>-</u>	<u>(213,734)</u>			
-	1,439	1,439			
-	21,796	21,796			
-	(437)	(437)			
-	(3,003)	(3,003)			
-	2,508	2,508			
-	84	84			
-	(423)	(423)			
<u>-</u>	<u>21,964</u>	<u>21,964</u>			
<u>(213,734)</u>	<u>21,964</u>	<u>(191,770)</u>			
			\$ (14,256)	\$ -	\$ -
			-	2,696	-
			-	-	2,942
			-	-	735
			-	-	1,248
			<u>-</u>	<u>-</u>	<u>(122)</u>
			<u>(14,256)</u>	<u>2,696</u>	<u>4,803</u>
304,492	-	304,492	23,553	-	-
9,378	-	9,378	11,431	-	-
32,830	-	32,830	-	-	-
95,805	-	95,805	-	-	-
(23,419)	(1,980)	(25,399)	(5,169)	190	(1,076)
51,793	2,960	54,753	-	4,069	-
(2,251)	2,251	-	-	-	-
<u>468,628</u>	<u>3,231</u>	<u>471,859</u>	<u>29,815</u>	<u>4,259</u>	<u>(1,076)</u>
254,894	25,195	280,089	15,559	6,955	3,727
<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>
<u>\$ 1,746,322</u>	<u>\$ 208,134</u>	<u>\$ 1,954,456</u>	<u>\$ 402,561</u>	<u>\$ 149,569</u>	<u>\$ 145,009</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, 2022
(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	\$ 335,944	\$ 22,086	\$ 135,714	\$ 66,432	\$ 304,941	\$ 865,117
Cash and investments with trustee	32	-	-	-	10,466	10,498
Accounts receivable	14,118	54	1,915	4,950	5,870	26,907
Due from other funds	2,214	995	-	-	-	3,209
Inventories	149	-	-	-	706	855
Due from other governments	53,952	23,938	50,395	-	15,665	143,950
Advances to other funds	3,800	-	-	-	-	3,800
Lease receivables	5,810	-	-	-	161	5,971
Prepaid items and deposits	5,125	3,225	7	-	465	8,822
Total assets	<u>\$ 421,144</u>	<u>\$ 50,298</u>	<u>\$ 188,031</u>	<u>\$ 71,382</u>	<u>\$ 338,274</u>	<u>\$ 1,069,129</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued salaries and benefits	\$ 43,512	\$ 1,187	\$ 19,301	\$ -	\$ 7,352	\$ 71,352
Due to other funds	1	466	-	-	1,286	1,753
Due to other governments	5,617	1,728	2,105	-	989	10,439
Advances from grantors and third parties	70,307	3,976	7,708	-	145	82,136
Deposits from others	1,954	-	-	-	10	1,964
Compensated absences	2,042	72	-	-	9	2,123
Other liabilities	294	-	2,814	-	616	3,724
Total liabilities	<u>123,727</u>	<u>7,429</u>	<u>31,928</u>	<u>-</u>	<u>10,407</u>	<u>173,491</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred amounts related to leases	5,752	-	-	-	159	5,911
Government-mandated transactions	86	117	-	-	-	203
Unavailable revenue	11,709	29	7,594	-	486	19,818
Total deferred inflows of resources	<u>17,547</u>	<u>146</u>	<u>7,594</u>	<u>-</u>	<u>645</u>	<u>25,932</u>
FUND BALANCES						
Nonspendable	9,074	3,225	7	-	915	13,221
Restricted	889	39,498	148,502	71,382	174,748	435,019
Committed	153	-	-	-	34,481	34,634
Assigned	202,488	-	-	-	117,078	319,566
Unassigned	67,266	-	-	-	-	67,266
Total fund balances	<u>279,870</u>	<u>42,723</u>	<u>148,509</u>	<u>71,382</u>	<u>327,222</u>	<u>869,706</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 421,144</u>	<u>\$ 50,298</u>	<u>\$ 188,031</u>	<u>\$ 71,382</u>	<u>\$ 338,274</u>	<u>\$ 1,069,129</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, 2022
 (Dollars in Thousands)

Fund balances - total governmental funds	\$ 869,706
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	1,498,968
Certain amounts are not available to pay current period expenditures and therefore are not reported in the governmental funds	
Deferred charge on refunding	1,659
Deferred amounts related to pensions	(1,367)
Deferred amounts related to OPEB	121
Net pension asset	497
Certain amounts are not available to pay current period expenditures and therefore are deferred inflows of resources in the governmental funds	19,818
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	(421,240)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds	
Accrued interest payable	(606)
Compensated absences	(37,736)
Contracts payable	(3,310)
Lease liability	(84,460)
Bonds payable	(73,631)
Bond premium	(8,777)
Certificates of participation	(9,189)
Net OPEB liability	(1,224)
Financed purchases	(2,907)
	<u>(221,840)</u>
Net position of governmental activities	\$ <u>1,746,322</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, 2022
(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	\$ 346,578	\$ -	\$ 25,098	\$ 31,880	\$ 38,949	\$ 442,505
Licenses, permits and franchise fees	22,403	69	7,594	-	4,266	34,332
Fines, forfeitures and penalties	8,965	49	890	-	3,963	13,867
Use of money and property	(4,118)	(988)	(3,493)	(2,108)	(8,901)	(19,608)
Intergovernmental	183,234	195,013	143,482	-	134,669	656,398
Charges for services	50,029	1,501	3,671	-	7,772	62,973
Other	6,533	13,354	6,385	-	24,631	50,903
Total revenues	613,624	208,998	183,627	29,772	205,349	1,241,370
Expenditures:						
Current:						
General government	198,952	-	-	-	10,539	209,491
Public protection	303,127	-	5,556	-	58,150	366,833
Public ways and facilities	186	-	-	-	34,062	34,248
Health and sanitation	-	-	159,391	-	10,363	169,754
Public assistance	355	222,610	-	-	28,942	251,907
Education	1,173	-	-	-	-	1,173
Recreation and cultural services	26,651	-	-	-	9,880	36,531
Capital outlay	9,513	700	1,781	-	59,272	71,266
Debt service:						
Principal	3,785	4,297	2,868	-	10,593	21,543
Interest and other	566	482	694	-	2,925	4,667
Total expenditures	544,308	228,089	170,290	-	224,726	1,167,413
Excess (deficiency) of revenues over (under) expenditures	69,316	(19,091)	13,337	29,772	(19,377)	73,957
Other financing sources (uses):						
Transfers in	18,675	28,549	28,071	-	166,271	241,566
Transfers out	(198,462)	(566)	(3,173)	(18,876)	(27,632)	(248,709)
Lease inception	1,152	-	894	-	-	2,046
Sale of capital assets	12,976	-	3,015	-	7	15,998
Total other financing sources (uses)	(165,659)	27,983	28,807	(18,876)	138,646	10,901
Net change in fund balances	(96,343)	8,892	42,144	10,896	119,269	84,858
Fund balances, beginning of year	376,213	33,831	106,365	60,486	207,953	784,848
Fund balances, end of year	\$ 279,870	\$ 42,723	\$ 148,509	\$ 71,382	\$ 327,222	\$ 869,706

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, 2022
(Dollars in Thousands)

Net change in fund balances - total governmental funds: \$ 84,858

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	71,266	
Depreciation expense	(46,294)	
Other related capital adjustments	<u>(2,501)</u>	22,471

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 (11,291)

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 582

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds 708

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	21,543	
Lease inception	(2,046)	
Amortization of bond premium	<u>615</u>	20,112

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds

Change in accrued interest	25	
Change in compensated absences	569	
Change in net pension liability	447	
Change in net OPEB liability	<u>158</u>	1,199

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities 136,255

Change in net position of governmental activities \$ 254,894

See accompanying notes to the basic financial statements

COUNTY OF SONOMA, CALIFORNIA

Statement of Net Position

Proprietary Funds

June 30, 2022

(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	\$ 56,352	\$ 3,965	\$ 2,052	\$ 1,451	\$ 3,545	\$ 67,365	\$ 121,899
Cash and investments with trustee	-	-	-	-	6,820	6,820	997
Restricted cash and investments	-	-	-	-	1,621	1,621	-
Receivables, net							
Accounts	1,367	853	329	94	1,166	3,809	683
Loans	-	57	-	-	-	57	-
Contractual assessments receivable	-	-	801	-	-	801	-
Interest and other	-	14	-	-	-	14	-
Due from other funds	1	-	-	-	-	1	200
Inventories	-	-	-	903	102	1,005	-
Due from other governments	18	13,913	-	2,713	52	16,696	51
Advances to other governments	-	-	-	-	17	17	-
Lease receivable	40	335	-	-	-	375	-
Prepaid expenses and deposits	-	63	-	7	18	88	342
Total current assets	<u>57,778</u>	<u>19,200</u>	<u>3,182</u>	<u>5,168</u>	<u>13,341</u>	<u>98,669</u>	<u>124,172</u>
Noncurrent assets:							
Restricted cash and investments	8,028	131	-	1,675	-	9,834	-
Lease receivable	302	7,347	-	-	-	7,649	-
Deposits and other assets	192	476	26	-	-	694	-
Contractual assessments receivable	-	-	22,324	-	-	22,324	-
Net pension asset	190	255	-	85	67	597	61,773
Capital assets:							
Nondepreciable	2,544	41,374	-	3,391	4,060	51,369	783
Depreciable, net	12,256	78,383	181	17,508	15,581	123,909	9,560
Total noncurrent assets	<u>23,512</u>	<u>127,966</u>	<u>22,531</u>	<u>22,659</u>	<u>19,708</u>	<u>216,376</u>	<u>72,116</u>
Total assets	<u>81,290</u>	<u>147,166</u>	<u>25,713</u>	<u>27,827</u>	<u>33,049</u>	<u>315,045</u>	<u>196,288</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred amounts related to pensions	517	559	-	174	506	1,756	180,660
Deferred amounts related to OPEB	200	125	-	41	262	628	30,146
Total deferred outflows of resources	<u>717</u>	<u>684</u>	<u>-</u>	<u>215</u>	<u>768</u>	<u>2,384</u>	<u>210,806</u>

See accompanying notes to the basic financial statements

COUNTY OF SONOMA, CALIFORNIA
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2022
(Dollars in Thousands)

	Business-Type Activities-Enterprise Funds						Governmental
							Activities
	Energy						Internal Service
Independence						Funds	
Refuse	Airport	Program	Transit	Other	Total		
LIABILITIES							
Current liabilities:							
Accounts payable and accrued liabilities	350	3,733	322	1,395	976	6,776	4,491
Due to other funds	-	-	52	-	13	65	1,592
Due to other governments	-	-	-	1,862	88	1,950	-
Advances from grantors and third parties	-	-	-	1,621	-	1,621	-
Deposits from others	-	19	-	-	269	288	-
Interest payable	-	232	188	-	24	444	1,218
Compensated absences	63	89	-	33	240	425	277
Advances from other governments	-	-	-	-	380	380	-
Self-funded insurance	-	-	-	-	-	-	13,389
Lease liability	-	-	-	-	-	-	90
Bonds payable	-	-	1,371	-	-	1,371	42,935
Notes payable	-	-	-	-	477	477	-
Loans payable	-	473	-	-	4	477	-
Other liabilities	-	13	269	339	296	917	2,821
Total current liabilities	<u>413</u>	<u>4,559</u>	<u>2,202</u>	<u>5,250</u>	<u>2,767</u>	<u>15,191</u>	<u>66,813</u>
Noncurrent portion of long-term liabilities:							
Self-funded insurance	-	-	-	-	-	-	47,238
Compensated absences	70	60	-	39	-	169	310
Advances from other funds	-	-	-	-	56	56	3,744
Advances from other governments	-	-	-	-	887	887	-
Lease liability	-	-	-	-	-	-	342
Bonds payable	-	-	22,324	-	-	22,324	204,945
Loans payable	-	15,203	-	-	3	15,206	-
Landfill closure and postclosure costs	7,764	-	-	-	-	7,764	-
Net pension liabilities	-	-	-	-	728	728	-
Net OPEB liabilities	435	634	-	207	1,256	2,532	146,960
Total noncurrent liabilities	<u>8,269</u>	<u>15,897</u>	<u>22,324</u>	<u>246</u>	<u>2,930</u>	<u>49,666</u>	<u>403,539</u>
Total liabilities	<u>8,682</u>	<u>20,456</u>	<u>24,526</u>	<u>5,496</u>	<u>5,697</u>	<u>64,857</u>	<u>470,352</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred amounts related to leases	337	7,619	-	-	-	7,956	-
Service concession arrangement	31,978	-	-	-	-	31,978	-
Deferred amounts related to pensions	951	1,277	-	429	1,028	3,685	323,214
Deferred amounts related to OPEB	102	205	-	138	374	819	34,768
Total deferred inflows of resources	<u>33,368</u>	<u>9,101</u>	<u>-</u>	<u>567</u>	<u>1,402</u>	<u>44,438</u>	<u>357,982</u>
NET POSITION							
Net investment in capital assets	14,800	104,212	181	20,899	18,366	158,458	9,911
Restricted for passenger facility charges	-	3,087	-	-	-	3,087	-
Restricted for customer facility charges	-	504	-	-	-	504	-
Restricted for contractual commitments	18,090	-	-	-	-	18,090	-
Restricted for junior livestock auction	-	-	-	-	159	159	-
Restricted for capital asset maintenance	-	-	-	-	121	121	-
Restricted for endowment	-	-	-	-	1,303	1,303	-
Restricted - other	-	-	-	-	188	188	-
Unrestricted	7,067	10,490	1,006	1,080	6,581	26,224	(431,151)
Total net position (deficit)	<u>\$ 39,957</u>	<u>\$ 118,293</u>	<u>\$ 1,187</u>	<u>\$ 21,979</u>	<u>\$ 26,718</u>	<u>\$ 208,134</u>	<u>\$ (421,240)</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, 2022
(Dollars in Thousands)

	Business-Type Activities-Enterprise Funds						Governmental
	Energy					Total	Activities
	Refuse	Airport	Independence Program	Transit	Other		Internal Service Funds
Operating revenues:							
Charges for services	\$ 1,313	\$ 843	\$ 1,560	\$ 786	\$ 2,384	\$ 6,886	\$ 208,592
Rents and concessions	6,730	7,198	-	-	9,911	23,839	2,825
Sales and miscellaneous	10	323	59	-	268	660	4,290
Total operating revenues	<u>8,053</u>	<u>8,364</u>	<u>1,619</u>	<u>786</u>	<u>12,563</u>	<u>31,385</u>	<u>215,707</u>
Operating expenses:							
Services and supplies	3,328	5,637	1,387	16,152	5,810	32,314	29,856
Salaries and employee benefits	1,487	2,425	-	683	3,363	7,958	13,926
Claim expenses	-	-	-	-	-	-	19,016
Depreciation and amortization	1,153	3,723	29	3,552	1,170	9,627	2,397
Total operating expenses	<u>5,968</u>	<u>11,785</u>	<u>1,416</u>	<u>20,387</u>	<u>10,343</u>	<u>49,899</u>	<u>65,195</u>
Operating income (loss)	<u>2,085</u>	<u>(3,421)</u>	<u>203</u>	<u>(19,601)</u>	<u>2,220</u>	<u>(18,514)</u>	<u>150,512</u>
Nonoperating revenues (expenses):							
Investment income (loss)	(1,937)	50	(23)	(78)	8	(1,980)	(3,811)
Interest expense	-	(557)	(640)	-	(51)	(1,248)	(15,489)
Intergovernmental	-	7,699	-	15,940	-	23,639	-
Gain (Loss) on disposal of capital assets	(646)	(25)	-	5	-	(666)	151
Miscellaneous	-	1,663	-	96	1,201	2,960	-
Total nonoperating revenues (expenses)	<u>(2,583)</u>	<u>8,830</u>	<u>(663)</u>	<u>15,963</u>	<u>1,158</u>	<u>22,705</u>	<u>(19,149)</u>
Income (loss) before capital contributions and transfers	(498)	5,409	(460)	(3,638)	3,378	4,191	131,363
Capital contributions	-	18,100	-	653	-	18,753	-
Transfers in	1,601	48	200	13	408	2,270	5,125
Transfers out	(5)	(8)	(5)	-	(1)	(19)	(233)
Total capital contributions and transfers	<u>1,596</u>	<u>18,140</u>	<u>195</u>	<u>666</u>	<u>407</u>	<u>21,004</u>	<u>4,892</u>
Change in net position	1,098	23,549	(265)	(2,972)	3,785	25,195	136,255
Net position (deficit), beginning 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>
Net position (deficit), end of year	<u>\$ 39,957</u>	<u>\$ 118,293</u>	<u>\$ 1,187</u>	<u>\$ 21,979</u>	<u>\$ 26,718</u>	<u>\$ 208,134</u>	<u>\$ (421,240)</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, 2022
(Dollars in Thousands)

	Business-Type Activities-Enterprise Funds						Governmental
							Activities
	Refuse	Airport	Energy Independence Program	Transit	Other	Total	Internal Service Funds
Cash flows from operating activities:							
Received from customers	\$ 6,713	\$ 8,019	\$ 59	\$ 917	\$ 12,664	\$ 28,372	\$ -
Received from interfund services provided	-	-	-	-	-	-	115,798
Received from assessments	-	-	4,711	-	-	4,711	-
Received for interest	-	-	1,555	-	-	1,555	-
Payments for assessments	-	-	(5,149)	-	-	(5,149)	-
Payments to suppliers for goods and services	(4,166)	(3,059)	(223)	(15,848)	(5,820)	(29,116)	(50,141)
Payments to employees for services	(1,708)	(2,740)	(1,119)	(787)	(3,898)	(10,252)	(11,411)
Payments for interfund services used	(133)	(1,722)	-	-	-	(1,855)	-
Net cash provided (used) by operating activities	<u>706</u>	<u>498</u>	<u>(166)</u>	<u>(15,718)</u>	<u>2,946</u>	<u>(11,734)</u>	<u>54,246</u>
Cash flows from noncapital financing activities:							
Transfers in	-	53	-	-	408	461	5,125
Transfers out	(5)	-	(5)	-	(1)	(11)	(233)
Due from other funds	1,600	-	-	-	-	1,600	400
Due to other governments	-	-	-	-	-	-	134
Due to other funds	-	-	-	-	-	-	(100)
Advances to other funds	-	-	-	-	(13)	(13)	(1,542)
Deposits from others	-	-	-	-	-	-	(23)
Intergovernmental receipts	45	-	-	-	-	45	-
Proceeds from bonds	-	-	5,067	-	-	5,067	-
Principal paid on bonds	-	-	(4,728)	-	-	(4,728)	(38,810)
Interest paid on bonds	-	-	(648)	-	-	(648)	(15,660)
Proceeds from other governments	-	7,699	-	14,558	-	22,257	-
Contributions	-	-	-	-	662	662	-
Net cash provided (used) by noncapital financing activities	<u>1,640</u>	<u>7,752</u>	<u>(314)</u>	<u>14,558</u>	<u>1,056</u>	<u>24,692</u>	<u>(50,709)</u>
Cash flows from capital and related financing activities:							
Acquisition and construction of capital assets	-	(17,051)	-	(652)	(430)	(18,133)	(806)
Principal paid on capital debt	-	(457)	-	-	(56)	(513)	-
Principal paid on loans	-	-	-	-	(10)	(10)	-
Due from other governments	-	-	-	-	(18)	(18)	-
Advances to other governments	-	-	-	-	(365)	(365)	-
Proceeds from grants and other contributions	-	8,511	-	-	-	8,511	-
Receipts from facility charges	-	1,722	-	-	-	1,722	-
Capital contributions	-	-	-	618	-	618	-
Interest paid	-	(564)	-	-	(58)	(622)	(3)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(7,839)</u>	<u>-</u>	<u>(34)</u>	<u>(937)</u>	<u>(8,810)</u>	<u>(809)</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, 2022
(Dollars in Thousands)

	Business-Type Activities-Enterprise Funds						Governmental
							Activities
	Refuse	Airport	Energy Independence Program	Transit	Other	Total	Internal Service Funds
Cash flows from investing activities:							
Interest received (loss) on investments	(1,938)	36	(23)	(79)	77	(1,927)	(3,811)
Proceeds on loan receivable	-	63	-	-	-	63	-
Net cash provided by (used in) investing activities	<u>(1,938)</u>	<u>99</u>	<u>(23)</u>	<u>(79)</u>	<u>77</u>	<u>(1,864)</u>	<u>(3,811)</u>
Net increase (decrease) in cash and cash equivalents	408	510	(503)	(1,273)	3,142	2,284	(1,083)
Cash and cash equivalents, beginning 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>
Cash and cash equivalents, end of year	<u>\$ 64,380</u>	<u>\$ 4,096</u>	<u>\$ 2,052</u>	<u>\$ 3,126</u>	<u>\$ 11,986</u>	<u>\$ 85,640</u>	<u>\$ 122,896</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$ 2,085	\$ (3,421)	\$ 203	\$ (19,601)	\$ 2,220	\$ (18,514)	\$ 150,512
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities							
Depreciation and amortization	1,153	3,723	29	3,552	1,170	9,627	2,397
Net pension activity	(169)	(238)	-	(86)	(348)	(841)	(78,664)
Net OPEB activity	(55)	(76)	-	(27)	(141)	(299)	(22,817)
Service concession arrangement	(1,053)	-	-	-	-	(1,053)	-
Changes in operating assets and liabilities:							
Decrease (increase) in:							
Accounts receivable	(243)	(287)	(267)	94	209	(494)	(118)
Inventories	-	-	-	20	(40)	(20)	-
Prepaid expenses and deposits	10	(31)	-	-	-	(21)	53
Other assets	(40)	(71)	(356)	-	(59)	(526)	-
Increase (decrease) in:							
Accounts payable	(139)	888	178	283	41	1,251	571
Unearned revenue	18	9	(5)	38	-	60	-
Landfill closure and postclosure costs	(862)	-	-	-	-	(862)	-
Self-funded insurance	-	-	-	-	-	-	3,837
Compensated absences	2	(2)	-	9	(46)	(37)	214
Other liabilities	(1)	4	52	-	(60)	(5)	(1,739)
Net cash provided (used) by operating activities	<u>\$ 706</u>	<u>\$ 498</u>	<u>\$ (166)</u>	<u>\$ (15,718)</u>	<u>\$ 2,946</u>	<u>\$ (11,734)</u>	<u>\$ 54,246</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position:							
Cash and investments	\$ 56,352	\$ 3,965	\$ 2,052	\$ 1,451	\$ 10,365	\$ 74,185	\$ 121,899
Cash and investments with trustee	-	-	-	-	-	-	997
Restricted cash and investments, current	-	-	-	-	1,621	1,621	-
Restricted cash and investments, noncurrent	<u>8,028</u>	<u>131</u>	<u>-</u>	<u>1,675</u>	<u>-</u>	<u>9,834</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 64,380</u>	<u>\$ 4,096</u>	<u>\$ 2,052</u>	<u>\$ 3,126</u>	<u>\$ 11,986</u>	<u>\$ 85,640</u>	<u>\$ 122,896</u>
Noncash investing, capital and financing activities:							
Acquisition of capital assets through payables	\$ -	\$ 632	\$ -	\$ -	\$ -	\$ 632	\$ -
Right-to-use lease acquisitions	-	-	-	-	-	-	432

See accompanying notes to the basic financial statements

COUNTY OF SONOMA, CALIFORNIA

Fiduciary Funds

Statement of Net Position

June 30, 2022

(Dollars in Thousands)

	Custodial				
	Pension (and Other Employee Benefit) Trust Funds	Investment Trust	Private Purpose Trust	External Investment Pool	Other
ASSETS					
Cash and investments	\$ 1,595	\$ 1,377,925	\$ 6,984	\$ 430,098	\$ 52,972
Restricted investments with trustee	265,550	4,705	858	899	342
Accounts receivable	71,405	9,805	788	31	46,615
Due from other governments	-	4,056	-	-	7,119
Investments at fair value:					
Cash and equivalents	4,819	-	-	-	-
Mutual funds	77,560	-	-	-	-
Corporate obligations	182,011	-	-	-	-
Government obligations	273,242	-	-	-	-
Equities	2,134,078	-	-	-	-
Other investments	854,425	-	-	-	-
Total investments	<u>3,526,135</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other assets	1,969	81,380	446	-	1,123
Total assets	<u>3,866,654</u>	<u>1,477,871</u>	<u>9,076</u>	<u>431,028</u>	<u>108,171</u>
LIABILITIES					
Accounts payable and other liabilities	3,668	8,164	95	192	2,339
Due to other governments	-	12,187	62	89,386	12,050
Other liabilities	242,639	135,720	25,897	2,602	12,420
Total liabilities	<u>246,307</u>	<u>156,071</u>	<u>26,054</u>	<u>92,180</u>	<u>26,809</u>
NET POSITION (DEFICIT)					
Restricted for:					
Pension	3,521,361	-	-	-	-
Other postemployment benefits	98,986	-	-	-	-
Pool participants	-	1,321,800	-	338,848	-
Organizations and other governments	-	-	(16,978)	-	81,362
Total net position (deficit)	<u>\$ 3,620,347</u>	<u>\$ 1,321,800</u>	<u>\$ (16,978)</u>	<u>\$ 338,848</u>	<u>\$ 81,362</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, 2022
(Dollars in Thousands)

	Custodial				
	Pension (and Other Employee Benefit) Trust Funds	Investment Trust	Private Purpose Trust	External Investment Pool	Other
ADDITIONS					
Contributions:					
Employer contributions	\$ 112,169	\$ 2,193	\$ -	\$ -	\$ -
Employee contributions	49,056	-	-	-	-
OPEB employer contributions outside of trust	2,575	-	-	-	-
Total contributions	163,800	2,193	-	-	-
Investment earnings:					
Net increase (decrease) in fair value of investments	490,857	(47,811)	(261)	(15,138)	(3,806)
Interest, dividends, and other	41,510	7,789	130	2,542	10,586
Total investment earnings (loss)	532,367	(40,022)	(131)	(12,596)	6,780
Less investment costs:					
Investment expense	23,553	-	-	-	376
Net investment earnings (loss)	508,814	(40,022)	(131)	(12,596)	6,404
Property taxes	-	878,197	85,000	-	146,004
Other taxes	-	47,664	(3)	-	32,232
Licenses and fees	-	46,125	14	86	82,753
Miscellaneous	122	996,851	1,237	71,594	23,990
Total additions	672,736	1,931,008	86,117	59,084	291,383
DEDUCTIONS					
Benefits paid to participants or beneficiaries	218,256	-	-	-	-
Employer Plan Expense	2,604	-	-	-	-
OPEB employer expense outside of trust	2,575	-	-	-	-
Payments to other governments	-	1,940,862	83,140	93,985	259,186
Interest expense	-	4,224	975	-	-
Administrative expenses	4,182	1,739	2	28	2,692
Total deductions	227,617	1,946,825	84,117	94,013	261,878
Special item:					
Special Item	-	(2,255)	-	-	-
Net increase (decrease) in fiduciary net position	445,119	(18,072)	2,000	(34,929)	29,505
Net position (deficit), beginning	3,175,228	1,339,872	(18,978)	373,777	51,857
Net position (deficit), ending	\$ 3,620,347	\$ 1,321,800	\$ (16,978)	\$ 338,848	\$ 81,362

See accompanying notes to the basic financial statements



NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

(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, 2021, 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’s December 31, 2021 financials are 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 and does not have a financial burden/benefit relationship.

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) The governing body of The Financing Authority is the County's governing body and is managed by Sonoma Water. The Financing Authority is not managed the same as other County departments and its employees are not civil service employees. 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.

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

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.

(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.
- **Pension (and Other Employee Benefit) Trust Funds** accounts for the County Defined Benefit Pension Plan, a legally separate blended component unit of the County, and 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, long term asset leases, financed purchases, and the sale of capital assets are reported as other financing sources.

Custodial funds apply the accrual basis of accounting using the economic resources 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, computer software, right-to-use assets). 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.

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
Right-to- use leased asset	25	Shorter of lease term or
Leasehold improvements	25	useful life of asset
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) Leases**

The County is a lessee for noncancellable leases of buildings and land. The County recognizes a lease liability and right-to-use asset with an initial individual value of over \$25,000.

The County measures the lease liability at the commencement of the lease using the present value of payments expected to be made during the lease term. The lease liability is reduced by the principal portion as lease payments are made. The right-to-use asset is initially recorded at the initial amount of the lease liability, adjusted for payments made on or before the commencement date, plus any initial direct costs. The right-to-use assets are amortized on a straight-line basis over the short of the lease term or their useful lives.

Key estimates related to leases include their rate used to discount expected lease payments, lease terms, and lease payments.

- **Discount rate** – The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is unavailable, the County uses an estimated incremental borrowing rate.
- **Lease term** – The lease term includes all noncancellable periods of the lease.
- **Lease payments** – Lease payments for measuring the lease liability include all fixed payments and purchase option prices when the County is reasonably certain to exercise the option.

The County monitors changes in circumstances that would require a remeasurement of its leases and remeasures lease assets and liabilities if changes occur that are expected to significantly affect the amount of the lease liability.

The County is a lessor for noncancellable leases of buildings and land. The County recognizes an associated lease receivable and deferred inflow of resources.

At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. The lease receivable is reduced by the principal portion as lease payments are received. The deferred inflow of resources is initially measured as the amount of the lease receivable, adjusted for any lease payments received on or before the lease commencement date. The deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates related to leases include the rate used to discount expected lease payments, lease terms, and lease receipts.

- **Discount rate** – The County uses the estimated incremental borrowing rate as the discount rate for leases.
- **Lease term** – The lease term includes all noncancellable periods of the lease.
- **Lease receipts** – Lease receipts used in the measurement of the lease receivable include all fixed payments from the lessee.

The County monitors changes in circumstances that would require a remeasurement of its leases and remeasures lease receivables and deferred inflows of resources if changes occur that are expected to significantly affect the amount of the lease receivable.

(n) Long-term Obligations

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Net Position/Fund Balance

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

- **Net Investment in Capital Assets** – 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.

The Board will maintain a minimum level of unassigned General Fund Reserve balance equal to 1/12 (8.3%) or 1 month of annual General Fund revenues. Consistent with best practice recommendations from the Government Finance Officers Association of the United States and Canada, 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.

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

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

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

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

Net taxable valuation for the year ended June 30, 2022, was approximately \$104.9 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.

(q) Compensated Absences

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

(r) Pension

The County recognizes a net pension asset or liability, representing the County's proportionate share of the excess or deficiency the fiduciary net position of the pension plan as compared to 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)

(s) Other Postemployment Benefits

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

(t) Estimates

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

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

The following GASB statements were implemented for the fiscal year ending June 30, 2022:

GASB Statement No. 87, *Leases*: The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 20 and the additional disclosures required by this standard is included in Note 9.

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. 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.*

(v) Future GASB Pronouncements

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

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 asset retirement obligations in government acquisitions. *Effective FY 2022-23.*

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 2022-23.*

GASB Statement No. 96, *Subscription-based information technology arrangements (SBITAs)*: Provides guidance on accounting and financial reporting for SBITAs. *Effective FY 2022-23.*

GASB Statement No. 99, *Omnibus 2022*: Address several other statements previously published including Statements 53, 87, 94, and 96. *Effective FY 2022-23.*

GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*: Provides guidance on accounting and financial reporting for accounting changes and error corrections. *Effective FY 2023-24.*

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 101, *Compensated Absences*: Provides guidance on accounting and financial reporting for Compensated Absences. *Effective FY 2024-25*.

NOTE 2 – CASH AND INVESTMENTS

(a) Financial Statement Presentation

Total cash and investments at June 30, 2022 were presented on the County’s financial statements as follows:

	Cash and Investments Held by Sonoma County Treasury	Cash and Investments Held with Third Parties	Petty Cash	Total Cash and Investments
Primary government	\$ 1,064,049	\$ 20,072	\$ 30	\$ 1,084,151
Discrete component units	235,807	38,802	1	274,610
Investment trust fund	1,377,925	4,702	3	1,382,630
Pension (and Other Employee Benefit) trust	1,595	3,791,685	-	3,793,280
Private purpose trust fund	6,984	858	-	7,842
Custodial funds	483,070	1,241	-	484,311
	<u>\$ 3,169,430</u>	<u>\$ 3,857,360</u>	<u>\$ 34</u>	<u>\$ 7,026,824</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 (\$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 \$3.2 billion portfolio as of June 30, 2022, 30% 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	\$ 280,865	8.80 %
Federal Home Loan Bank	Federal Agency Security	243,959	7.65
Federal Home Loan Mortgage Corp.	Federal Agency Security	189,248	5.93
Federal National Mortgage Association	Federal Agency Security	244,755	7.67
International Finance Corp	Supranational Obligation	168,384	5.28

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, 2022 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 \$113,388 at June 30, 2022. Involuntary participants of the County’s investment pool totaled \$1,377,391 at June 30, 2022. 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	\$ 1,009,669	\$ 958,827	0.12-2.00 %	7/1/22-1/22/26
U.S. Treasury Notes	413,804	404,019	0.12-2.50	7/15/22-1/31/25
Supranational obligations	427,885	411,199	0.25-7.62	7/1/22-11/17/26
Other government obligations	412,700	392,396	0.22-5.45	7/1/22-5/15/27
Certificates of deposit	360,000	357,458	0.17-0.40	7/7/22-7/27/23
Corporate and medium term notes	554,865	541,636	0.25-3.70	7/5/22-2/2/26
Money market mutual funds	11,839	11,839	0.31	1 day
CalTRUST	55,000	55,000	0.025	1 day
CAMP	58,000	58,000	0.05	1 day
Totals	<u>\$ 3,303,762</u>	<u>\$ 3,190,374</u>		

(h) Condensed Pool Statements

The Treasury Pool includes investments with a fair value of \$3,190,374 and deposits of \$108,784. 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, 2022:

Statement of Net Position

Cash and investments	\$ 3,299,158
Less: Investments held by fiscal agent	<u>(116,255)</u>
Net position held in trust for pool participants	<u>\$ 3,182,903</u>
Equity of internal participants	\$ 1,315,962
Equity of external pool participants	<u>1,866,941</u>
Net position held in trust for pool participants	<u>\$ 3,182,903</u>

Statement of Changes in Net Position

Net position at July 1, 2021	\$ 3,096,570
Net change in pooled cash and investments	<u>86,333</u>
Net position held in trust for pool participants at June 30, 2022	<u>\$ 3,182,903</u>

NOTE 2 – CASH AND INVESTMENTS (Continued)

(i) Investment Credit Ratings and Maturity

As of June 30, 2022, the County’s investments and credit ratings are as follows:

	Credit Rating (Moody's / S & P)	Maturity					Fair Value
		Under 30	181-365		Over 5		
		Days	31-180 Days	Days	1-5 Years	Years	
Non-pooled investments:							
Cash and cash equivalents	Not rated	\$ 6,111	\$ -	\$ -	\$ -	\$ -	\$ 6,111
Money market mutual funds	AAA	11,157	-	-	-	-	11,157
OPEB trust investments:							
Cash and cash equivalents	Not rated	4,819	-	-	-	-	4,819
Mutual funds	Not rated	77,560	-	-	-	-	77,560
Corporate obligations	A2/A	-	81	-	3,208	4,216	7,505
Government obligations	Aa3/AA-	-	-	5	1,328	7,770	9,103
Total investments held by fiscal agents		<u>\$ 99,647</u>	<u>\$ 81</u>	<u>\$ 5</u>	<u>\$ 4,536</u>	<u>\$ 11,986</u>	<u>\$ 116,255</u>
Investments managed by County Treasurer:							
U.S. Agency Securities:							
Federal Farm Credit Bank	Aaa/AAA	42,988	999	17,699	219,179	-	280,865
Federal Home Loan Bank	Aaa/AAA	-	1,172	18,840	223,947	-	243,959
Federal Home Loan Mortgage Corp.	Aaa/AAA	-	-	17,294	171,954	-	189,248
Federal National Mortgage Association	Aaa/AAA	-	27,553	-	217,202	-	244,755
Subtotal U. S. Agency Securities		42,988	29,724	53,833	832,282	-	958,827
U.S. Treasury	Aaa/AA+	-	-	-	404,019	-	404,019
Supranational obligations	Aaa/AAA	23,320	39,297	41,864	306,718	-	411,199
Other government obligations	Aa2/AA	2,685	32,524	26,197	320,500	10,490	392,396
Certificates of deposit	Aa2/AA	109,899	79,801	98,962	68,796	-	357,458
Corporate and medium term notes	Aa3/AA-	54,044	63,081	134,895	289,616	-	541,636
Money market mutual funds	AAA	11,839	-	-	-	-	11,839
Joint Powers Authority Pool:							
CalTRUST	Aaa/AAA	55,000	-	-	-	-	55,000
CAMP	Aaa/AAA	58,000	-	-	-	-	58,000
Total investments managed by County Treasurer		<u>\$ 357,775</u>	<u>\$ 244,427</u>	<u>\$ 355,751</u>	<u>\$ 2,221,931</u>	<u>\$ 10,490</u>	<u>3,190,374</u>
Cash and deposits	N/A						35,992
Less outstanding warrants	N/A						(56,936)
Subtotal cash and investments managed by County Treasurer							3,169,430
Cash and deposits - other							129,728
Subtotal cash and investments managed by County Treasurer							<u>3,299,158</u>

NOTE 2 – CASH AND INVESTMENTS (Continued)

Discrete Component Units

		Maturity				Fair Value
		12 Months or Less	13 – 24 Months	25 – 60 Months	More than 60 Months	
<u>Sonoma Water</u>						
Non-pooled investments:						
Money market mutual funds	AAAm	\$ 8,171	\$ -	\$ -	\$ -	\$ 8,171
U.S. Treasury STRIPS	N/A	6,256	-	-	-	6,256
U.S. Treasury Notes	N/A	-	4,529	2,181	-	6,710
SCEIP bonds	N/A	453	529	565	11,512	13,059
Total investments held by bond trustees		<u>\$ 14,880</u>	<u>\$ 5,058</u>	<u>\$ 2,746</u>	<u>\$ 11,512</u>	<u>\$ 34,196</u>
<u>Sonoma Valley County Sanitation District</u>						
Non-pooled investments:						
Money market mutual funds	AAAm	<u>\$ 773</u>				<u>\$ 773</u>
<u>Fiduciary Component Units</u>						
SCERA non-pooled investments:						<u>\$ 3,692,697</u>
Total cash and investments						<u>\$ 7,026,824</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, 2022 the County’s total investment in JPAs was \$113,000.

(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, 2022, the County’s investment in the Tobacco Endowment was invested in money market mutual funds totaling \$11,799.

(l) Sonoma County Energy Independence Program (SCEIP)

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. 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, 2022, the County’s investment in SCEIP bonds, included in other governmental obligations was \$10,636.

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 a collateralized cost basis.

The County’s investments measured at fair value as of June 30, 2022 are as follows:

<u>Investments</u>	<u>Amount</u>	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
U.S. Agency securities	\$ 958,827	\$ -	\$ 958,827	\$ -
U.S. Treasury Notes	404,019	404,019	-	-
Supranational obligations	411,199	-	411,199	-
Other government obligations	392,397	-	381,761	10,636
Certificates of deposit	357,458	-	357,458	-
Corporate and medium term notes	541,635	-	541,635	-
Total investments measured at fair value	<u>3,065,535</u>	<u>\$ 404,019</u>	<u>\$ 2,650,880</u>	<u>\$ 10,636</u>
Investments not subject to fair value hierarchy:				
Money market mutual funds	11,839			
CalTRUST	55,000			
CAMP	58,000			
Total pooled and directed investments	<u>\$ 3,190,374</u>			
<u>Discrete Component Units</u>				
<u>Sonoma Water</u>				
U.S. Treasury STRIPS	\$ 6,256	\$ 6,256	\$ -	\$ -
U.S. Treasury Notes	6,710	6,710	-	-
SCEIP bonds	13,059	-	-	13,059
Total investments measured at fair value	<u>26,025</u>	<u>\$ 12,966</u>	<u>\$ -</u>	<u>\$ 13,059</u>
Investments not subject to fair value hierarchy:				
Money market mutual funds	8,171			
<u>Sonoma Valley County Sanitation District</u>				
Money market mutual funds	773	773	-	-
Total investments	<u>\$ 34,969</u>			
<u>Fiduciary Component Unit</u>				
<u>SCERA</u>				
Non-pooled investments	<u>\$ 3,692,697</u>			

NOTE 2 – CASH AND INVESTMENTS (Continued)

(n) SCERA’s ACFR - Investment and Related Notes

Pages 60 through 67 below are an excerpt from 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, 2021, and all references in the excerpt are to SCERA’s ACFR 2021 at <https://scretire.org/Microsites/SCERA/Documents/Financial/ACFR2021.pdf>:

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, 2021

Cash and Short-Term Investment Funds (held by) (Dollars in Thousands)	
2021	
County Treasury	\$ 3,197
Custodian Bank	<u>183,532</u>
Total	<u>\$ 186,729</u>

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. During 2021, SCERA had 18 investment managers, managing 19 individual portfolios.

Investments at December 31, 2021 consist of the following (excluding collateral held for securities lending as described in Note F):

Investments at Fair Value (Dollars in Thousands)	
2021	
Fixed Income	\$ 582,702
Equities	2,134,078
Real Assets	664,599
Opportunistic	<u>45,770</u>
Total Investments	<u>\$ 3,427,149</u>

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%
Domestic Equities Non-	19.5%	21.5%	23.5%
U.S. Equities Global	19.5%	21.5%	23.5%
Equities Opportunistic	16.0%	18.0%	20.0%
	0.0%	0.0%	6.0%
Total	<u>100%</u>		

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 \$3,197 as of December 31, 2021. 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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021.

DEPOSITS AND INVESTMENTS *continued*

Credit and Interest Rate Risk

Credit risk associated with SCERA's fixed income 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. A rating of N/R represents pooled funds and other securities that have not been rated by S&P and N/A represents pooled securities that do not have a set duration.

The average duration and S&P credit rating of SCERA's fixed income portfolio as of December 31, 2021 was:

Investment Type	Fair Value (Dollars in Thousands)	S&P Rating	Duration
Government Issues	\$ 167,349	AA+	10.20
Agency Backed Mortgages Bank	94,134	AA+	5.06
Loans	91,792	B	5.17
Corporates	82,715	BBB	7.75
Non-Agency Backed Mortgages	73,446	AA+	5.79
Other Asset Backed	38,312	B	5.01
Other	32,298	N/R	N/A
Municipals	2,656	AA-	16.31
Total	\$ 582,702		

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, 2021:

Securities	
Base Currency	Fair Value in USD (Dollars in Thousands)
Canada – CAD	\$ 527
Japan – JPY	215
Brazil – BRL	85
Australia – AUD	61
Euro – EUR	57
Norway – NOK	46
South Africa – ZAR	28
Singapore – SGD	18
South Korea – KRW	10
Taiwan – TWD	8
Malaysia – MYR	5
Sweden – SEK	5
New Zealand – NZD	2
Denmark – DKK	1
Guernsey – GBP	(9)
Total Non-USD Securities	\$ 1,059

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. 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.

The following positions represent SCERA's exposure to derivatives as of December 31, 2021:

Investment Derivatives Summary (Dollars in Thousands)			
Derivative Type	Change in Fair Value	Fair Value	Notional
Futures	\$ 6,563	\$ -	\$ 97,733
Forwards	(939)	(203)	26,248
Options	2593	(173)	(11)
Swaps – Credit Default	(6)	904	32,020
Swaps – Interest Rate	637	90	33,347
Total	\$ 8,848	\$ 618	\$ 189,337

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.

The following represents SCERA's exposure to derivative credit risk as of December 31, 2021:

Derivative Credit Risk Ratings Summary (Dollars in Thousands)	
S&P Credit Rating	Fair Value
AA-	\$ 6
A+	90
A	13
BBB+	1,151
Total subject to credit risk	\$ 1,260

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. Investments subject to interest rate risk as of December 31, 2021 are:

Interest Rate Risk Analysis (Dollars in Thousands)	
Derivative Type	Interest Rate Derivatives
Fair Value	\$994
Notional	\$160,374
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 2021, 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 2021 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 2021. There were no losses during 2021 resulting from a default of the borrowers.

During 2021, 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, 2021, such investment pool had an average duration of 15 days and an average weighted final maturity of 90 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, 2021, SCERA had no credit risk exposure to borrowers.

As of December 31, 2021, the fair value of the securities on loan was \$88.7 million. The fair value of associated collateral was \$90.6 million (\$80.4 million of cash collateral and \$10.2 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-United States 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 Statement No. 72 establishes a fair value hierarchy based on three levels 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 34.

FAIR VALUE MEASUREMENTS *continued***Investments and Derivatives Measured at Fair Value**

For the Year Ended December 31, 2021

INVESTMENT TYPE (Dollars in Thousands)	Total	Fair Value Measurements Using		
		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				
U.S. Government Securities	\$ 167,349	\$ -	\$ 167,349	\$ -
Agency Backed Mortgages Bank Loans	94,134	-	94,134	-
Corporate	91,792	-	89,778	2,014
Non-Agency Backed Mortgages	82,715	-	82,715	-
Other Asset Backed	73,446	-	73,446	-
Other	38,312	-	38,312	-
Municipals	32,298	-	32,298	-
	2,656	-	2,656	-
Total Fixed Income Securities	582,702	-	580,688	2,014
Equity Securities				
Domestic Equity	958,602	957,355	1,239	8
Non-US Equity	915,187	604,356	310,831	-
Global Equity	260,289	260,289	-	-
Total Equity Securities	2,134,078	1,822,000	312,070	8
Real Assets				
Real Estate	336,522	-	-	336,522
Infrastructure	181,357	-	-	181,357
U.S. Farmland	146,720	-	-	146,720
Total Real Assets	664,599	-	-	664,599
Collateral from Securities Lending	80,415	-	80,415	-
Limited Partnership (Opportunistic)	45,770	-	-	45,770
Total Investments	\$ 3,507,564	\$ 1,822,000	\$ 973,173	\$ 712,391
Derivatives				
Options	\$ (173)	\$ (173)	\$ -	\$ -
Swaps	994	(174)	994	-
Forwards	(203)	(203)	-	-
Total Derivatives	\$ 618	\$ (376)	\$ 994	\$ -

NOTE 3 – RECEIVABLES

Receivables for the fiscal year ended June 30, 2022, for the County’s individual major funds, nonmajor and internal service funds in the aggregate are as follows:

	Human Services		Health and	Open Space Special		Internal		Total
	General	Special Revenue	Sanitation Special Revenue	Tax Account	Special Revenue	Other Funds	Service Funds	
<i>Governmental Activities</i>								
Accounts receivable	\$ 14,118	\$ 54	\$ 1,915	\$ 4,950	\$ 5,870	\$ 683	\$ 27,590	
Due from other governments	53,952	23,938	50,395	-	15,665	51	144,001	
Lease receivable	5,810	-	-	-	161	-	5,971	
Total	<u>\$ 73,880</u>	<u>\$ 23,992</u>	<u>\$ 52,310</u>	<u>\$ 4,950</u>	<u>\$ 21,696</u>	<u>\$ 734</u>	<u>\$ 177,562</u>	
<i>Business-Type Activities</i>								
	Refuse	Airport	SCEIP	Transit	Other Funds	Total		
Accounts receivable	\$ 1,367	\$ 853	\$ 329	\$ 94	\$ 1,166	\$ 3,809		
Loans	-	57	-	-	-	57		
Contractual assessments	-	-	801	-	-	801		
Interest and other	-	14	-	-	-	14		
Due from other governments	18	13,913	-	2,713	52	16,696		
Lease receivable	342	7,682	-	-	-	8,024		
Long term contractual assessments	-	-	22,324	-	-	22,324		
Total	<u>\$ 1,727</u>	<u>\$ 22,519</u>	<u>\$ 23,454</u>	<u>\$ 2,807</u>	<u>\$ 1,218</u>	<u>\$ 51,725</u>		

Governmental and business-type receivables of \$25,729 and \$7,956, respectively, 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, 2022 are as follows:

<i>Due to/from other funds :</i>		
Receivable Fund	Payable Fund	Amount
General Fund	Human Services Special Revenue Fund	\$ 466
	Energy Independence Program	52
	Internal service funds	1,592
	Other governmental funds	91
	Other enterprise funds	13
		<u>2,214</u>
Human Services Special Revenue Fund	Other governmental funds	995
Internal service funds	Other governmental funds	200
Refuse	General Fund	1
Total		<u>\$ 3,410</u>
<i>Advances to/from other funds:</i>		
Receivable Fund	Payable Fund	Amount
General Fund	Other enterprise funds	\$ 56
	Internal service funds (1)	3,744
		<u>\$ 3,800</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, 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, 2022:

(1) Between Governmental and Business-Type Activities:

Transfer from	Transfer To	Amount	Purpose of Funding
<u>Governmental Activities:</u>			
<u>Business-Type Activities:</u>			
General Fund	Refuse Enterprise Fund	\$ 1,601	Operations
	Airport Enterprise Fund	48	Operations
	Energy Independence Program	200	Operations
	Transit	13	Operations
	Other enterprise funds	<u>408</u>	Operations
		<u>2,270</u>	
<u>Business-Type Activities:</u>			
<u>Governmental Activities:</u>			
Refuse Enterprise Fund	General Fund	(5)	Operations
Airport Enterprise Fund	General Fund	(8)	Operations
Energy Independence Program	General Fund	(5)	Operations
Other enterprise funds	General Fund	<u>(1)</u>	Operations
		<u>(19)</u>	
Total		<u>\$ 2,251</u>	

(2) Between Funds within the Governmental Activities:

Transfer from	Transfer To	Amount	Purpose of Funding
General Fund	Human Services Special Revenue Fund	\$ 28,549	Operations
	Health and Sanitation Special Revenue Fund	27,505	Operations
	Internal service funds	3,925	Operations and capital projects
	Other governmental funds	<u>136,213</u>	Operations and capital projects
		<u>196,192</u>	
Health and Sanitation Special Revenue Fund	General Fund	340	Operations
	Other governmental funds	<u>2,833</u>	Operations
		<u>3,173</u>	
Human Services Special Revenue Fund	Health and Sanitation Special Revenue Fund	566	Operations
Open Space Special Tax Account Special Revenue Fund	Other governmental funds	18,876	Operations and debt service
Other governmental funds	General Fund	18,083	Operations
	Internal service funds	1,200	Operations
	Other governmental funds	<u>8,349</u>	Operations and capital projects
		<u>27,632</u>	
Internal service funds	General Fund	<u>233</u>	Operations
Total		<u>\$ 246,672</u>	

NOTE 5 – CAPITAL ASSETS

Capital asset activities for the fiscal year ended June 30, 2022 are as follows:

	Balance June 30, 2021 <u>(Restated)(1)</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	Balance June 30, 2022
<u>Governmental Activities:</u>					
Capital assets, non-depreciable:					
Land	\$ 365,201	\$ 1,118	\$ (80)	\$ (14,832)	\$ 351,407
Intangible assets	402,549	-	-	14,832	417,381
Work in progress	6,874	4,693	(278)	(5,909)	5,380
Construction in progress	<u>121,520</u>	<u>58,446</u>	<u>(3,544)</u>	<u>(48,447)</u>	<u>127,975</u>
Total capital assets, non-depreciable	<u>896,144</u>	<u>64,257</u>	<u>(3,902)</u>	<u>(54,356)</u>	<u>902,143</u>
Capital assets, depreciable					
Intangible assets	45,901	131	-	4,578	50,610
Infrastructure	598,869	174	(7,328)	34,115	625,830
Buildings and improvements	453,436	-	-	10,308	463,744
Land improvements	9,342	-	-	2,871	12,213
Machinery and equipment	110,377	6,969	(5,116)	2,484	114,714
Right-to-use asset - building	89,097	2,521	-	-	91,618
Right-to-use asset - land	<u>2,494</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,494</u>
Total capital assets, depreciable	<u>1,309,516</u>	<u>9,795</u>	<u>(12,444)</u>	<u>54,356</u>	<u>1,361,223</u>
Less accumulated depreciation for:					
Intangible assets	(31,606)	(6,992)	-	-	(38,598)
Infrastructure	(421,875)	(11,032)	7,263	-	(425,644)
Buildings and improvements	(185,323)	(10,148)	-	-	(195,471)
Land improvements	(1,257)	(619)	-	-	(1,876)
Machinery and equipment	(77,340)	(8,865)	4,774	-	(81,431)
Right-to-use asset - building	-	(10,812)	-	-	(10,812)
Right-to-use asset - land	<u>-</u>	<u>(223)</u>	<u>-</u>	<u>-</u>	<u>(223)</u>
Total accumulated depreciation	<u>(717,401)</u>	<u>(48,691)</u>	<u>12,037</u>	<u>-</u>	<u>(754,055)</u>
Total capital assets, depreciable, net	<u>592,115</u>	<u>(38,896)</u>	<u>(407)</u>	<u>54,356</u>	<u>607,168</u>
Total capital assets, net	<u>\$ 1,488,259</u>	<u>\$ 25,361</u>	<u>\$ (4,309)</u>	<u>\$ -</u>	<u>\$ 1,509,311</u>

(1) The beginning balance was restated due to the implementation of GASB 87. See Note 20.

For the fiscal year ended June 30, 2022, the right-of-use leased building and land balances, net of accumulated depreciation, are \$80,806 and \$2,271 respectively.

NOTE 5 – CAPITAL ASSETS (Continued)

	Balance <u>June 30, 2021</u>	Additions	Retirements	Transfers	Balance <u>June 30, 2022</u>
<i>Business-type activities:</i>					
Capital assets, non-depreciable					
Land	\$ 27,724	\$ -	\$ -	\$ (6)	\$ 27,718
Construction in progress	7,473	18,093	(830)	(1,085)	23,651
Total capital assets, non-depreciable	<u>35,197</u>	<u>18,093</u>	<u>(830)</u>	<u>(1,091)</u>	<u>51,369</u>
Capital assets, depreciable					
Intangible assets	12,207	-	-	-	12,207
Infrastructure	13,048	-	-	-	13,048
Land improvements	225	-	-	-	225
Buildings and improvements	260,087	222	-	218	260,527
Machinery and equipment	40,579	642	(2,179)	873	39,915
Total capital assets, depreciable	<u>326,146</u>	<u>864</u>	<u>(2,179)</u>	<u>1,091</u>	<u>325,922</u>
Less accumulated depreciation/amortization for:					
Intangible assets	(8,819)	(501)	-	-	(9,320)
Infrastructure	(1,552)	(522)	-	-	(2,074)
Land improvements	(52)	(15)	-	-	(67)
Buildings and improvements	(157,026)	(5,977)	-	-	(163,003)
Machinery and equipment	(27,087)	(2,612)	2,150	-	(27,549)
Total accumulated depreciation	<u>(194,536)</u>	<u>(9,627)</u>	<u>2,150</u>	<u>-</u>	<u>(202,013)</u>
Total capital assets, depreciable, net	<u>131,610</u>	<u>(8,763)</u>	<u>(29)</u>	<u>1,091</u>	<u>123,909</u>
Total capital assets, net	<u>\$ 166,807</u>	<u>\$ 9,330</u>	<u>\$ (859)</u>	<u>\$ -</u>	<u>\$ 175,278</u>
<i>Discrete Component Units</i>					
<i>Sonoma Water</i>					
	Balance <u>June 30, 2021</u>	Additions	Retirements	Transfers	Balance <u>June 30, 2022</u>
Capital assets, non-depreciable:					
Intangible assets	\$ 108,815	\$ -	\$ -	\$ 1,335	\$ 110,150
Land	12,621	-	-	-	12,621
Intangible work in progress	1,625	1,509	-	-	3,134
Construction in progress	21,459	17,779	(1,077)	(8,662)	29,499
Total capital assets, non-depreciable	<u>144,520</u>	<u>19,288</u>	<u>(1,077)</u>	<u>(7,327)</u>	<u>155,404</u>
Capital assets, depreciable:					
Intangible assets	5,039	-	-	(1,335)	3,704
Infrastructure	331,996	-	-	8,662	340,658
Land improvements	4,362	-	-	-	4,362
Buildings and improvements	56,422	-	-	-	56,422
Machinery and equipment	16,525	692	(492)	-	16,725
Total capital assets, depreciable	<u>414,344</u>	<u>692</u>	<u>(492)</u>	<u>7,327</u>	<u>421,871</u>
Less accumulated depreciation/amortization for:					
Intangible assets	(2,295)	(191)	-	-	(2,486)
Infrastructure	(187,612)	(9,074)	-	-	(196,686)
Land and improvements	(2,804)	(199)	-	-	(3,003)
Buildings and improvements	(20,415)	(1,637)	-	-	(22,052)
Machinery and equipment	(9,823)	(1,232)	430	-	(10,625)
Total accumulated depreciation	<u>(222,949)</u>	<u>(12,333)</u>	<u>430</u>	<u>-</u>	<u>(234,852)</u>
Total capital assets, depreciable, net	<u>191,395</u>	<u>(11,641)</u>	<u>(62)</u>	<u>7,327</u>	<u>187,019</u>
Total capital assets, net	<u>\$ 335,915</u>	<u>\$ 7,647</u>	<u>\$ (1,139)</u>	<u>\$ -</u>	<u>\$ 342,423</u>

NOTE 5 – CAPITAL ASSETS (Continued)

Depreciation/Amortization Expense

Depreciation/amortization expense charged for the fiscal year ended June 30, 2022 are as follows:

Governmental Activities:

General government	\$	10,642
Public protection		10,531
Public ways and facilities		11,203
Health and sanitation		5,647
Public assistance		5,600
Education		46
Recreation and cultural services		2,625
Depreciation on Heavy Equipment Replacement ISF capital assets		817
Depreciation on Enterprise Resource Planning (ERP) ISF capital assets		1,580
Total depreciation/amortization expense	<u>\$</u>	<u>48,691</u>

Business-Type Activities:

Refuse	\$	1,153
Airport		3,723
Energy Independence Program		29
Transit		3,552
Fair		831
Marinas		134
Other Districts		205
Total depreciation/amortization expense	<u>\$</u>	<u>9,627</u>

NOTE 6 – DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources for the fiscal year ended June 30, 2022, for the County’s individual major funds, non-major and internal service funds in the aggregate are as follows:

	<u>Internal Service</u>				
<u>Governmental Activities</u>	<u>Funds</u>	<u>Other Funds</u>	<u>Total</u>		
Deferred charge on refunding (1)	\$ -	\$ 1,659	\$ 1,659		
Deferred amounts related to pension	180,660	1,116	181,776		
Deferred amounts related to OPEB	30,146	408	30,554		
Total	<u>\$ 210,806</u>	<u>\$ 3,183</u>	<u>\$ 213,989</u>		

	<u>Refuse</u>	<u>Airport</u>	<u>Transit</u>	<u>Other Funds</u>	<u>Total</u>
Deferred amounts related to pension	\$ 517	\$ 559	\$ 174	\$ 506	\$ 1,756
Deferred amounts related to OPEB	200	125	41	262	628
Total	<u>\$ 717</u>	<u>\$ 684</u>	<u>\$ 215</u>	<u>\$ 768</u>	<u>\$ 2,384</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, 2022, for the County’s individual major funds, nonmajor and internal service funds in the aggregate are as follows:

	General	Human Services Special Revenue	Health and Sanitation Special Revenue	Other Funds	Internal Service Funds	Total
<u>Governmental Activities</u>						
Total accounts payable	<u>\$ 43,512</u>	<u>\$ 1,187</u>	<u>\$ 19,301</u>	<u>\$ 7,352</u>	<u>\$ 4,491</u>	<u>\$ 75,843</u>
<u>Business-Type Activities</u>	Refuse	Airport	SCEIP	Transit	Other Funds	Total
Total accounts payable	<u>\$ 350</u>	<u>\$ 3,733</u>	<u>\$ 322</u>	<u>\$ 1,395</u>	<u>\$ 976</u>	<u>\$ 6,776</u>

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, 2022, advances from grantors and third parties are as follows:

	General	Human Services Special Revenue	Health and Sanitation Special Revenue	Other Funds	Total
<u>Governmental Activities</u>					
Total advances from grantors and third parties	<u>\$ 70,307</u>	<u>\$ 3,976</u>	<u>\$ 7,708</u>	<u>\$ 145</u>	<u>\$ 82,136</u>
<u>Business-Type Activities</u>	Transit	Total			
Total advances from grantors and third parties	<u>\$ 1,621</u>	<u>\$ 1,621</u>			

NOTE 9 – LEASES

Lessor:

As of June 30, 2022, the County was the lessor for 22 noncancelable leases comprised of 12 building space leases, 9 land leases, and one easement. The lease terms range from 18 to 420 months for building leases, 78 to 480 months for land leases, and 57 months for the easement lease. Monthly payments include both fixed and variable payments. Variable payments are adjusted based on the Consumer Price Index (CPI). The County recognized \$755 in lease revenue and \$246 in interest revenue during the current fiscal year. As of June 30, 2022, the receivables for lease payments and deferred inflow of resources were \$13,995 and \$13,867, respectively. Lease interest rates range from 0.39% to 2.58%.

The future principal and interest lease payments receivable as of June 30, 2022 are as follows:

Governmental Activities

Fiscal Year Ending June 30,	Principal Payments	Interest Payments	Total Receivable
2023	\$ 305	\$ 122	\$ 427
2024	322	117	439
2025	339	112	451
2026	326	104	430
2027	343	98	441
2028 - 2032	1,480	393	1,873
2033 - 2037	1,309	253	1,562
2038 - 2042	1,504	87	1,591
2043 - 2047	32	3	35
2048 - 2052	11	0	11
	<u>\$ 5,971</u>	<u>\$ 1,289</u>	<u>\$ 7,260</u>

Business-Type Activities

Fiscal Year Ending June 30,	Principal Payments	Interest Payments	Total Receivable
2023	\$ 370	\$ 172	\$ 542
2024	350	165	515
2025	350	159	509
2026	354	153	507
2027	346	146	492
2028 - 2032	1,483	638	2,121
2033 - 2037	1,058	504	1,562
2038 - 2042	1,079	381	1,460
2043 - 2047	1,081	249	1,330
2048 - 2052	814	134	948
2053 - 2057	630	42	672
2058 - 2062	109	4	113
	<u>\$ 8,024</u>	<u>\$ 2,747</u>	<u>\$ 10,771</u>

Lessee:

As of June 30, 2022 the County was the lessee for 48 noncancellable leases comprised of 41 building space leases and 7 land leases. The lease terms range from 19 to 400 months for building leases and 25 to 218 months for land leases. Monthly payments include both fixed and variable payments. Variable payments are adjusted based on CPI. The initial lease liability was recorded in the amount of \$94,112 during the current fiscal year. At June 30, 2022, the value of the lease liability was \$84,892. Lease interest rates range from 0.32% to 2.58%.

NOTE 9 – LEASES (Continued)

The future principal and interest lease payments as of June 30, 2022 are as follows:

Governmental Activities (1)

Fiscal Year Ending June 30,	Principal Payments	Interest Payments	Total Payments
2023	\$ 9,872	\$ 1,385	\$ 11,257
2024	10,063	1,251	11,314
2025	9,120	1,117	10,237
2026	8,656	989	9,645
2027	7,905	861	8,766
2028 - 2032	22,145	2,927	25,072
2033 - 2037	9,475	1,459	10,934
2038 - 2042	5,468	527	5,995
2043 - 2047	1,448	172	1,620
2048 - 2052	470	67	537
2053 - 2056	270	9	279
	<u>\$ 84,892</u>	<u>\$ 10,764</u>	<u>\$ 95,656</u>

(1) Internal Service Funds (ISF) predominantly serve governmental funds, therefore ISF future principal and interest are included in the above totals for governmental activities

Sale-Leaseback:

During fiscal year ended June 30, 2022, the County sold the Chanate campus which included leaseback agreements for the Public Health Lab, Morgue, and Coroner’s Office. These building leases are for 4 years with two 6-month options to extend.

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, 2022:

<u>Governmental Activities</u>	Balance			Balance June 30, 2022	Due Within One Year
	June 30, 2021 Restated (2)	Additions	Retirements		
Compensated absences	\$ 40,763	\$ 38,491	\$ (38,808)	\$ 40,446	\$ 26,417
Self-insurance (1)	56,790	23,061	(19,223)	60,628	13,389
Certificates of participation - direct borrowing	11,252	-	(2,063)	9,189	2,143
Bonds payable	83,461	-	(9,830)	73,631	9,425
Pension obligation bonds - direct placement (1)	286,690	-	(38,810)	247,880	42,935
CDC Note	840	-	(840)	-	-
Financed Purchases	3,380	-	(473)	2,907	491
Lease Liabilities	91,591	2,521	(9,220)	84,892	9,872
Contracts payable	3,972	-	(662)	3,310	662
Net pension liability (1)	152,944	-	(152,944)	-	-
Net OPEB liability (1)	184,512	36,331	(72,660)	148,183	-
Subtotal long-term liabilities	916,195	100,404	(345,533)	671,066	105,334
Unamortized issuance premiums	9,826	-	(1,049)	8,777	-
Total long-term liabilities	\$ 926,021	\$ 100,404	\$ (346,582)	\$ 679,843	\$ 105,334

(1) Internal Service Funds (ISF) predominantly serve governmental funds, therefore ISF long-term liabilities including self-insurance, pension, pension obligation bonds 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.

(2) The beginning balance was restated due to the implementation of GASB 87. See Note 20.

<u>Business-type Activities</u>	Balance			Balance June 30, 2022	Due Within One Year
	June 30, 2021	Additions	Retirements		
Compensated absences	\$ 616	\$ 161	\$ (183)	\$ 594	\$ 425
Landfill closure and postclosure	8,626	354	(1,216)	7,764	-
Advances from other governments - direct borrowing	1,632	-	(365)	1,267	380
Energy bonds payable - direct placement	23,356	5,067	(4,728)	23,695	1,371
Notes payable	996	477	(996)	477	477
Loans payable - direct borrowing	16,150	-	(467)	15,683	477
Net pension liability	2,672	-	(1,944)	728	-
Net OPEB liability	3,330	399	(1,197)	2,532	-
Total long-term liabilities	\$ 57,378	\$ 6,458	\$ (11,096)	\$ 52,740	\$ 3,130

NOTE 10 – LONG-TERM LIABILITIES (Continued)

Discrete Component Units (1) Sonoma Water	Balance			Balance	Due Within
	June 30, 2021	Additions	Retirements	June 30, 2022	One Year
Compensated absences	\$ 3,395	\$ 2,505	\$ (2,372)	\$ 3,528	\$ 1,990
Pollution remediation	150	-	(2)	148	-
Advances from other governments - direct borrowing	6,573	-	(863)	5,710	441
Revenue and general obligation bonds - direct placement	2,306	-	(361)	1,945	372
Revenue bonds	39,240	19,680	(9,435)	49,485	1,205
Financed purchase obligations	1,248	-	(483)	765	504
Contracts payable	69,925	-	(4,030)	65,895	4,160
Net pension liability	12,140	-	(12,140)	-	-
Net OPEB liability	14,763	(439)	(2,149)	12,175	-
Subtotal long-term liabilities	149,740	21,746	(31,835)	139,651	8,672
Unamortized issuance premiums	2,474	1,928	(486)	3,916	-
Total long-term liabilities	\$ 152,214	\$ 23,674	\$ (32,321)	\$ 143,567	\$ 8,672

(1) Community Development Commission's long term-liabilities are presented in its separately audited financial statements, available at the Community Development Commission office.

(b) Long-term obligations outstanding

Individual issues of certificates of participation, bonds, loans, and financed purchase obligations outstanding at June 30, 2022 are as follows:

Governmental Activities	Maturity	Interest Rates/ Ranges	Annual Principal Installments	Original Issue Amount	Outstanding Balance June 30, 2022
Certificates of Participation from direct borrowing:					
2010 Administration Building COP	2024	2.89-3.8%	\$ 71-138	\$ 1,475	\$ 209
2017 General Services Energy	2026	2.45%	660-1,080	17,225	8,980
					<u>9,189</u>
Bonds Payable:					
2015 Series A Agricultural Preservation and Open Space (Measure F)	2024	2.00-5.00%	0-7,010	43,335	13,400
Unamortized issuance premium					1,565
Tobacco Settlement - Bonds Series 2020	2049	1.38-5.00%	1,275-3,133	66,636	60,231
Unamortized issuance premium					7,212
					<u>82,408</u>
Pension Obligation Bonds from direct placement:					
2003 Series A	2022	1.55-5.07%	7,685-25,970	210,200	7,685
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	219,195
					<u>247,880</u>
Financed Purchase Obligations					
Various	2029	3.62-6.77%	26-245	7,009	2,907
Total long-term obligations					<u>\$ 342,384</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, 2022</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	\$ 356
Various state and local agencies for the County's other enterprise funds	2053	2.75-3.41%	4-213	4,172	911
					<u>1,267</u>
Bonds Payable from direct placement:					
Energy Independence Program	2037	3.00%	93-2,926	99,584	23,695
Notes Payable:					
Sonoma County Fair	2021	3.00%	100	500	477
Loans Payable from direct borrowing:					
Russian River Utility Co., Inc.	2023	0.00%	2-8	42	2
Pacific Gas & Electric Loan	2025	0.00%	0-2	20	5
iBank	2048	3.52-3.61%	103-716	17,000	15,676
					<u>15,683</u>
Total long-term obligations					<u>\$ 41,122</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, 2022</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	\$ 5,710
Revenue and General Obligation Bonds from direct placement:					
2017 Water and Wastewater Revenue Bonds	2027	2.33%	333-409	3,690	1,945
Revenue Bonds:					
2019A Water Revenue Bonds	2039	3.0-5.0%	340-770	11,010	10,310
2015A & AT Water Revenue Bonds	2040	2.30-5.2%	0-1,335	23,865	19,495
2022A Water Revenue Refunding Bonds	2048	4.0-5.0%	475-1,210	19,680	19,680
					<u>49,485</u>
Contracts payable	2034	3.23%	2,934-6,286	102,371	65,895
Financed purchase obligations	2023	4.30%	260-505	5,835	765
Total long-term obligations					<u>\$ 123,800</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, 2022, 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 \$60,231 for the Tobacco Settlement Bonds, Series 2020. Total principal and interest remaining on the bonds is \$99,783 through 2049. During the fiscal year ended June 30, 2022, principal and interest paid on the Series 2020 Tobacco Settlement Bonds totaled \$5,232. Based on the above information, the County presents the debt service to maturity assuming no further turbo payments.

NOTE 10 – LONG-TERM LIABILITIES (Continued)

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.

Financed Purchase Obligations – The County has entered financed 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.

Sonoma Water Agency’s detailed disclosures on debt, as required by GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, are reported in the Sonoma Water Agency Annual Comprehensive Financial Report (ACFR) available at <https://www.sonomawater.org/basic-financial-statements>.

(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, 2022, 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, 2022 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:						
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	660	8	3,085	1,484	30,420	7,061
2028-2032	-	-	13,248	9,115	102,480	9,001
2033-2037	-	-	12,034	8,662	-	-
2038-2042	-	-	11,617	8,241	-	-
2043-2047	-	-	8,512	4,664	-	-
2048	-	-	1,225	102	-	-
Subtotals	9,189	552	73,631	40,206	247,880	60,284
Issuance premiums	-	-	8,777	-	-	-
Total	\$ 9,189	\$ 552	\$ 82,408	\$ 40,206	\$ 247,880	\$ 60,284

<u>Governmental Activities</u>	Financed Purchase Obligations	
	Principal	Interest
Year ending June 30:		
2023	491	106
2024	510	88
2025	531	69
2026	519	50
2027	445	30
2028-2029	411	19
Total	\$ 2,907	\$ 362

<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:							
2023	\$ 477	\$ 595	\$ 380	\$ 41	\$ 1,371	\$ 1,425	\$ 477
2024	492	576	25	24	1,544	1,459	-
2025	525	557	26	23	1,632	1,353	-
2026	507	537	27	23	1,729	1,241	-
2027	544	649	27	22	1,839	1,122	-
2028-2032	3,021	2,521	127	99	8,937	3,649	-
2033-2037	3,595	1,618	124	83	3,811	1,515	-
2038-2042	4,278	864	142	65	2,693	456	-
2043-2047	2,244	203	163	45	139	3	-
2048-2052	-	-	185	21	-	-	-
2053	-	-	41	1	-	-	-
Total	\$ 15,683	\$ 8,120	\$ 1,267	\$ 447	\$ 23,695	\$ 12,223	\$ 477

NOTE 10 – LONG-TERM LIABILITIES (Continued)

Discrete Component

Units

<u>Sonoma Water</u>	Revenue and General Obligation					
	Long-term Contracts		Bonds from direct placement		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
<u>Year ending June 30:</u>						
2023	\$ 4,160	\$ 2,125	\$ 372	\$ 41	\$ 1,205	\$ 1,538
2024	4,295	1,991	377	32	2,085	1,865
2025	4,433	1,852	391	23	2,190	1,758
2026	4,576	1,709	395	14	2,300	1,646
2027	4,724	1,562	410	14	2,410	1,542
2028-2032	26,004	5,424	-	-	13,595	6,120
2033-2037	17,703	1,154	-	-	12,225	3,572
2038-2042	-	-	-	-	8,655	1,624
2043-2047	-	-	-	-	3,935	583
2048	-	-	-	-	885	18
Subtotals	65,895	15,817	1,945	124	49,485	20,266
Issuance premiums	-	-	-	-	3,916	-
Total	<u>\$ 65,895</u>	<u>\$ 15,817</u>	<u>\$ 1,945</u>	<u>\$ 124</u>	<u>\$ 53,401</u>	<u>\$ 20,266</u>

<u>Year ending June 30:</u>	Financed Purchase Obligations		Advances from other Governments from direct borrowing	
	Principal	Interest	Principal	Interest
	2023	\$ 504	\$ 27	\$ 441
2024	261	6	899	141
2025	-	-	925	116
2026	-	-	951	90
2027	-	-	977	63
2028-2029	-	-	1,517	43
Total	<u>\$ 765</u>	<u>\$ 33</u>	<u>\$ 5,710</u>	<u>\$ 521</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, 2021, the date of the most recent actuarial valuation, Plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	5,478
Current active members	4,066
Inactive vested members	<u>1,569</u>
Total	<u><u>11,113</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, 2021:

Actuarial cost method	Entry Age
Asset valuation method	5 –year smoothed market value
Actuarial assumptions:	
Investment rate of return	6.75%
Projected salary increases - General	3.55% to 8.00%
Projected salary increases - Safety	4.00% to 10.50%
Inflation	2.50%
Cost-of-living adjustments	None

In the December 31, 2021 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 6 years remaining as of December 31, 2021.

(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, 2022 were based on the Plan’s valuations dated December 31, 2019 and December 31, 2020. 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, 2022, the County contributed \$68,329 or approximately 20.33% of covered payroll.

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

At June 30, 2022, the County reported a net pension asset of \$62,867 and a net pension liability of \$728 for the Sonoma County Fair and Exposition, Inc. (the Fair) for its proportionate share of the net pension asset/liability, and discrete component units reported a net pension asset of \$5,839 for their proportionate share. The net pension asset/liability was measured as of December 31, 2021 and the total pension asset/liability used to calculate the net pension asset/liability was determined by an actuarial valuation as of that date. The County’s proportion of the net pension asset/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, 2021, the County’s proportion was 101.35%, a 19.76% increase compared to December 31, 2020, and the discrete component unit’s proportion was 9.52%, an increase of 2.29%, compared to December 31, 2020.

NOTE 11 – EMPLOYEES’ RETIREMENT PLANS (Continued)

For the year ended June 30, 2022, the County recognized a pension expense credit of (\$10,558) and the discrete component units recognized a pension expense credit of (\$617). At June 30, 2022, 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	\$ 8,091	\$ (19,389)
Changes in assumptions	70,293	-
Net difference between projected and actual earnings on plan investments	-	(298,099)
Changes in proportion and differences between County contributions and proportionate share of contributions	40,055	(8,209)
Contributions subsequent to the measurement date	63,337	-
Total Governmental Activities	<u>181,776</u>	<u>(325,697)</u>
<u>Business-Type Activities</u>		
Differences between expected and actual experience	100	(288)
Changes in assumptions	611	-
Net difference between projected and actual earnings on plan investments	-	(3,026)
Changes in proportion and differences between County contributions and proportionate share of contributions	517	(371)
Contributions subsequent to the measurement date	528	-
Total Business-Type Activities	<u>1,756</u>	<u>(3,685)</u>
<u>Total Primary Government Total</u>	<u>\$ 183,532</u>	<u>\$ (329,382)</u>
<u>Discrete Component Units</u>		
Differences between expected and actual experience	\$ 547	\$ (2,134)
Changes in assumptions	5,690	-
Net difference between projected and actual earnings on plan investments	-	(27,067)
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,810	(236)
Contributions subsequent to the measurement date	2,558	-
Total	<u>\$ 13,605</u>	<u>\$ (29,437)</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, 2023 totaling \$31,419 for the County and \$2,558 for discrete component units. The County has prepayments of future year contributions on deposit with SCERA of \$32,446 at June 30, 2022. 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)	Total Primary Government (1)	Discrete Component Units (1)
2023	\$ (26,747)	\$ (368)	\$ (27,115)	\$ (2,170)
2024	(79,018)	(851)	(79,869)	(7,051)
2025	(38,857)	(634)	(39,491)	(3,390)
2026	(62,636)	(604)	(63,240)	(5,779)
Total	<u>\$ (207,258)</u>	<u>\$ (2,457)</u>	<u>\$ (209,715)</u>	<u>\$ (18,390)</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 6.75% and 7.00% as of December 31, 2021 and December 31, 2020, 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, 2021 and 2020.

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, 2021 are summarized in the table below:

Asset Class	Target Allocation	Long-term Expected Arithmetic Real Rate of Return
Large Cap Equity	16.50 %	5.35 %
Small Cap Equity	5.00 %	6.55 %
Developed International Equity	14.88 %	6.31 %
Global Equity	18.00 %	6.28 %
Emerging Market Equity	6.62 %	8.47 %
Core Bonds	16.00 %	0.70 %
Bank Loan	3.00 %	2.43 %
Real Estate	10.00 %	4.89 %
Infrastructure	5.00 %	6.05 %
Farmland	5.00 %	5.90 %
Total	100.00 %	

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

The following presents the governmental activities, business-type activities and discrete component units proportionate share of the net pension liability (asset) calculated using the discount rate of 6.75%, as well as what the proportionate share of the net pension liability (asset) would be if calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate.

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Governmental Activities	\$ 297,521	\$ (62,270)	\$ (361,150)
Business-Type Activities *	4,156	131	(3,213)
Total Primary Government	301,677	(62,139)	(364,363)
Discrete Component Units	19,500	(5,839)	(26,887)
Total	\$ 321,177	\$ (67,978)	\$ (391,250)

* Business-Type Activities include the following components:

Entities excluding Fair	\$ (597)
Fair	728
Net amount	\$ 131

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, 2022. Due to the availability of certain information, the County elected to use a measurement date of June 30, 2021 which is the date the June 30, 2022 net OPEB liability was determined by an actuarial valuation.

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

Reporting Date	June 30, 2022
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>

(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. Contributions for the year ended June 30, 2022 were \$32,511. For additional information see (k) below.

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

(e) Net OPEB Liability – Employer GASB 75

At June 30, 2022 the County’s governmental activities, business activities and discrete component units reported net OPEB liabilities of \$148,183, \$2,533 and \$13,554 respectively. The net OPEB liability decreased 19.8%.

(f) Actuarial Methods and Assumptions

The Net OPEB Liability (NOL) was measured as of June 30, 2021 and determined based on the total OPEB liability from actuarial valuations as of June 30, 2021, respectively, 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
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 June 30, 2020:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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	<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, 2021. 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 Position	Net OPEB Liability
Balances at June 30, 2021	\$ 279,554	\$ 74,719	\$ 204,835
Changes for the year:			
Service Cost	4,454	-	4,454
Interest	17,688	-	17,688
Differences between expected and actual experience	(5,643)	-	(5,643)
Changes of assumptions	(9,056)	-	(9,056)
Contributions – employer	-	30,418	(30,418)
Net investment income	-	17,835	(17,835)
Benefit payments	(22,406)	(22,406)	-
Administrative expense	-	(245)	245
Net changes	(14,963)	25,602	(40,565)
Balances at June 30, 2022	\$ 264,591	\$ 100,321	\$ 164,270

The net OPEB liability decreased primarily due to fund investment performance and differences in experience. 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 reports the allocable share of employer net OPEB liability based on a measurement date of June 30, 2021 (GASB 75) and will not agree to the Fiduciary Plan net position presented in the Required Supplementary Information which is calculated based on a measurement date of June 30, 2022 (GASB 74). In addition, the Fiduciary plan net position includes Sonoma County Transportation Authority, a non-County entity, not included in above.

(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, 2022 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	\$ 168,672	\$ 148,183	\$ 130,464
Business-Type Activities	2,861	2,533	2,250
Total Primary Government	171,533	150,716	132,714
Discrete Component Units	15,429	13,554	11,933
Total	\$ 186,962	\$ 164,270	\$ 144,647

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

The following presents net OPEB liability as of June 30, 2022, 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	\$ 143,627	\$ 148,183	\$ 153,063
Business-Type Activities	2,462	2,533	2,609
Total Primary Government	146,089	150,716	155,672
Discrete Component Units	13,138	13,554	14,001
Total	\$ 159,227	\$ 164,270	\$ 169,673

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

(k) Deferred Outflows and Deferred Inflows of Resources

For the year ended June 30, 2022 the County recognized OPEB expense of \$5,714. The discrete component units recognized OPEB expense of \$592. At June 30, 2022, 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	\$ 1,219	\$ (311)
Changes in assumptions	-	(10,708)
Net difference between projected and actual earnings on plan investments	-	(9,781)
Changes in proportion and differences between County contributions and proportionate share of contributions	-	(14,255)
Contributions subsequent to the measurement date	<u>29,335</u>	<u>-</u>
Total Governmental Activities	<u>30,554</u>	<u>(35,055)</u>
<u>Business-Type Activities</u>		
Differences between expected and actual experience	137	(360)
Changes in assumptions	-	(154)
Net difference between projected and actual earnings on plan investments	-	(92)
Changes in proportion and differences between County contributions and proportionate share of contributions	-	(213)
Contributions subsequent to the measurement date	<u>491</u>	<u>-</u>
Total Business-Type Activities	<u>628</u>	<u>(819)</u>
Total Primary Government	<u>\$ 31,182</u>	<u>\$ (35,874)</u>
<u>Discrete Component Units</u>		
Differences between expected and actual experience	\$ 521	\$ (868)
Changes in assumptions	-	(979)
Net difference between projected and actual earnings on plan investments	-	(895)
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	(1,304)
Contributions subsequent to the measurement date	<u>2,683</u>	<u>-</u>
Total	<u>\$ 3,204</u>	<u>\$ (4,046)</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, 2023 and totaled \$29,826 for the County and \$2,683 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>Total Primary Government (1)</u>	<u>Discrete Component Units (1)</u>
2023	\$ (8,916)	\$ (159)	\$ (9,075)	\$ (936)
2024	(8,858)	(170)	(9,028)	(931)
2025	(8,767)	(169)	(8,936)	(922)
2026	(6,338)	(143)	(6,481)	(638)
2027	<u>(957)</u>	<u>(41)</u>	<u>(998)</u>	<u>(98)</u>
Total	<u>\$ (33,836)</u>	<u>\$ (682)</u>	<u>\$ (34,518)</u>	<u>\$ (3,525)</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, 2022
Valuation Date	June 30, 2022
Measurement Date	June 30, 2022

As of June 30, 2022 measurement date plan membership consisted of the following:

Retirees, beneficiaries, and dependents currently receiving benefits	4,305
Retirees eligible but not yet receiving benefits	119
Active members eligible for OPEB	<u>3,862</u>
Total	<u>8,286</u>

(m) Net OPEB Liability

Components of the net OPEB liability as of June 30, 2022:

Total OPEB liability	\$	260,800
Plan fiduciary net position		<u>98,986</u>
Net OPEB liability	\$	<u>161,814</u>
Plan fiduciary net position as a percentage of the total OPEB liability		37.95%

(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, 2022 with a measurement date of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.50%
Investment rate of return	6.50%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.00%
Other assumptions	Analysis of actuarial experience per the January 1, 2018 through December 31, 2020 Actuarial Experience Study dated October 15, 2021 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, 2022 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%	6.72%
Mid Cap U.S. Equity	4.00%	6.72%
Small Cap U.S. Equity	8.00%	6.72%
International Equity	8.00%	8.09%
Global Equity	6.00%	8.09%
U.S. Core Fixed Income	31.00%	0.72%
Alternatives	8.00%	3.50%
Cash	1.00%	0.22%
Real Estate	4.00%	4.22%
Total	100.00%	

For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense was 37.95%. 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, 2022. 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, 2022 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>
\$ 183,989	\$ 161,814	\$ 142,601

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, 2022, 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</u>	<u>1% Increase (Trend +1%)</u>
\$ 156,572	\$ 161,814	\$ 167,373

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 \$35,000 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, 2022, 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, 2022, totaled \$44,093, which is recorded in the internal service fund as operating revenue. As of June 30, 2022, the estimated liability in the internal service fund totaled \$60,628 of which \$13,389 is estimated to be payable in the ensuing year. The remaining \$47,239 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, 2021	Balance June 30, 2022
Unpaid claims liability at beginning of year	\$ 52,870	\$ 56,790
Incurred claims	24,331	23,061
Claim payments	(20,411)	(19,223)
Unpaid claims liability at end of year	<u>\$ 56,790</u>	<u>\$ 60,628</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, 2022, the estimated closure and postclosure liability was \$7,764 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 decrease 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, 2022:

General Fund	\$ 13,153
Other governmental funds	15,621
Total encumbrances for governmental funds	<u>\$ 28,774</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, 2022, deferred inflows of resources are as follows:

<u>Governmental Funds</u>	General	Human Services	Health and Sanitation	Other Funds	Total
		Special Revenue	Special Revenue		
Deferred amounts related to leases	\$ 5,752	\$ -	\$ -	\$ 159	\$ 5,911
Government-mandated transactions	86	117	-	-	203
Unavailable revenue	11,709	29	7,594	486	19,818
Total	<u>\$ 17,547</u>	<u>\$ 146</u>	<u>\$ 7,594</u>	<u>\$ 645</u>	<u>\$ 25,932</u>

<u>Governmental Activities</u>	Funds	Other Funds	Total
	Deferred amounts related to leases	\$ -	\$ 5,911
Service concession arrangement	-	203	203
Deferred amounts related to pension	323,214	2,483	325,697
Deferred amounts related to OPEB	34,768	287	35,055
Total	<u>\$ 357,982</u>	<u>\$ 8,884</u>	<u>\$ 366,866</u>

<u>Business-Type Activities</u>	Refuse	Airport	Transit	Other Funds	Total
	Deferred amounts related to leases	\$ 337	\$ 7,619	\$ -	\$ -
Service concession arrangement	31,978	-	-	-	31,978
Deferred amounts related to pensions	951	1,277	429	1,028	3,685
Deferred amounts related to OPEB	102	205	138	374	819
Total	<u>\$ 33,368</u>	<u>\$ 9,101</u>	<u>\$ 567</u>	<u>\$ 1,402</u>	<u>\$ 44,438</u>

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

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

NOTE 17 – SERVICE CONCESSION ARRANGEMENT

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

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

Additionally, the MOA calls for Republic to assume the closure/post-closure liability in perpetuity for the Central landfill as of April 1, 2015 and to provide financial assurances mechanisms to demonstrate, fund, and maintain financial responsibility for the Central landfill as required by law including closure, post-closure, corrective action and operating liability acceptable to the California Department of Resources Recycling Recovery (CalRecycle). As a result, Refuse recognized a closure/post-closure liability decrease in the amount of \$42,057 and recorded a deferred inflow of \$41,710 as of June 30, 2015. The deferred inflow is being amortized over the estimated 30 year term of the MOA, and as a result, Refuse recognized service concession arrangement revenues in the amount of \$1,390 for the fiscal year ended June 30, 2022. 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
	June 30, 2021	Additions	Retirements	June 30, 2022
Deferred Inflows of Resources				
Central Landfill and				
County Transfer Stations	\$ 33,368	\$ -	\$ (1,390)	\$ 31,978

Refuse retained certain capital assets related to the SCA. The assets carrying value, net of accumulated depreciation at June 30, 2022 is as follows:

Central Landfill and County Transfer Stations:

Land	\$ 2,538
Buildings and improvements	11,530
Intangibles	649
Equipment	77
SCA capital assets, net	<u>\$ 14,794</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, 2021	Additions	Retirements	June 30, 2022	One Year
Redevelopment Successor Agency					
Tax allocation bonds payable*	\$ 8,205	\$ -	\$ (430)	\$ 7,775	\$ 450

*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, 2022 is \$1,001.

The annual principal and interest requirements on the long-term bonds outstanding at June 30, 2022, are as follows:

Year ending June 30:	Principal	Interest	Total
2023	\$ 450	\$ 333	\$ 783
2024	470	315	785
2025	485	294	779
2026	505	269	774
2027	535	243	778
2028-2032	3,110	777	3,887
2033-2035	2,220	109	2,329
Total	<u>\$ 7,775</u>	<u>\$ 2,340</u>	<u>\$ 10,115</u>

NOTE 19 – NET POSITION/FUND BALANCES

(a) Classification

Fund balances at June 30, 2022 were classified as follows:

	General	Human Services Special Revenue	Health and Sanitation Special Revenue	Open Space Special Tax Account Special Revenue	Other Funds	Total
Nonspendable:						
Inventories	\$ 149	\$ -	\$ -	\$ -	\$ 706	\$ 855
Prepaid items and deposits	5,125	3,225	7	-	209	8,566
Advances	3,800	-	-	-	-	3,800
Total nonspendable fund balances	9,074	3,225	7	-	915	13,221
Restricted:						
Agricultural Preservation and Open Space District	-	-	-	71,382	3,504	74,886
Capital projects and equipment replacement	-	-	-	-	41,655	41,655
Debt service	-	-	-	-	10,465	10,465
Park donations, mitigations and operations	-	-	-	-	9,980	9,980
Courthouse/Criminal justice construction	-	-	-	-	2,012	2,012
Health services programs	-	-	147,378	-	10,460	157,838
Fire and emergency services	-	-	-	-	1,914	1,914
Public assistance	-	39,498	-	-	12,624	52,122
Lighting districts	-	-	-	-	10,450	10,450
Public protection	-	-	1,124	-	64,836	65,960
Clerk, recorder, assessor operations	-	-	-	-	5,627	5,627
Other programs	889	-	-	-	1,221	2,110
Total restricted fund balances	889	39,498	148,502	71,382	174,748	435,019
Committed:						
Road activities	-	-	-	-	2,602	2,602
Advertising activities	-	-	-	-	19,177	19,177
Other programs	153	-	-	-	12,702	12,855
Total committed fund balances	153	-	-	-	34,481	34,634
Assigned:						
Capital projects and equipment replacement	17,920	-	-	-	117,078	134,998
Tribal development impact mitigation	27,366	-	-	-	-	27,366
Projected budget deficit	34,805	-	-	-	-	34,805
Redevelopment agencies	6,555	-	-	-	-	6,555
General services	8,888	-	-	-	-	8,888
Public protection	13,177	-	-	-	-	13,177
Encumbrances	13,153	-	-	-	-	13,153
Fire settlement projects	45,523	-	-	-	-	45,523
Cannabis program	5,588	-	-	-	-	5,588
Other programs	29,513	-	-	-	-	29,513
Total assigned fund balances	202,488	-	-	-	117,078	319,566
Unassigned	67,266	-	-	-	-	67,266
Total fund balances	\$ 279,870	\$ 42,723	\$ 148,509	\$ 71,382	\$ 327,222	\$ 869,706

NOTE 19 – FUND BALANCES (Continued)

(b) Retained Deficits

Internal Service Funds

The County’s Employee Retirement Internal Service Fund has a retained deficit of \$324,155 at June 30, 2022. 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 asset. 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 \$142,773 at June 30, 2022. 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 \$16,978 at June 30, 2022. This deficit is primary due to the August 2020 assumption of Palm Drive Health Care District. At June 30, 2022, the District has \$13.4 million in debt service obligations which will be paid off over the next 11-12 years and an additional \$2.6 million in bankruptcy debt. This fund is expected to have a retained deficit until the debt and bankruptcy obligations are settled.

NOTE 20 – NET POSITION RESTATEMENT – GASB 87

As of June 30, 2021, the County implemented GASB Statement No. 87, *Leases*. This standard establishes a single model for lease accounting based on the principle that leases are financings of the right-to-use an underlying asset. This resulted in recognition of a right-to-use asset, lease receivables, lease liability and a deferred inflow of resources. Beginning net position was restated to reflect this change as follows:

	Governmental Activities	Business-type Activities
Net position at June 30, 2021	\$ 1,491,428	\$ 133,603
Recognition of right-to-use asset	91,591	-
Recognition of lease receivables	1,625	8,421
Recognition of lease liability	(91,591)	-
Recognition of deferred inflows from leases	(1,625)	(8,421)
Net position at June 30, 2021, as restated	<u>\$ 1,491,428</u>	<u>\$ 133,603</u>

	Major Enterprise Fund Airport	Major Enterprise Fund Refuse
Net position at June 30, 2021	\$ 94,744	\$ 38,859
Recognition of lease receivables	8,045	376
Recognition of deferred inflows from leases	(8,045)	(376)
Net position at June 30, 2021, as restated	<u>\$ 94,744</u>	<u>\$ 38,859</u>

REQUIRED SUPPLEMENTARY INFORMATION

(UNAUDITED)



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

Measurement Date	12/31/2021	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 2022</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 (asset)	101.35%	81.59%	82.74%	84.64%	80.73%	84.27%	84.43%	81.66%
Proportionate share of net pension liability (asset)	\$ (62,139)	\$ 155,616	\$ 187,359	\$ 418,350	\$ 136,291	\$ 330,831	\$ 348,556	\$ 177,023
Covered payroll	\$ 332,953	\$ 323,263	\$ 295,896	\$ 300,515	\$ 300,546	\$ 285,864	\$ 271,061	\$ 262,325
Proportionate share of net pension liability (asset) as a percentage of covered payroll	-18.66%	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 (asset)	101.77%	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	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
<u>Reporting Date</u>	<u>FY 2022</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	\$ 62,733	\$ 69,858	\$ 55,829	\$ 57,797	\$ 55,480	\$ 52,981	\$ 56,663	\$ 55,981
Contributions in relation to the actuarially determined contribution	<u>68,329</u>	<u>71,669</u>	<u>62,551</u>	<u>57,797</u>	<u>55,480</u>	<u>52,981</u>	<u>60,216</u>	<u>55,981</u>
Contribution deficiency (excess)	<u>\$ (5,596)</u>	<u>\$ (1,811)</u>	<u>\$ (6,722)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,553)</u>	<u>\$ -</u>
Covered payroll	\$ 336,023	\$ 329,911	\$ 313,806	\$ 307,543	\$ 302,281	\$ 293,871	\$ 288,885	\$ 265,945
Contributions as a percentage of covered payroll	20.33%	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 2022</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2017</u>
Total OPEB liability	\$ 260,800	\$ 266,008	\$ 279,215	\$ 303,941	\$ 308,205	\$ 385,583
Plan's fiduciary net position	<u>98,986</u>	<u>101,553</u>	<u>73,882</u>	<u>66,060</u>	<u>57,860</u>	<u>49,743</u>
Net OPEB liability	<u>\$ 161,814</u>	<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	37.95%	38.18%	26.46%	21.73%	18.77%	12.90%
Covered payroll	\$ 369,909	\$ 364,433	\$ 334,716	\$ 327,816	\$ 330,039	\$ 321,401
Plan net OPEB liability as a percentage of covered payroll	43.74%	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 2022</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	-12.84%	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 2022</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2017</u>
Actuarially determined contributions	\$ 13,602	\$ 15,787	\$ 17,532	\$ 18,206	\$ 18,938	\$ 21,653
Contributions in relation to the actuarially determined contributions	<u>39,792</u>	<u>30,507</u>	<u>27,612</u>	<u>26,193</u>	<u>26,768</u>	<u>27,699</u>
Contribution deficiency (excess)	<u>\$ (26,190)</u>	<u>\$ (14,720)</u>	<u>\$ (10,080)</u>	<u>\$ (7,987)</u>	<u>\$ (7,830)</u>	<u>\$ (6,046)</u>
Covered payroll	\$ 369,909	\$ 364,433	\$ 334,716	\$ 327,816	\$ 330,039	\$ 321,401
Contributions as a percentage of covered employee payroll	10.76%	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 2022</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	\$ 4,294	\$ 4,462	\$ 5,148	\$ 5,468	\$ 10,852	\$ 13,800
Interest	16,640	17,722	19,375	19,667	14,566	12,579
Changes of benefit terms		-	-	(245)		-
Differences between expected and actual experience	262	(6,270)	(17,044)	(557)	3,210	(1,547)
Change due to reflecting the excise tax		-	-	-	-	2,351
Changes of assumptions	2,650	(6,715)	(10,194)	(6,404)	(83,838)	(28,454)
Benefit payments	(29,056)	(22,406)	(22,011)	(22,193)	(22,168)	(23,529)
Net change in total OPEB Liability	(5,208)	(13,207)	(24,726)	(4,264)	(77,378)	(24,800)
Total OPEB liability - beginning of year	266,008	279,215	303,941	308,205	385,583	410,383
Total OPEB liability - end of year (a)	<u>\$ 260,800</u>	<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	\$ 10,735	\$ 8,101	\$ 5,600	\$ 4,000	\$ 4,600	\$ 3,000
Contributions – Premiums net of retiree contributions	27,701	21,121	20,870	20,960	21,031	22,377
Contributions – Administrative	1,354	1,285	1,142	1,233	1,137	1,152
Contributions – Legal	-	-	-	-	-	217
Contributions – Total employer	\$ 39,790	\$ 30,507	\$ 27,612	\$ 26,193	\$ 26,768	\$ 26,746
Net investment income	(13,024)	19,815	2,435	4,395	3,699	4,817
Benefit payments – Premiums	(29,056)	(22,406)	(22,012)	(22,193)	(22,168)	(23,530)
Legal expense	-	-	-	-	-	(217)
Administrative expense	(277)	(245)	(213)	(195)	(182)	(153)
Net change in plan fiduciary net position	(2,567)	27,671	7,822	8,200	8,117	7,663
Plan fiduciary net position - beginning of year	101,553	73,882	66,060	57,860	49,743	42,080
Plan fiduciary net position - end of year (b)	<u>98,986</u>	<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>\$ 161,814</u>	<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, 2022
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 325,760	\$ 328,247	\$ 346,578	\$ 18,331
Licenses, permits and franchised fees	23,337	23,309	22,403	(906)
Fines, forfeitures and penalties	9,702	9,702	8,965	(737)
Use of money and property	5,288	5,483	(4,118)	(9,601)
Intergovernmental	172,109	192,936	183,234	(9,702)
Charges for services	52,235	52,321	50,029	(2,292)
Other	3,939	4,495	6,533	2,038
Total revenues	592,370	616,493	613,624	(2,869)
Expenditures:				
General government				
Board of Supervisors / County Administrator				
County Administrator	11,074	12,805	9,397	3,408
Board of Supervisors	6,480	6,558	6,133	425
Disaster Recovery and Resiliency	122	267	133	134
Auditor-Controller-Treasurer-Tax Collector	19,883	20,507	19,160	1,347
Recorder-Assessor				
Assessor	12,839	13,324	12,973	351
Registrar of Voters	5,542	7,777	6,784	993
County Counsel	11,728	11,728	11,188	540
Human Resources	11,956	12,115	10,802	1,313
General Services				
Administration	2,307	2,309	2,268	41
Facilities Development	15,823	21,455	16,584	4,871
Special Funds	5,899	8,365	7,934	431
Support Services	19,156	19,966	19,240	726
Economic Development Board	-	45	24	21
The Office of Equity	930	2,817	1,651	1,166
Information Systems	46,433	48,072	40,217	7,855
Disaster Recovery Division	10,474	36,917	27,141	9,776
Other general government	18,767	53,727	46,415	7,312
Total general government	199,413	278,754	238,044	40,710
Public protection				
District Attorney	30,381	30,957	28,928	2,029
Public Defender	13,586	13,875	13,418	457
Court Support and Grand Jury	11,149	11,258	11,190	68
Probation	64,171	68,514	59,913	8,601
Permit & Resource Management				
Permit Sonoma	41,180	42,009	36,902	5,107
Resiliency Permit Center	4,241	4,241	1,419	2,822
Fire Prevention	425	477	294	183
Sheriff				
Law Enforcement	110,904	114,818	107,904	6,914
Detention	81,073	79,612	73,631	5,981

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule (Continued)
 General Fund
 For the Fiscal Year Ended June 30, 2022
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive
	Original	Final		(Negative)
Public Protection (continued)				
Agriculture / Weights & Measures	7,719	9,567	7,261	2,306
County Clerk Operations	889	889	836	53
Emergency Management	6,868	7,896	4,491	3,405
Fire Services	5,669	11,773	7,544	4,229
Independent Office of Law Enforcement				
Review and Outreach	1,957	2,831	1,845	986
Total public protection	380,212	398,717	355,576	43,141
Public ways and facilities				
Transportation & Public Works	265	1,099	205	894
Total public ways and facilities	265	1,099	205	894
Health and sanitation				
Disaster Recovery Division	23,531	49,060	46,632	2,428
Human Services	522	522	355	167
Total public assistance	24,053	49,582	46,987	2,595
Education				
U.C. Cooperative Extension	1,503	2,534	1,347	1,187
Total education	1,503	2,534	1,347	1,187
Recreation and cultural services				
Regional Parks	29,680	30,794	29,927	867
General Services - Veterans Buildings	1,304	1,368	1,310	58
Total recreation and cultural services	30,984	32,162	31,237	925
Expenditures subtotal	636,430	762,848	673,396	89,452
Reimbursements	(131,756)	(132,285)	(115,935)	(16,350)
Total expenditures	504,674	630,563	557,461	73,102
Excess (deficiency) of revenues over (under) expenditures	87,696	(14,070)	56,163	70,233
Other financing sources (uses):				
Transfers in	86,582	162,069	153,698	(8,371)
Transfers out	(191,133)	(339,647)	(333,485)	6,162
Lease Inception	-	12,887	1,152	(11,735)
Sale of capital assets	400	406	12,976	12,570
Total other financing sources (uses)	(113,651)	(185,544)	(165,659)	19,885
Net change in fund balances	\$ (25,955)	\$ (199,614)	(109,496)	\$ 90,118
GAAP basis difference - encumbrances			13,153	
Fund balance, beginning of year			376,213	
Fund balance, end of year			\$ 279,870	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 Human Services Special Revenue Fund
 For the Fiscal Year Ended June 30, 2022
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses, permits and franchised fees	\$ 100	\$ 120	\$ 69	\$ (51)
Fines, forfeitures and penalties	-	-	49	49
Use of money and property	83	83	(988)	(1,071)
Intergovernmental	211,967	221,187	195,013	(26,174)
Charges for services	1,222	1,222	1,501	279
Other	3,832	3,832	13,354	9,522
Total revenues	217,204	226,444	208,998	(17,446)
Expenditures:				
Public assistance				
Human Services				
Program Administration	270,461	313,306	258,490	54,816
Special Revenue	44,422	50,878	44,067	6,811
Total Public assistance	314,883	364,184	302,557	61,627
Reimbursements	(72,465)	(74,136)	(74,425)	289
Total expenditures	242,418	290,048	228,132	61,916
Excess (deficiency) of revenues over (under) expenditures	(25,214)	(63,604)	(19,134)	44,470
Other financing sources (uses):				
Transfers in	26,814	27,431	28,728	1,297
Transfers out	(1,474)	(1,474)	(745)	729
Lease Inception	-	38,018	-	(38,018)
Total other financing sources (uses)	25,340	63,975	27,983	(35,992)
Net change in fund balances	\$ 126	\$ 371	8,849	\$ 8,478
GAAP basis difference - encumbrances			43	
Fund balance, beginning of year			33,831	
Fund balance, end of year			\$ 42,723	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 Health and Sanitation Special Revenue Fund
 For the Fiscal Year Ended June 30, 2022
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 24,500	\$ 24,500	\$ 25,098	\$ 598
Licenses, permits and franchised fees	7,652	7,652	7,594	(58)
Fines, forfeitures and penalties	862	862	890	28
Use of money and property	(153)	(153)	(3,493)	(3,340)
Intergovernmental	116,737	124,368	143,482	19,114
Charges for services	4,065	4,065	3,671	(394)
Other	(52)	(12)	6,385	6,397
Total revenues	153,611	161,282	183,627	22,345
Expenditures:				
Public protection				
Health Services - Animal Services	6,396	6,437	5,575	862
Health and sanitation				
Health Services				
Administration	25,132	40,069	25,141	14,928
Behavioral Health	116,908	150,301	111,823	38,478
Public Health	61,276	75,861	60,170	15,691
Special Revenue	75,205	87,698	67,920	19,778
Total Health and sanitation	278,521	353,929	265,054	88,875
Reimbursements	(113,003)	(123,616)	(99,938)	(23,678)
Total expenditures	171,914	236,750	170,691	66,059
Excess (deficiency) of revenues over (under) expenditures	(18,303)	(75,468)	12,936	88,404
Other financing sources (uses):				
Transfers in	26,789	29,893	29,571	(322)
Transfers out	(1,841)	(4,674)	(4,673)	1
Lease Inception	-	40,200	894	(39,306)
Sale of capital assets	-	-	3,015	3,015
Total other financing sources (uses)	24,948	65,419	28,807	(36,612)
Net change in fund balances	\$ 6,645	\$ (10,049)	41,743	\$ 51,792
GAAP basis difference - encumbrances			401	
Fund balance, beginning of year			106,365	
Fund balance, end of year			\$ 148,509	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 Open Space Special Tax Account Special Revenue Fund
 For the Fiscal Year Ended June 30, 2022
 (Dollars in Thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 26,109	\$ 26,109	\$ 31,880	\$ 5,771
Use of money and property	-	-	(2,108)	(2,108)
Total revenues	<u>26,109</u>	<u>26,109</u>	<u>29,772</u>	<u>3,663</u>
Expenditures:				
Recreation and cultural services	41,360	41,360	11,198	30,162
Total Expenditures	<u>41,360</u>	<u>41,360</u>	<u>11,198</u>	<u>30,162</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(15,251)</u>	<u>(15,251)</u>	<u>18,574</u>	<u>33,825</u>
Other financing sources (uses):				
Transfers out	<u>(7,502)</u>	<u>(7,678)</u>	<u>(7,678)</u>	<u>-</u>
Total other financing sources (uses)	<u>(7,502)</u>	<u>(7,678)</u>	<u>(7,678)</u>	<u>-</u>
Net change in fund balances	<u>\$ (22,753)</u>	<u>\$ (22,929)</u>	10,896	<u>\$ 33,825</u>
GAAP basis difference - encumbrances			-	
Fund balance, beginning of year			<u>60,486</u>	
Fund balance, end of year			<u>\$ 71,382</u>	

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2022

NOTE 1 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN

a) Change of Assumptions

OPEB Plan amounts reported for the net OPEB liability decreased due primarily to lower-than-expected fund investment performance.

b) Actuarial Methods and Assumptions

The methods and assumptions used to establish the actuarially determined contribution (ADC) though June 30, 2022 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, 2022 valuation	25 years (declining) for outstanding balance of the June 30, 2021 unfunded OPEB liability
June 30, 2021 valuation	26 years (declining) for outstanding balance of the June 30, 2020 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, 2021 - Same as those used in the June 30, 2021 GAS 74 (revised) actuarial valuation dated October 4, 2021 June 30, 2020 - Same as those used in the June 30, 2020 GAS 74 actuarial valuation dated June 11, 2021

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, 2022, 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, 2022

(Dollars in Thousands)

	Special Revenue Funds	Capital Projects Fund	Debt Service Fund	Total
ASSETS				
Assets:				
Cash and investments	\$ 237,233	\$ 67,708	\$ -	\$ 304,941
Cash and investments with trustee	1	-	10,465	10,466
Accounts receivable	5,437	433	-	5,870
Inventories	706	-	-	706
Due from other governments	14,469	1,196	-	15,665
Lease receivables	161	-	-	161
Prepaid expenses and deposits	465	-	-	465
Total assets	<u>\$ 258,472</u>	<u>\$ 69,337</u>	<u>\$ 10,465</u>	<u>\$ 338,274</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued salaries and benefits	\$ 6,683	\$ 669	\$ -	\$ 7,352
Due to other funds	1,286	-	-	1,286
Due to other governments	989	-	-	989
Advances from grantors and third parties	145	-	-	145
Deposits from others	10	-	-	10
Compensated absences	9	-	-	9
Other liabilities	616	-	-	616
Total liabilities	<u>9,738</u>	<u>669</u>	<u>-</u>	<u>10,407</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts related to leases	159	-	-	159
Unavailable revenue	312	174	-	486
Total deferred inflows of resources	<u>471</u>	<u>174</u>	<u>-</u>	<u>645</u>
FUND BALANCES				
Nonspendable	915	-	-	915
Restricted	164,283	-	10,465	174,748
Committed	34,481	-	-	34,481
Assigned	48,584	68,494	-	117,078
Total fund balances	<u>248,263</u>	<u>68,494</u>	<u>10,465</u>	<u>327,222</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 258,472</u>	<u>\$ 69,337</u>	<u>\$ 10,465</u>	<u>\$ 338,274</u>

COUNTY OF SONOMA, CALIFORNIA
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 For the Year Ended June 30, 2022
 (Dollars in Thousands)

	Special Revenue Funds	Capital Projects Fund	Debt Service Fund	Total
Revenues:				
Taxes	\$ 38,949	\$ -	\$ -	\$ 38,949
Licenses, permits and franchise fees	4,266	-	-	4,266
Fines, forfeitures and penalties	3,963	-	-	3,963
Use of money and property	(7,579)	(1,327)	5	(8,901)
Intergovernmental	130,743	3,926	-	134,669
Charges for services	7,772	-	-	7,772
Other	18,182	1,192	5,257	24,631
Total revenues	<u>196,296</u>	<u>3,791</u>	<u>5,262</u>	<u>205,349</u>
Expenditures:				
Current:				
General government	9,173	1,285	81	10,539
Public protection	58,150	-	-	58,150
Public ways and facilities	34,062	-	-	34,062
Health and sanitation	10,363	-	-	10,363
Public assistance	28,942	-	-	28,942
Recreation and cultural services	9,880	-	-	9,880
Capital outlay	41,044	18,228	-	59,272
Debt service:				
Principal	763	-	9,830	10,593
Interest and other	21	-	2,904	2,925
Total expenditures	<u>192,398</u>	<u>19,513</u>	<u>12,815</u>	<u>224,726</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,898</u>	<u>(15,722)</u>	<u>(7,553)</u>	<u>(19,377)</u>
Other financing sources (uses):				
Transfers in	91,072	67,521	7,678	166,271
Transfers out	(25,913)	(1,719)	-	(27,632)
Sale of capital assets	-	7	-	7
Total other financing sources (uses)	<u>65,159</u>	<u>65,809</u>	<u>7,678</u>	<u>138,646</u>
Net change in fund balance	69,057	50,087	125	119,269
Fund balance, beginning of year	179,206	18,407	10,340	207,953
Fund balance, end of year	<u>\$ 248,263</u>	<u>\$ 68,494</u>	<u>\$ 10,465</u>	<u>\$ 327,222</u>

COUNTY OF SONOMA, CALIFORNIA

Nonmajor Special Revenue Funds

Combining Balance Sheet

June 30, 2022

(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	\$ 14,429	\$ 16,818	\$ 65,693	\$ 63,473	\$ 59,909	\$ 16,911	\$ 237,233
Cash and investments with trustee	-	-	-	1	-	-	1
Accounts receivable	4,977	-	11	444	-	5	5,437
Inventories	-	-	676	-	-	30	706
Due from other governments	75	544	5,521	836	2,508	4,985	14,469
Lease Receivables	-	-	-	161	-	-	161
Prepaid items and deposits	17	20	281	139	-	8	465
Total assets	<u>\$ 19,498</u>	<u>\$ 17,382</u>	<u>\$ 72,182</u>	<u>\$ 65,054</u>	<u>\$ 62,417</u>	<u>\$ 21,939</u>	<u>\$ 258,472</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued salaries and benefits	\$ 113	\$ 593	\$ 5,745	\$ 201	\$ -	\$ 31	\$ 6,683
Due to other funds	-	-	-	200	1,086	-	1,286
Due to other governments	-	563	-	356	-	70	989
Advances from grantors and third parties	-	-	-	-	-	145	145
Deposits from others	-	-	-	10	-	-	10
Compensated absences	-	-	-	4	-	5	9
Other liabilities	-	-	616	-	-	-	616
Total liabilities	<u>113</u>	<u>1,156</u>	<u>6,361</u>	<u>771</u>	<u>1,086</u>	<u>251</u>	<u>9,738</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred amounts related to leases	-	-	-	159	-	-	159
Unavailable revenue	191	-	121	-	-	-	312
Total deferred inflows of resources	<u>191</u>	<u>-</u>	<u>121</u>	<u>159</u>	<u>-</u>	<u>-</u>	<u>471</u>
FUND BALANCES							
Nonspendable	17	20	701	139	-	38	915
Restricted	-	3,504	13,813	63,985	61,331	21,650	164,283
Committed	19,177	12,702	2,602	-	-	-	34,481
Assigned	-	-	48,584	-	-	-	48,584
Total fund balances	<u>19,194</u>	<u>16,226</u>	<u>65,700</u>	<u>64,124</u>	<u>61,331</u>	<u>21,688</u>	<u>248,263</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 19,498</u>	<u>\$ 17,382</u>	<u>\$ 72,182</u>	<u>\$ 65,054</u>	<u>\$ 62,417</u>	<u>\$ 21,939</u>	<u>\$ 258,472</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, 2022
(Dollars in Thousands)

	Community Investment	Agricultural Preservation and Open Space District	Roads Special Revenue	Mandated Revenue	2011 Realignment	Special Districts	Total
Revenues:							
Taxes	\$ 24,623	\$ -	\$ -	\$ -	\$ -	\$ 14,326	\$ 38,949
Licenses, permits and franchise fees	-	-	1,218	3,047	-	1	4,266
Fines, forfeitures and penalties	-	-	817	3,146	-	-	3,963
Use of money and property	(741)	(428)	(2,134)	(1,307)	(2,243)	(726)	(7,579)
Intergovernmental	801	754	34,257	20,580	72,644	1,707	130,743
Charges for services	-	-	2,963	3,955	-	854	7,772
Other	724	1,144	543	1,056	14,619	96	18,182
Total revenues	25,407	1,470	37,664	30,477	85,020	16,258	196,296
Expenditures:							
Current:							
General government	9,017	-	-	156	-	-	9,173
Public protection	-	-	-	22,663	30,976	4,511	58,150
Public ways and facilities	-	-	32,746	36	-	1,280	34,062
Health and sanitation	-	-	-	-	10,363	-	10,363
Public assistance	-	-	-	-	27,568	1,374	28,942
Recreation and cultural services	-	9,728	-	-	-	152	9,880
Capital outlay	-	363	39,472	25	-	1,184	41,044
Debt service:							
Principal	-	200	-	526	-	37	763
Interest and other	-	4	-	12	-	5	21
Total expenditures	9,017	10,295	72,218	23,418	68,907	8,543	192,398
(under) expenditures	16,390	(8,825)	(34,554)	7,059	16,113	7,715	3,898
Other financing sources (uses):							
Transfers in	1,177	11,204	76,500	995	-	1,196	91,072
Transfers out	(9,563)	(18)	(1,690)	(3,165)	-	(11,477)	(25,913)
Total other financing sources (uses)	(8,386)	11,186	74,810	(2,170)	-	(10,281)	65,159
Net change in fund balances	8,004	2,361	40,256	4,889	16,113	(2,566)	69,057
Fund balance, beginning of year	11,190	13,865	25,444	59,235	45,218	24,254	179,206
Fund balance, end of year	\$ 19,194	\$ 16,226	\$ 65,700	\$ 64,124	\$ 61,331	\$ 21,688	\$ 248,263

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 Capital Projects Fund
 For the Fiscal Year Ended June 30, 2022
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 2	\$ 2	\$ (1,327)	\$ (1,329)
Intergovernmental	67,427	65,892	3,926	(61,966)
Other	5,201	5,011	1,192	(3,819)
Total revenues	<u>72,630</u>	<u>70,905</u>	<u>3,791</u>	<u>(67,114)</u>
Expenditures:				
General government				
Administration Center	10,136	10,143	3,993	6,150
Hall of Justice	117	157	95	62
Main Adult Detention Facility	44,216	43,827	2,451	41,376
Memorial Buildings	3,667	5,223	1,312	3,911
Misc. Capital Projects	20,174	18,192	10,623	7,569
Regional Parks	36,035	34,741	9,306	25,435
Total general government	<u>114,345</u>	<u>112,283</u>	<u>27,780</u>	<u>84,503</u>
Reimbursements	-	(192)	-	(192)
Total expenditures	<u>114,345</u>	<u>112,091</u>	<u>27,780</u>	<u>84,311</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(41,715)</u>	<u>(41,186)</u>	<u>(23,989)</u>	<u>17,197</u>
Other financing sources (uses):				
Transfers in	31,337	81,113	70,287	(10,826)
Transfers out	(4,506)	(5,075)	(4,485)	590
Sale of capital assets	-	-	7	7
Total other financing sources (uses)	<u>26,831</u>	<u>76,038</u>	<u>65,809</u>	<u>(10,229)</u>
Net change in fund balances	<u>\$ (14,884)</u>	<u>\$ 34,852</u>	41,820	<u>\$ 6,968</u>
GAAP basis difference - encumbrances			8,267	
Fund balance, beginning of year			<u>18,407</u>	
Fund balance, end of year			<u>\$ 68,494</u>	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 Debt Service Fund
 For the Fiscal Year Ended June 30, 2022
 (Dollars in Thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (Budgetary Basis)	<u>Variance with Final</u> <u>Budget Positive</u> (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ 230	\$ 230	\$ 5	\$ (225)
Other	4,502	4,502	5,257	755
Total revenues	<u>4,732</u>	<u>4,732</u>	<u>5,262</u>	<u>530</u>
Expenditures:				
Debt Service				
Open Space Bonds	7,502	7,502	7,502	-
Tobacco Settlement Bonds	4,732	5,342	5,313	29
Total expenditures	<u>12,234</u>	<u>12,844</u>	<u>12,815</u>	<u>29</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,502)</u>	<u>(8,112)</u>	<u>(7,553)</u>	<u>559</u>
Other financing sources (uses):				
Transfers in	7,502	7,678	7,678	-
Total other financing sources (uses)	<u>7,502</u>	<u>7,678</u>	<u>7,678</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (434)</u>	125	<u>\$ 559</u>
GAAP basis difference - encumbrances			-	
Fund balance, beginning of year			<u>10,340</u>	
Fund balance, end of year			<u>\$ 10,465</u>	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 Community Investment Special Revenue Fund
 For the Fiscal Year Ended June 30, 2022
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 11,775	\$ 11,775	\$ 24,623	\$ 12,848
Use of money and property	-	-	(741)	(741)
Intergovernmental	177	852	801	(51)
Other	-	159	724	565
Total revenues	<u>11,952</u>	<u>12,786</u>	<u>25,407</u>	<u>12,621</u>
Expenditures:				
General government				
Community Investment Fund	1,435	2,451	2,223	228
Economic Development Board	5,603	7,715	7,373	342
Reimbursements	(423)	(423)	(159)	(264)
Total expenditures	<u>6,615</u>	<u>9,743</u>	<u>9,437</u>	<u>306</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,337</u>	<u>3,043</u>	<u>15,970</u>	<u>12,927</u>
Other financing sources (uses):				
Transfers in	1,148	1,243	1,272	29
Transfers out	(7,011)	(9,829)	(9,658)	171
Total other financing sources (uses)	<u>(5,863)</u>	<u>(8,586)</u>	<u>(8,386)</u>	<u>200</u>
Net change in fund balances	<u>\$ (526)</u>	<u>\$ (5,543)</u>	7,584	<u>\$ 13,127</u>
GAAP basis difference - encumbrances			420	
Fund balance, beginning of year			<u>11,190</u>	
Fund balance, end of year			<u>\$ 19,194</u>	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 Agricultural Preservation and Open Space District Special Revenue Fund
 For the Fiscal Year Ended June 30, 2022
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 145	\$ 145	\$ (428)	\$ (573)
Intergovernmental	43,635	43,635	11,951	(31,684)
Other	1,850	2,350	1,144	(1,206)
Total revenues	<u>45,630</u>	<u>46,130</u>	<u>12,667</u>	<u>(33,463)</u>
Expenditures:				
Recreation and cultural services	45,619	51,255	14,947	36,308
Reimbursements	-	-	(568)	568
Total expenditures	<u>45,619</u>	<u>51,255</u>	<u>14,379</u>	<u>36,876</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11</u>	<u>(5,125)</u>	<u>(1,712)</u>	<u>3,413</u>
Other financing sources (uses):				
Transfers in	1,314	1,314	236	(1,078)
Transfers out	(665)	(665)	(247)	418
Lease inception	-	683	-	(683)
Total other financing sources (uses)	<u>649</u>	<u>1,332</u>	<u>(11)</u>	<u>(1,343)</u>
Net change in fund balances	<u>\$ 660</u>	<u>\$ (3,793)</u>	<u>(1,723)</u>	<u>\$ 2,070</u>
GAAP basis difference - encumbrances			4,084	
Fund balance, beginning of year			<u>13,865</u>	
Fund balance, end of year			<u>\$ 16,226</u>	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 Roads Special Revenue Fund
 For the Fiscal Year Ended June 30, 2022
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses, permits and franchised fees	\$ 1,390	\$ 1,390	\$ 1,218	\$ (172)
Fines, forfeitures and penalties	300	300	817	517
Use of money and property	474	474	(2,134)	(2,608)
Intergovernmental	52,979	52,979	34,257	(18,722)
Charges for services	1,836	1,836	2,963	1,127
Other	114	114	543	429
Total revenues	57,093	57,093	37,664	(19,429)
Expenditures:				
Public ways and facilities				
Roads Division	97,103	102,916	89,387	13,529
Reimbursements	(15,469)	(15,469)	(15,425)	(44)
Total expenditures	81,634	87,447	73,962	13,485
Excess (deficiency) of revenues over (under) expenditures	(24,541)	(30,354)	(36,298)	(5,944)
Other financing sources (uses):				
Transfers in	55,465	77,222	76,579	(643)
Transfers out	(2,205)	(3,260)	(1,769)	1,491
Total other financing sources (uses)	53,260	73,962	74,810	848
Net change in fund balances	\$ 28,719	\$ 43,608	38,512	\$ (5,096)
GAAP basis difference - encumbrances			1,744	
Fund balance, beginning of year			25,444	
Fund balance, end of year			\$ 65,700	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 Mandated Revenues Special Revenue Fund
 For the Fiscal Year Ended June 30, 2022
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final
	Original	Final		Budget Positive (Negative)
Revenues:				
Licenses, permits and franchised fees	\$ 2,560	\$ 2,560	\$ 3,047	\$ 487
Fines, forfeitures and penalties	2,107	2,107	3,146	1,039
Use of money and property	738	751	(1,307)	(2,058)
Intergovernmental	16,716	16,757	20,580	3,823
Charges for services	4,085	4,085	3,955	(130)
Other	359	359	1,056	697
Total revenues	26,565	26,619	30,477	3,858
Expenditures:				
General government				
County Clerk-Recorder-Assessor - Assessor	110	110	34	76
General Services - Tidelands Leases	121	392	147	245
Total general government	231	502	181	321
Public protection				
County Clerk-Recorder-Assessor				
Recorder	3,176	3,518	2,846	672
Agriculture / Weights & Measures	65	65	40	25
Child Support Services	12,809	14,354	11,648	2,706
Court Support and Grand Jury	80	80	49	31
District Attorney	2,777	2,881	1,135	1,746
Fire Prevention	1,805	1,805	1,572	233
Permit & Resource Management	2,410	2,445	1,235	1,210
Public Defender	415	415	198	217
Probation	3,477	3,485	2,991	494
Sheriff				
Detention	225	232	186	46
Law Enforcement	3,979	4,050	1,668	2,382
Total public protection	31,218	33,330	23,568	9,762
Public ways and facilities				
Transportation & Public Works Special				
Projects	24	24	7	17
Special Projects	600	600	36	564
Recreation and cultural services:				
Regional Parks Restricted Donations	-	200	-	200
Reimbursements	(262)	(262)	(257)	(5)
Total expenditures	31,811	34,394	23,535	10,859
Excess (deficiency) of revenues over (under) expenditures	(5,246)	(7,775)	6,942	14,717
Other financing sources (uses):				
Transfers in	491	891	1,090	199
Transfers out	(13,022)	(12,020)	(3,260)	8,760
Lease inception	-	1,798	-	(1,798)
Total other financing sources (uses)	(12,531)	(9,331)	(2,170)	7,161
Net change in fund balances	\$ (17,777)	\$ (17,106)	4,772	\$ 21,878
GAAP basis difference - encumbrances			117	
Fund balance, beginning of year			59,235	
Fund balance, end of year			\$ 64,124	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 2011 Realignment Special Revenue Fund
 For the Fiscal Year Ended June 30, 2022
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 455	\$ 455	\$ (2,243)	\$ (2,698)
Intergovernmental	63,993	68,693	72,644	3,951
Other	3,136	3,136	14,619	11,483
Total revenues	<u>67,584</u>	<u>72,284</u>	<u>85,020</u>	<u>12,736</u>
Expenditures:				
Public protection				
District Attorney	441	533	526	7
Probation	24,524	24,524	19,896	4,628
Public Defender	311	311	311	-
Sheriff				
Law Enforcement	10,499	10,499	9,151	1,348
Detention	1,091	1,091	1,091	-
Total public protection	<u>36,866</u>	<u>36,958</u>	<u>30,975</u>	<u>5,983</u>
Health and sanitation				
Health Services - Special revenue	11,223	11,223	10,363	860
Public assistance				
Human Services - Special revenue	<u>25,799</u>	<u>30,499</u>	<u>27,569</u>	<u>2,930</u>
Total expenditures	<u>73,888</u>	<u>78,680</u>	<u>68,907</u>	<u>9,773</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,304)</u>	<u>(6,396)</u>	<u>16,113</u>	<u>22,509</u>
Net change in fund balances	<u>\$ (6,443)</u>	<u>\$ (6,535)</u>	16,113	<u>\$ 22,648</u>
GAAP basis difference - encumbrances			-	
Fund balance, beginning of year			<u>45,218</u>	
Fund balance, end of year			<u>\$ 61,331</u>	

COUNTY OF SONOMA, CALIFORNIA
 Budgetary Comparison Schedule
 Special Districts Special Revenue Fund
 For the Fiscal Year Ended June 30, 2022
 (Dollars in Thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	Variance with
	<u>Original</u>	<u>Final</u>		<u>Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 12,450	\$ 12,450	\$ 14,326	\$ 1,876
Licenses, permits and franchises	-	-	1	1
Use of money and property	157	157	(726)	(883)
Intergovernmental	1,258	1,258	1,707	449
Charges for services	994	1,000	854	(146)
Other	-	-	96	96
Total revenues	<u>14,859</u>	<u>14,865</u>	<u>16,258</u>	<u>1,393</u>
Expenditures:				
Public protection				
CSA #40 Fire Services District	2,341	3,201	3,200	1
PRMD - Fire Prevention	2,764	2,862	2,066	796
Fire & Emergency Services - County Facility	245	909	906	3
Rio Nido Geo Haz Abatement District	10	10	-	10
Total Public Protection	<u>5,360</u>	<u>6,982</u>	<u>6,172</u>	<u>810</u>
Public ways and facilities				
County Services Area #41				
Countywide Lighting	1,508	1,564	759	805
Airport Business Center	55	55	-	55
Roseland	-	561	561	-
Permanent Road Districts	137	137	63	74
Total Public Ways and facilities	<u>1,700</u>	<u>2,317</u>	<u>1,383</u>	<u>934</u>
Public assistance				
In Home Support Services Public Authority	1,420	1,471	1,383	88
Recreation and cultural services:				
CSA #41 District Parks	160	160	151	9
Total Recreation and cultural services:	<u>160</u>	<u>160</u>	<u>151</u>	<u>9</u>
Reimbursements				
Total expenditures	<u>8,215</u>	<u>10,505</u>	<u>9,088</u>	<u>1,841</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,644</u>	<u>4,360</u>	<u>7,170</u>	<u>2,810</u>
Other financing sources (uses):				
Transfers in	1,218	1,276	1,198	(78)
Transfers out	(12,794)	(12,835)	(11,479)	1,356
Lease inception	-	51	-	(51)
Total other financing sources (uses)	<u>(11,576)</u>	<u>(11,508)</u>	<u>(10,281)</u>	<u>1,227</u>
Net change in fund balances	<u>\$ (4,932)</u>	<u>\$ (7,148)</u>	<u>(3,111)</u>	<u>\$ 4,037</u>
GAAP basis difference - encumbrances			545	
Fund balance, beginning of year			<u>24,254</u>	
Fund balance, end of year			<u>\$ 21,688</u>	

NONMAJOR ENTERPRISE FUNDS

FAIR

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

MARINAS

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

OTHER DISTRICTS

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

COUNTY OF SONOMA, CALIFORNIA
Nonmajor Enterprise Funds
Combining Statement of Net Position
June 30, 2022
(Dollars in Thousands)

	Fair	Marinas	Other Districts	Total
ASSETS				
Current assets:				
Cash and investments	\$ 1,183	\$ 778	\$ 1,584	\$ 3,545
Cash and investments with trustee	6,794	26	-	6,820
Restricted cash and investments	1,621	-	-	1,621
Accounts receivable	576	587	3	1,166
Inventories	-	102	-	102
Due from other governments	52	-	-	52
Advances to other governments	-	-	17	17
Prepaid expenses and deposits	-	18	-	18
Total current assets	<u>10,226</u>	<u>1,511</u>	<u>1,604</u>	<u>13,341</u>
Noncurrent assets:				
Net pension asset	-	67	-	67
Capital assets:				
Nondepreciable	1,297	2,489	274	4,060
Depreciable, net	9,384	2,450	3,747	15,581
Total noncurrent assets	<u>10,681</u>	<u>5,006</u>	<u>4,021</u>	<u>19,708</u>
Total assets	<u>20,907</u>	<u>6,517</u>	<u>5,625</u>	<u>33,049</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts related to pensions	388	118	-	506
Deferred amounts related to OPEB	223	39	-	262
Total deferred outflows of resources	<u>611</u>	<u>157</u>	<u>-</u>	<u>768</u>
LIABILITIES				
Current liabilities:				
Accounts payable	836	121	19	976
Due to other funds	-	-	13	13
Due to other governments	-	91	(3)	88
Deposits from others	108	161	-	269
Interest payable	-	15	9	24
Compensated absences	219	21	-	240
Advances from other governments	-	356	24	380
Notes payable	477	-	-	477
Loans payable	-	2	2	4
Other liabilities	122	174	-	296
Total current liabilities	<u>1,762</u>	<u>941</u>	<u>64</u>	<u>2,767</u>
Noncurrent portion of long-term liabilities:				
Advances from other funds	-	-	56	56
Advances from other governments	-	-	887	887
Loans payable	-	3	-	3
Net pension liabilities	728	-	-	728
Net OPEB liabilities	1,070	186	-	1,256
Total noncurrent liabilities	<u>1,798</u>	<u>189</u>	<u>943</u>	<u>2,930</u>
Total liabilities	<u>3,560</u>	<u>1,130</u>	<u>1,007</u>	<u>5,697</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts related to pensions	693	335	-	1,028
Deferred amounts related to OPEB	325	49	-	374
Total deferred inflows of resources	<u>1,018</u>	<u>384</u>	<u>-</u>	<u>1,402</u>
NET POSITION				
Net investment in capital assets	10,681	4,578	3,107	18,366
Restricted for junior livestock auction	159	-	-	159
Restricted for capital asset maintenance	121	-	-	121
Restricted for endowment	1,303	-	-	1,303
Restricted - other	38	-	150	188
Unrestricted	4,638	582	1,361	6,581
Total net position	<u>\$ 16,940</u>	<u>\$ 5,160</u>	<u>\$ 4,618</u>	<u>\$ 26,718</u>

COUNTY OF SONOMA, CALIFORNIA
Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2022
(Dollars in Thousands)

	Fair	Marinas	Other Districts	Total
Operating revenues:				
Charges for services	\$ -	\$ 1,368	\$ 1,016	\$ 2,384
Rents and concessions	8,668	1,243	-	9,911
Sales and miscellaneous	-	267	1	268
Total operating revenues	<u>8,668</u>	<u>2,878</u>	<u>1,017</u>	<u>12,563</u>
Operating expenses:				
Services and supplies	2,689	1,913	1,208	5,810
Salaries and employee benefits	2,633	730	-	3,363
Depreciation and amortization	831	134	205	1,170
Total operating expenses	<u>6,153</u>	<u>2,777</u>	<u>1,413</u>	<u>10,343</u>
Operating income (loss)	<u>2,515</u>	<u>101</u>	<u>(396)</u>	<u>2,220</u>
Nonoperating revenues (expenses):				
Investment income (loss)	84	(31)	(45)	8
Interest expense	(7)	(17)	(27)	(51)
Miscellaneous	1,201	-	-	1,201
Total nonoperating revenues (expenses)	<u>1,278</u>	<u>(48)</u>	<u>(72)</u>	<u>1,158</u>
Income (loss) before transfers	3,793	53	(468)	3,378
Transfers in	-	388	20	408
Transfers out	-	(1)	-	(1)
Total transfers	<u>-</u>	<u>387</u>	<u>20</u>	<u>407</u>
Change in net position	3,793	440	(448)	3,785
Net position, beginning of year	13,147	4,720	5,066	22,933
Net position, end of year	<u>\$ 16,940</u>	<u>\$ 5,160</u>	<u>\$ 4,618</u>	<u>\$ 26,718</u>

COUNTY OF SONOMA, CALIFORNIA
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2022
(Dollars in Thousands)

	Fair	Marinas	Other Districts	Total
Cash flows from operating activities:				
Received from customers	\$ 8,723	\$ 2,923	\$ 1,018	\$ 12,664
Payments to suppliers for goods and services	(2,466)	(2,150)	(1,204)	(5,820)
Payments to employees for services	(3,060)	(838)	-	(3,898)
Net cash provided (used) by operating activities	<u>3,197</u>	<u>(65)</u>	<u>(186)</u>	<u>2,946</u>
Cash flows from noncapital financing activities:				
Transfers in	-	388	20	408
Transfers out	-	(1)	-	(1)
Advances to other funds	-	-	(13)	(13)
Contributions	662	-	-	662
Net cash provided (used) by noncapital financing activities	<u>662</u>	<u>387</u>	<u>7</u>	<u>1,056</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(243)	(187)	-	(430)
Principal paid on capital debt	(56)	-	-	(56)
Principal paid on loans	-	(2)	(8)	(10)
Due from other governments	-	(15)	(3)	(18)
Advances to other governments	-	(341)	(24)	(365)
Interest paid	-	(31)	(27)	(58)
Net cash (used) by capital and related financing activities	<u>(299)</u>	<u>(576)</u>	<u>(62)</u>	<u>(937)</u>
Cash flows from investing activities:				
Interest received (loss) on investments	153	(31)	(45)	77
Net cash provided by (used in) investing activities	<u>153</u>	<u>(31)</u>	<u>(45)</u>	<u>77</u>
Net increase (decrease) in cash and cash equivalents	3,713	(285)	(286)	3,142
Cash and cash equivalents, beginning of year	5,885	1,089	1,870	8,725
Cash and cash equivalents, end of year	<u>\$ 9,598</u>	<u>\$ 804</u>	<u>\$ 1,584</u>	<u>\$ 11,986</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 2,515	\$ 101	\$ (396)	\$ 2,220
Depreciation and amortization	831	134	205	1,170
Net pension activity	(281)	(67)	-	(348)
Net OPEB activity	(115)	(26)	-	(141)
Changes in assets and liabilities:				
Decrease (increase) in:				
Accounts receivable	163	45	1	209
Inventories	-	(40)	-	(40)
Other assets	(49)	(10)	-	(59)
Increase (decrease) in:				
Accounts payable	223	(186)	4	41
Compensated absences	(31)	(15)	-	(46)
Other liabilities	(59)	(1)	-	(60)
Net cash provided (used) by operating activities	<u>\$ 3,197</u>	<u>\$ (65)</u>	<u>\$ (186)</u>	<u>\$ 2,946</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position:				
Cash and investments	\$ 1,183	\$ 778	\$ 1,584	\$ 3,545
Cash and investments with trustee	6,794	26	-	6,820
Restricted cash and investments	1,621	-	-	1,621
Total cash and cash equivalents	<u>\$ 9,598</u>	<u>\$ 804</u>	<u>\$ 1,584</u>	<u>\$ 11,986</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 economic resources measurement focus and accrual basis of accounting 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 related to governmental funds. 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 related to governmental funds. 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, 2022
(Dollars in Thousands)

	Heavy Equipment			Employee	Other	Total
	Insurance	Replacement	ERP System	Retirement	Postemployment Benefits (OPEB)	
ASSETS						
Current assets:						
Cash and investments	\$ 93,863	\$ 3,814	\$ 8,642	\$ 8,146	\$ 7,434	\$ 121,899
Cash and investments with trustee	994	-	-	3	-	997
Accounts receivable, net	520	43	13	98	9	683
Due from other funds	200	-	-	-	-	200
Due from other governments	51	-	-	-	-	51
Prepaid expenses	3	33	306	-	-	342
Total current assets	<u>95,631</u>	<u>3,890</u>	<u>8,961</u>	<u>8,247</u>	<u>7,443</u>	<u>124,172</u>
Noncurrent assets:						
Net pension asset	572	-	201	61,000	-	61,773
Capital assets:						
Nondepreciable	-	174	609	-	-	783
Depreciable, net	-	5,248	4,312	-	-	9,560
Total noncurrent assets	<u>572</u>	<u>5,422</u>	<u>5,122</u>	<u>61,000</u>	<u>-</u>	<u>72,116</u>
Total assets	<u>96,203</u>	<u>9,312</u>	<u>14,083</u>	<u>69,247</u>	<u>7,443</u>	<u>196,288</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred amounts related to pensions	1,382	-	934	178,344	-	180,660
Deferred amounts related to OPEB	250	-	-	-	29,896	30,146
Total deferred outflows of resources	<u>1,632</u>	<u>-</u>	<u>934</u>	<u>178,344</u>	<u>29,896</u>	<u>210,806</u>
LIABILITIES						
Current liabilities:						
Accounts payable	897	145	64	3,385	-	4,491
Due to other funds	50	-	1,542	-	-	1,592
Interest payable	-	-	-	1,218	-	1,218
Compensated absences	223	-	54	-	-	277
Self-funded insurance	13,389	-	-	-	-	13,389
Lease liability	-	-	90	-	-	90
Bonds payable	-	-	-	42,935	-	42,935
Other liabilities	2,821	-	-	-	-	2,821
Total current liabilities	<u>17,380</u>	<u>145</u>	<u>1,750</u>	<u>47,538</u>	<u>-</u>	<u>66,813</u>
Noncurrent portion of long-term liabilities:						
Self-funded insurance	47,238	-	-	-	-	47,238
Compensated absences	162	-	148	-	-	310
Advances from other funds	-	-	3,744	-	-	3,744
Lease liability	-	-	342	-	-	342
Bonds payable	-	-	-	204,945	-	204,945
Net OPEB liabilities	1,262	-	-	-	145,698	146,960
Total noncurrent liabilities	<u>48,662</u>	<u>-</u>	<u>4,234</u>	<u>204,945</u>	<u>145,698</u>	<u>403,539</u>
Total liabilities	<u>66,042</u>	<u>145</u>	<u>5,984</u>	<u>252,483</u>	<u>145,698</u>	<u>470,352</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred amounts related to pensions	2,947	-	1,004	319,263	-	323,214
Deferred amounts related to OPEB	354	-	-	-	34,414	34,768
Total deferred inflows of resources	<u>3,301</u>	<u>-</u>	<u>1,004</u>	<u>319,263</u>	<u>34,414</u>	<u>357,982</u>
NET POSITION						
Net investment in capital assets	-	5,422	4,489	-	-	9,911
Unrestricted (deficit)	28,492	3,745	3,540	(324,155)	(142,773)	(431,151)
Total net position (deficit)	<u>\$ 28,492</u>	<u>\$ 9,167</u>	<u>\$ 8,029</u>	<u>\$ (324,155)</u>	<u>\$ (142,773)</u>	<u>\$ (421,240)</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, 2022
(Dollars in Thousands)

	Insurance	Heavy Equipment Replacement	ERP System	Employee Retirement	Other Postemployment Benefits (OPEB)	Total
Operating revenues:						
Charges for services	\$ 42,765	\$ -	\$ 11,172	\$ 121,935	\$ 32,720	\$ 208,592
Rents and concessions	-	2,825	-	-	-	2,825
Sales and miscellaneous	4,268	22	-	-	-	4,290
Total operating revenues	<u>47,033</u>	<u>2,847</u>	<u>11,172</u>	<u>121,935</u>	<u>32,720</u>	<u>215,707</u>
Operating expenses:						
Services and supplies	20,801	2,015	7,040	-	-	29,856
Salaries and employee benefits	4,420	-	2,027	(1,536)	9,015	13,926
Claim expenses	19,016	-	-	-	-	19,016
Depreciation and amortization	-	817	1,580	-	-	2,397
Total operating expenses	<u>44,237</u>	<u>2,832</u>	<u>10,647</u>	<u>(1,536)</u>	<u>9,015</u>	<u>65,195</u>
Operating income	<u>2,796</u>	<u>15</u>	<u>525</u>	<u>123,471</u>	<u>23,705</u>	<u>150,512</u>
Nonoperating revenues (expenses):						
Investment income (loss)	(2,808)	(76)	(147)	(636)	(144)	(3,811)
Interest expense	-	-	(3)	(15,486)	-	(15,489)
Gain (Loss) on disposal of capital assets	-	151	-	-	-	151
Total nonoperating revenues (expenses)	<u>(2,808)</u>	<u>75</u>	<u>(150)</u>	<u>(16,122)</u>	<u>(144)</u>	<u>(19,149)</u>
Income (loss) before transfers	(12)	90	375	107,349	23,561	131,363
Transfers in	146	1,200	29	3,750	-	5,125
Transfers out	(16)	-	(217)	-	-	(233)
Total transfers	<u>130</u>	<u>1,200</u>	<u>(188)</u>	<u>3,750</u>	<u>-</u>	<u>4,892</u>
Change in net position	118	1,290	187	111,099	23,561	136,255
Net position (deficit), beginning of year	<u>28,374</u>	<u>7,877</u>	<u>7,842</u>	<u>(435,254)</u>	<u>(166,334)</u>	<u>(557,495)</u>
Net position (deficit), end of year	<u>\$ 28,492</u>	<u>\$ 9,167</u>	<u>\$ 8,029</u>	<u>\$ (324,155)</u>	<u>\$ (142,773)</u>	<u>\$ (421,240)</u>

COUNTY OF SONOMA, CALIFORNIA

Internal Service Funds

Combining Statement of Cash Flows

For the Year Ended June 30, 2022

(Dollars in Thousands)

	Heavy			Other		
	Equipment		Employee	Postemployment		
	Insurance	Replacement	ERP System	Retirement	Benefits (OPEB)	Total
Cash flows from operating activities:						
Receipts from interfund services provided	\$ 46,293	\$ 2,804	\$ 11,028	\$ 45,580	\$ 10,093	\$ 115,798
Payments to suppliers for goods and services	(41,283)	(1,875)	(6,975)	-	(8)	(50,141)
Payments to employees for services	(571)	-	(1,825)	-	(9,015)	(11,411)
Net cash provided by operating activities	<u>4,439</u>	<u>929</u>	<u>2,228</u>	<u>45,580</u>	<u>1,070</u>	<u>54,246</u>
Cash flows from noncapital financing activities:						
Transfers in	146	1,200	29	3,750	-	5,125
Transfers out	(16)	-	(217)	-	-	(233)
Due from other funds	400	-	-	-	-	400
Due to other funds	(100)	-	-	-	-	(100)
Advances to other funds	-	-	(1,542)	-	-	(1,542)
Deposits from others	(23)	-	-	-	-	(23)
Due to other governments	134	-	-	-	-	134
Principal paid on bonds	-	-	-	(38,810)	-	(38,810)
Interest paid	-	-	-	(15,660)	-	(15,660)
Net cash provided (used) by noncapital financing activities	<u>541</u>	<u>1,200</u>	<u>(1,730)</u>	<u>(50,720)</u>	<u>-</u>	<u>(50,709)</u>
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	-	(465)	(341)	-	-	(806)
Interest paid	-	-	(3)	-	-	(3)
Net cash (used) by capital and related financing activities	<u>-</u>	<u>(465)</u>	<u>(344)</u>	<u>-</u>	<u>-</u>	<u>(809)</u>
Cash flows from investing activities:						
Interest received (loss) on investments	(2,808)	(76)	(147)	(636)	(144)	(3,811)
Net cash provided by (used in) investing activities	<u>(2,808)</u>	<u>(76)</u>	<u>(147)</u>	<u>(636)</u>	<u>(144)</u>	<u>(3,811)</u>
Net increase (decrease) in cash and cash equivalents	2,172	1,588	7	(5,776)	926	(1,083)
Cash and cash equivalents, beginning of year	92,685	2,226	8,635	13,925	6,508	123,979
Cash and cash equivalents, end of year	<u>\$ 94,857</u>	<u>\$ 3,814</u>	<u>\$ 8,642</u>	<u>\$ 8,149</u>	<u>\$ 7,434</u>	<u>\$ 122,896</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 2,796	\$ 15	\$ 525	\$ 123,471	\$ 23,705	\$ 150,512
Depreciation and amortization	-	817	1,580	-	-	2,397
Net pension activity	(556)	-	(131)	(77,977)	-	(78,664)
Net OPEB activity	(192)	-	-	-	(22,625)	(22,817)
Changes in assets and liabilities:						
Decrease (increase) in:						
Accounts receivable	8	(43)	(13)	(68)	(2)	(118)
Prepaid expenses	(3)	(1)	57	-	-	53
Increase (decrease) in:						
Accounts payable	276	141	8	154	(8)	571
Compensated absences	12	-	202	-	-	214
Self-funded insurance	3,837	-	-	-	-	3,837
Other liabilities	(1,739)	-	-	-	-	(1,739)
Net cash provided (used) by operating activities	<u>\$ 4,439</u>	<u>\$ 929</u>	<u>\$ 2,228</u>	<u>\$ 45,580</u>	<u>\$ 1,070</u>	<u>\$ 54,246</u>
Noncash investing, capital and financing activities:						
Right-to-use lease acquisitions	\$ -	\$ -	\$ 432	\$ -	\$ -	\$ 432
Reconciliation of cash and cash equivalents to the Statement of Net Position:						
Cash and investments	\$ 93,863	\$ 3,814	\$ 8,642	\$ 8,146	\$ 7,434	\$ 121,899
Cash and investments with trustee	994	-	-	3	-	997
Total cash and cash equivalents	<u>\$ 94,857</u>	<u>\$ 3,814</u>	<u>\$ 8,642</u>	<u>\$ 8,149</u>	<u>\$ 7,434</u>	<u>\$ 122,896</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, 2022
(Dollars in Thousands)

	Sonoma Valley County Sanitation District	Russian River County Sanitation District	South Park County Sanitation District	Occidental County Sanitation District	Total
ASSETS					
Cash and investments	\$ 17,891	\$ 3,178	\$ 12,562	\$ 1,002	\$ 34,633
Restricted cash and investments	5,343	367	424	-	6,134
Receivables, net	745	379	212	52	1,388
Due from other governments	38	729	-	-	767
Prepaid expenses and deposits	1	-	-	-	1
Capital assets:					
Nondepreciable	12,486	745	131	345	13,707
Depreciable, net	67,761	19,653	18,362	4,049	109,825
Total assets	<u>104,265</u>	<u>25,051</u>	<u>31,691</u>	<u>5,448</u>	<u>166,455</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	6	-	50	-	56
Total deferred outflows of resources	<u>6</u>	<u>-</u>	<u>50</u>	<u>-</u>	<u>56</u>
LIABILITIES					
Accounts payable and accrued liabilities	774	1,216	252	28	2,270
Interest payable	217	17	-	-	234
Long-term liabilities:					
Due within one year	2,106	322	194	-	2,622
Due in more than one year	12,196	1,455	2,725	-	16,376
Total liabilities	<u>15,293</u>	<u>3,010</u>	<u>3,171</u>	<u>28</u>	<u>21,502</u>
NET POSITION					
Net investment in capital assets	67,158	18,621	17,525	4,394	107,698
Restricted	4,094	367	418	-	4,879
Unrestricted	17,726	3,053	10,627	1,026	32,432
Total net position	<u>\$ 88,978</u>	<u>\$ 22,041</u>	<u>\$ 28,570</u>	<u>\$ 5,420</u>	<u>\$ 145,009</u>

COUNTY OF SONOMA, CALIFORNIA

Discretely Presented Nonmajor Component Units

Combining Statement of Activities

For the Year Ended June 30, 2022

(Dollars in Thousands)

	Program Revenues			
	Expenses	Services	Operating Grants and Contributions	Contributions
FUNCTION/PROGRAM ACTIVITIES:				
Component units:				
Sonoma Valley Sanitation District	\$ 15,740	\$ 18,236	\$ 383	\$ 63
Russian River Sanitation District	6,274	5,711	-	1,298
South Park Sanitation District	3,358	4,551	55	-
Occidental Sanitation District	1,437	390	700	225
Total component units	\$ 26,809	\$ 28,888	\$ 1,138	\$ 1,586

GENERAL REVENUES:

Unrestricted investment earnings (loss)

Total general revenues and transfers

Change in net position

Net position, beginning of year

Net position, end of year

Net (Expense) Revenue and Changes in Net Position

Nonmajor Discrete Component Units				
Sonoma Valley County Sanitation District	Russian River County Sanitation District	South Park County Sanitation District	Occidental County Sanitation District	Total
\$ 2,942	\$ -	\$ -	\$ -	\$ 2,942
	735	-	-	735
-	-	1,248	-	1,248
-	-	-	(122)	(122)
<u>2,942</u>	<u>735</u>	<u>1,248</u>	<u>(122)</u>	<u>4,803</u>
<u>(652)</u>	<u>(53)</u>	<u>(377)</u>	<u>6</u>	<u>(1,076)</u>
<u>(652)</u>	<u>(53)</u>	<u>(377)</u>	<u>6</u>	<u>(1,076)</u>
2,290	682	871	(116)	3,727
<u>86,688</u>	<u>21,359</u>	<u>27,699</u>	<u>5,536</u>	<u>141,282</u>
<u>\$ 88,978</u>	<u>\$ 22,041</u>	<u>\$ 28,570</u>	<u>\$ 5,420</u>	<u>\$ 145,009</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 (loss)

Total general revenues and transfers

Change in net position

Net position, beginning of year

Net position, end of year

PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS

SONOMA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (SCERA)

SCERA is a cost-sharing, multiple-employer Defined Benefit Pension Plan (Plan) legally separate entity from the County (Sonoma County).

OTHER POSTEMPLOYMENT BENEFITS (OPEB) TRUST

The Plan is a single employer defined benefit plan which is administered by the County. 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.

COUNTY OF SONOMA, CALIFORNIA
Pension (and Other Employee Benefit) Trust Funds
Combining Statement of Net Position
June 30, 2022
(Dollars in Thousands)

	Sonoma County Employees' Retirement Association (SCERA)	Other Postemployment Benefits (OPEB) Trust	Total Pension (and Other Employee Benefit) Trust Funds
ASSETS			
Cash and investments	\$ 1,595	\$ -	\$ 1,595
Restricted investments with trustee	265,550	-	265,550
Accounts receivable	71,405	-	71,405
Investments at fair value:			
Cash and equivalents	-	4,819	4,819
Mutual funds	-	77,560	77,560
Corporate obligations	174,507	7,504	182,011
Government obligations	264,139	9,103	273,242
Equities	2,134,078	-	2,134,078
Other investments	854,425	-	854,425
Total investments	<u>3,427,149</u>	<u>98,986</u>	<u>3,526,135</u>
Other assets	1,969	-	1,969
Total assets	<u>3,767,668</u>	<u>98,986</u>	<u>3,866,654</u>
LIABILITIES			
Accounts payable and other liabilities	3,668	-	3,668
Other liabilities	242,639	-	242,639
Total liabilities	<u>246,307</u>	<u>-</u>	<u>246,307</u>
NET POSITION (DEFICIT)			
Restricted for:			
Pension	3,521,361	-	3,521,361
Other postemployment benefits	-	98,986	98,986
Total net position (deficit)	<u>\$ 3,521,361</u>	<u>\$ 98,986</u>	<u>\$ 3,620,347</u>

See accompanying notes to the basic financial statements

COUNTY OF SONOMA, CALIFORNIA
Pension (and Other Employee Benefit) Trust Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2022
(Dollars in Thousands)

	Sonoma County Employees' Retirement Association (SCERA)	Other Postemployment Benefits (OPEB) Trust	Total Pension (and Other Employee Benefit) Trust Funds
ADDITIONS			
Contributions:			
Employer contributions	\$ 74,953	\$ 37,216	\$ 112,169
Employee contributions	49,056	-	49,056
OPEB employer contributions outside of trust	-	2,575	2,575
Total contributions	<u>124,009</u>	<u>39,791</u>	<u>163,800</u>
Investment earnings:			
Net increase (decrease) in fair value of investments	496,115	(5,258)	490,857
Interest, dividends, and other	49,276	(7,766)	41,510
Total investment earnings (loss)	<u>545,391</u>	<u>(13,024)</u>	<u>532,367</u>
Less investment costs:			
Investment expense	23,275	278	23,553
Net investment earnings (loss)	<u>522,116</u>	<u>(13,302)</u>	<u>508,814</u>
Miscellaneous	122	-	122
Total additions	<u>646,247</u>	<u>26,489</u>	<u>672,736</u>
DEDUCTIONS			
Benefits paid to participants or beneficiaries	193,130	25,126	218,256
Employer Plan Expense	2,604	-	2,604
OPEB employer expense outside of trust	-	2,575	2,575
Administrative expenses	2,827	1,355	4,182
Total deductions	<u>198,561</u>	<u>29,056</u>	<u>227,617</u>
Net increase (decrease) in fiduciary net position	<u>447,686</u>	<u>(2,567)</u>	<u>445,119</u>
Net position (deficit), beginning	3,073,675	101,553	3,175,228
Net position (deficit), ending	<u>\$ 3,521,361</u>	<u>\$ 98,986</u>	<u>\$ 3,620,347</u>

See accompanying notes to the basic financial statements

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. Thirty-five counties currently participate in CMSP. CMSP is governed by an independent governing board.

[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 outside of the County.

[Sales Tax](#)

Sales tax collections and apportionments due to others outside of the County.

[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 OF SONOMA, CALIFORNIA
Custodial External Investment Pool Funds
Combining Statement of Net Position
June 30, 2022
(Dollars in Thousands)

	CSMP Trust	Fire Insurance Proceeds	Other External Investment Pool Funds	Total
ASSETS				
Cash and investments	\$ 333,957	\$ 87,474	\$ 8,667	\$ 430,098
Restricted investments with trustee	-	-	899	899
Accounts receivable	-	-	31	31
Total assets	<u>333,957</u>	<u>87,474</u>	<u>9,597</u>	<u>431,028</u>
LIABILITIES				
Accounts payable and other liabilities	-	-	192	192
Due to other governments	-	89,386	-	89,386
Other liabilities	-	22	2,580	2,602
Total liabilities	<u>-</u>	<u>89,408</u>	<u>2,772</u>	<u>92,180</u>
NET POSITION				
Restricted for:				
Pool participants	<u>333,957</u>	<u>(1,934)</u>	<u>6,825</u>	<u>338,848</u>
Total net position	<u>\$ 333,957</u>	<u>\$ (1,934)</u>	<u>\$ 6,825</u>	<u>\$ 338,848</u>

COUNTY OF SONOMA, CALIFORNIA
Custodial External Investment Pool Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2022
(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	\$ (11,860)	\$ (3,109)	\$ (169)	\$ (15,138)
Interest, dividends, and other	2,025	507	10	2,542
Total investment earnings (loss)	(9,835)	(2,602)	(159)	(12,596)
Net investment earnings (loss)	(9,835)	(2,602)	(159)	(12,596)
Licenses and fees	-	-	86	86
Miscellaneous	-	(6)	71,600	71,594
Total additions	(9,835)	(2,608)	71,527	59,084
DEDUCTIONS				
Payments to other governments	23,367	-	70,618	93,985
Administrative expense	-	-	28	28
Total deductions	23,367	-	70,646	94,013
Net increase (decrease) in fiduciary net position	(33,202)	(2,608)	881	(34,929)
Net position, beginning	367,159	674	5,944	373,777
Net position, ending	<u>\$ 333,957</u>	<u>\$ (1,934)</u>	<u>\$ 6,825</u>	<u>\$ 338,848</u>

COUNTY OF SONOMA, CALIFORNIA
Other Custodial Funds
Combining Statement of Net Position
June 30, 2022
(Dollars in Thousands)

	MTC Trust	Taxes	Sales Tax	Special Assessment Trust	Other	Total
ASSETS						
Cash and investments	\$ 32,146	\$ 3,339	\$ 8,324	\$ 2,673	\$ 6,490	\$ 52,972
Restricted investments with trustee	-	-	-	-	342	342
Accounts receivable	-	36,270	-	-	10,345	46,615
Due from other Govts	7,119	-	-	-	-	7,119
Other assets	-	284	-	-	839	1,123
Total assets	<u>39,265</u>	<u>39,893</u>	<u>8,324</u>	<u>2,673</u>	<u>18,016</u>	<u>108,171</u>
LIABILITIES						
Accounts payable and other liabilities	-	416	-	17	1,906	2,339
Due to other governments	-	8,242	3,768	-	40	12,050
Other liabilities	-	436	-	-	11,984	12,420
Total liabilities	<u>-</u>	<u>9,094</u>	<u>3,768</u>	<u>17</u>	<u>13,930</u>	<u>26,809</u>
NET POSITION (DEFICIT)						
Restricted for:						
Organizations and other governments	<u>39,265</u>	<u>30,799</u>	<u>4,556</u>	<u>2,656</u>	<u>4,086</u>	<u>81,362</u>
Total net position (deficit)	<u>\$ 39,265</u>	<u>\$ 30,799</u>	<u>\$ 4,556</u>	<u>\$ 2,656</u>	<u>\$ 4,086</u>	<u>\$ 81,362</u>

COUNTY OF SONOMA, CALIFORNIA
Other Custodial Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2022
(Dollars in Thousands)

	MTC Trust	Taxes	Sales Tax	Special Assessment Trust	Other	Total
ADDITIONS						
Investment earnings:						
Net increase (decrease) in fair value of investments	\$ (1,145)	\$ (2,136)	\$ (297)	\$ (93)	\$ (135)	\$ (3,806)
Interest, dividends, and other	172	209	18	16	10,171	10,586
Total investment earnings (loss)	<u>(973)</u>	<u>(1,927)</u>	<u>(279)</u>	<u>(77)</u>	<u>10,036</u>	<u>6,780</u>
Less investment costs:						
Investment expense	-	16	-	320	40	376
Net investment earnings (loss)	<u>(973)</u>	<u>(1,943)</u>	<u>(279)</u>	<u>(397)</u>	<u>9,996</u>	<u>6,404</u>
Property taxes	-	134,394	-	1,030	10,580	146,004
Other taxes	31,858	374	-	-	-	32,232
License and fees	-	(4,375)	68,277	5,957	12,894	82,753
Miscellaneous	2,689	139	781	6,784	13,597	23,990
Total additions	<u>33,574</u>	<u>128,589</u>	<u>68,779</u>	<u>13,374</u>	<u>47,067</u>	<u>291,383</u>
DEDUCTIONS						
Payments to other governments	23,292	127,126	66,524	6,264	35,980	259,186
Administrative expenses	-	-	-	-	2,692	2,692
Total deductions	<u>23,292</u>	<u>127,126</u>	<u>66,524</u>	<u>6,264</u>	<u>38,672</u>	<u>261,878</u>
Net increase (decrease) in fiduciary net position	<u>10,282</u>	<u>1,463</u>	<u>2,255</u>	<u>7,110</u>	<u>8,395</u>	<u>29,505</u>
Net position (deficit), beginning	<u>28,983</u>	<u>29,336</u>	<u>2,301</u>	<u>(4,454)</u>	<u>(4,309)</u>	<u>51,857</u>
Net position (deficit), ending	<u>\$ 39,265</u>	<u>\$ 30,799</u>	<u>\$ 4,556</u>	<u>\$ 2,656</u>	<u>\$ 4,086</u>	<u>\$ 81,362</u>



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.

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

	2012-13 (1)	2013-14 (2)	2014-15 (3)	2015-16	2016-17 (4)
	as restated	as restated	as restated		as restated
Governmental activities					
Net investment in capital assets	\$ 1,040,466	\$ 1,088,783	\$ 1,113,783	\$ 1,163,262	\$ 1,192,407
Restricted	234,551	243,497	223,011	210,531	209,960
Unrestricted	55,683	(524,188)	(481,556)	(456,299)	(457,536)
Total governmental activities net position	<u>\$ 1,330,700</u>	<u>\$ 808,092</u>	<u>\$ 855,238</u>	<u>\$ 917,494</u>	<u>\$ 944,831</u>
Business-type activities					
Net investment in capital assets	99,990	113,075	137,860	145,735	155,959
Restricted	883	412	1,038	4,265	7,440
Unrestricted	(16,116)	11,585	8,695	7,058	(2,806)
Total business-type activities net position	<u>\$ 84,757</u>	<u>\$ 125,072</u>	<u>\$ 147,593</u>	<u>\$ 157,058</u>	<u>\$ 160,593</u>
Total government					
Net investment in capital assets	1,140,456	1,201,858	1,251,643	1,308,997	1,348,366
Restricted	235,434	243,909	224,049	214,796	217,400
Unrestricted	39,567	(512,603)	(472,861)	(449,241)	(460,342)
Total primary government net position	<u>\$ 1,415,457</u>	<u>\$ 933,164</u>	<u>\$ 1,002,831</u>	<u>\$ 1,074,552</u>	<u>\$ 1,105,424</u>

Notes:

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

2017-18 (5)					
as restated	2018-19	2019-20	2020-21	2021-22	
\$ 1,208,423	\$ 1,251,617	\$ 1,293,820	\$ 1,359,263	\$ 1,397,357	Governmental activities
227,882	265,519	281,953	351,841	423,220	Net investment in capital assets
(649,958)	(594,644)	(522,223)	(219,676)	(74,255)	Restricted
\$ 786,347	\$ 922,492	\$ 1,053,550	\$ 1,491,428	\$ 1,746,322	Unrestricted
					Total governmental activities net position
162,020	150,286	149,934	149,102	158,458	Business-type activities
10,390	11,715	16,654	20,640	23,452	Net investment in capital assets
(7,695)	6,541	8,109	13,197	26,224	Restricted
\$ 164,715	\$ 168,542	\$ 174,697	\$ 182,939	\$ 208,134	Unrestricted
					Total business-type activities net position
1,370,443	1,401,903	1,443,754	\$ 1,508,365	\$ 1,555,815	Total government
238,272	277,234	298,607	372,481	446,672	Net investment in capital assets
(657,653)	(588,103)	(514,114)	(206,479)	(48,031)	Restricted
\$ 951,062	\$ 1,091,034	\$ 1,228,247	\$ 1,674,367	\$ 1,954,456	Unrestricted
					Total primary government net position

COUNTY OF SONOMA, CALIFORNIA

Expenses By Function (Unaudited)

Last Ten Fiscal Years

(Dollar Amounts in Thousands)

(Accrual Basis of Accounting)

	2012-13	2013-14 (1) as restated	2014-15	2015-16	2016-17
Expenses					
Governmental activities					
General government	\$ 87,504	\$ 89,881	\$ 95,094	\$ 109,637	\$ 104,166
Public protection	241,671	243,619	272,963	281,574	310,466
Public ways and facilities	33,573	47,887	36,868	38,964	47,670
Health and sanitation	116,742	118,391	118,085	132,071	135,564
Public assistance	186,547	200,026	201,913	212,754	220,772
Education	605	840	1,020	1,056	1,118
Recreation and cultural services	12,465	13,147	14,482	16,004	33,174
Interest on long-term debt	43,801	37,978	37,598	35,344	29,136
Total governmental activities expenses	<u>\$ 722,908</u>	<u>\$ 751,769</u>	<u>\$ 778,023</u>	<u>\$ 827,404</u>	<u>\$ 882,066</u>
Business-type activities					
Refuse	32,803	32,532	26,492	5,494	9,935
Airport	4,283	4,223	4,743	5,330	7,596
Energy Independence Program	3,681	2,723	2,566	2,581	2,458
Transit	15,967	17,484	16,762	17,923	18,816
Fair	10,743	10,072	13,645	10,661	7,199
Marinas	2,284	2,214	2,708	2,213	2,497
Other business-type activities	1,885	1,789	1,235	1,035	1,238
Total business-type activities expenses	<u>\$ 71,646</u>	<u>\$ 71,037</u>	<u>\$ 68,151</u>	<u>\$ 45,237</u>	<u>\$ 49,739</u>
Total primary government	<u>\$ 722,980</u>	<u>\$ 751,840</u>	<u>\$ 778,091</u>	<u>\$ 872,641</u>	<u>\$ 931,805</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

	2017-18	2018-19	2019-20	2020-21	2021-22	
						Expenses
						Governmental activities
\$	112,173	\$ 93,172	\$ 120,051	\$ 174,850	\$ 188,199	General government
	306,078	331,051	326,507	315,399	324,378	Public protection
	52,302	43,324	52,321	41,555	42,276	Public ways and facilities
	136,228	134,918	124,539	126,113	150,633	Health and sanitation
	208,901	220,590	213,416	211,766	222,131	Public assistance
	1,122	1,182	1,237	1,047	1,049	Education
	33,943	27,355	28,405	28,821	33,273	Recreation and cultural services
	28,219	26,295	24,259	21,752	19,365	Interest on long-term debt
<u>\$</u>	<u>878,966</u>	<u>\$ 877,887</u>	<u>\$ 890,735</u>	<u>\$ 921,303</u>	<u>\$ 981,304</u>	Total governmental activities expenses
	4,331	6,706	4,971	5,500	5,968	Business-type activities
	8,821	9,941	10,844	11,028	12,342	Refuse
	2,253	2,299	2,306	2,417	2,056	Airport
	19,309	20,252	20,410	18,505	20,387	Energy Independence Program
	11,495	10,818	11,222	5,954	6,160	Transit
	2,332	2,734	2,678	2,843	2,794	Fair
	1,092	1,135	1,050	1,104	1,440	Marinas
<u>\$</u>	<u>49,633</u>	<u>\$ 53,885</u>	<u>\$ 53,481</u>	<u>\$ 47,351</u>	<u>\$ 51,147</u>	Other business-type activities
<u>\$</u>	<u>928,599</u>	<u>\$ 931,772</u>	<u>\$ 944,216</u>	<u>\$ 968,654</u>	<u>\$ 1,032,451</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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Program Revenue					
Governmental activities					
Charges for services					
General government	\$ 53,062	\$ 46,308	\$ 41,223	\$ 52,021	\$ 40,057
Public protection	32,987	29,345	32,776	34,737	35,029
Public ways and facilities	59	43	371	395	407
Health and sanitation	8,055	6,275	6,780	6,501	13,938
Public assistance	12,938	18,021	8,190	9,173	3,499
Recreation and cultural services	4,011	4,329	4,640	5,193	5,763
Total charges for services	<u>111,112</u>	<u>104,321</u>	<u>93,980</u>	<u>108,020</u>	<u>98,693</u>
Operating grants and contributions	406,152	437,904	426,888	471,383	464,039
Capital grants and contributions	11,116	4,832	7,754	3,102	4,013
Total governmental activities	<u>528,380</u>	<u>547,057</u>	<u>528,622</u>	<u>582,505</u>	<u>566,745</u>
Business - type activities					
Charges for services					
Refuse	34,930	37,993	29,343	7,380	6,661
Airport	4,056	4,285	4,589	4,935	5,764
Energy Independence Program	2,110	1,957	3,000	2,845	2,658
Transit	2,193	2,165	2,000	2,035	1,825
Fair	9,455	9,597	12,353	11,520	9,204
Marinas	2,241	2,312	2,858	2,145	2,343
Other business-type activities	1,904	1,711	1,106	1,078	1,158
Total charges for services	<u>56,889</u>	<u>60,020</u>	<u>55,249</u>	<u>31,938</u>	<u>29,613</u>
Operating grants and contributions	10,584	12,253	12,238	13,232	13,937
Capital grants and contributions	2,340	31,828	21,369	7,712	10,467
Total business - type activities program revenues	<u>69,813</u>	<u>104,101</u>	<u>88,856</u>	<u>52,882</u>	<u>54,017</u>
Total primary government program revenues	<u>\$ 598,193</u>	<u>\$ 651,158</u>	<u>\$ 617,478</u>	<u>\$ 635,387</u>	<u>\$ 620,762</u>
Net (Expense) Revenue					
Governmental activities	\$ (178,351)	\$ (194,528)	\$ (204,172)	\$ (249,401)	\$ (244,899)
Business - type activities	2,610	(1,833)	28,182	20,705	7,645
Total primary government net expenses	<u>\$ (175,741)</u>	<u>\$ (196,361)</u>	<u>\$ (175,990)</u>	<u>\$ (228,696)</u>	<u>\$ (237,254)</u>

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector

	2017-18	2018-19	2019-20	2020-21	2021-22
\$	38,026	\$ 40,737	\$ 43,365	\$ 43,588	\$ 45,322
	37,181	45,579	43,133	41,047	40,142
	4,025	3,766	4,503	4,601	5,379
	12,583	10,842	9,925	10,470	11,299
	1,544	1,421	1,242	1,358	1,618
	5,577	5,992	5,453	7,761	7,412
	98,936	108,337	107,621	108,825	111,172
	514,968	501,263	510,514	633,524	651,763
	3,071	3,318	2,143	3,681	4,635
	616,975	612,918	620,278	746,030	767,570

Program Revenue**Governmental activities**

Charges for services
General government
Public protection
Public ways and facilities
Health and sanitation
Public assistance
Recreation and cultural services
Total charges for services
Operating grants and contributions
Capital grants and contributions
Total governmental activities

Business - type activities

Charges for services
Refuse
Airport
Energy Independence Program
Transit
Fair
Marinas
Other business-type activities
Total charges for services
Operating grants and contributions
Capital grants and contributions

Total business - type activities program revenues

Total primary government program revenues

	7,223	7,619	7,950	8,069	7,407
	7,053	6,888	5,054	6,359	8,339
	2,313	2,033	1,937	1,603	1,619
	1,957	1,804	1,180	212	791
	11,268	12,260	11,230	5,131	8,668
	2,264	2,396	2,467	2,882	2,878
	1,233	803	1,102	1,129	1,017
	33,311	33,803	30,920	25,385	30,719
	15,335	16,960	18,729	21,099	23,639
	2,868	3,255	5,357	6,195	18,753
	51,514	54,018	55,006	52,679	73,111
\$	668,489	\$ 666,936	\$ 675,284	\$ 798,709	\$ 840,681

Net (Expense) Revenue

Governmental activities
Business - type activities
Total primary government net expenses

\$	(315,321)	\$ (261,991)	\$ (264,969)	\$ (175,273)	\$ (213,734)
	4,278	1,881	133	5,328	21,964
\$	(311,043)	\$ (260,110)	\$ (264,836)	\$ (169,945)	\$ (191,770)

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

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Net (expense) revenue					
Governmental activities	\$ (194,528)	\$ (204,712)	\$ (249,401)	\$ (244,899)	\$ (315,321)
Business-type activities	<u>(1,833)</u>	<u>28,182</u>	<u>20,705</u>	<u>7,645</u>	<u>4,278</u>
Total primary government net expense	(196,361)	(176,530)	(228,696)	(237,254)	(311,043)
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property	183,429	193,221	208,316	222,211	233,256
Documentary transfer	4,301	4,439	4,953	5,541	6,047
Transient occupancy	9,705	11,037	16,759	14,188	17,701
Grants and other governmental revenues not restricted to specific programs	34,360	38,474	39,153	40,686	42,813
Unrestricted investment earnings	8,068	11,305	6,157	8,331	7,778
Other	20,875	16,808	22,561	17,583	36,532
Transfers	(886)	(1,163)	(1,464)	(1,385)	(1,469)
Special/Extraordinary item	-	-	-	-	-
Total governmental activities	<u>259,852</u>	<u>274,121</u>	<u>296,435</u>	<u>307,155</u>	<u>342,658</u>
Business-type activities:					
Unrestricted investment earnings	1,681	2,186	25	370	367
Other	568	548	70	65	(25)
Transfers	886	1,163	1,464	1,385	1,469
Special item	1,343	-	-	-	-
Total business-type activities	<u>4,478</u>	<u>3,897</u>	<u>1,559</u>	<u>1,820</u>	<u>1,811</u>
Total primary government	<u>\$ 264,330</u>	<u>\$ 278,018</u>	<u>\$ 297,994</u>	<u>\$ 308,975</u>	<u>\$ 344,469</u>
Changes in net position:					
Governmental activities	65,324	69,409	47,034	62,256	27,337
Business-type activities	<u>2,645</u>	<u>32,079</u>	<u>22,264</u>	<u>9,465</u>	<u>6,089</u>
Total primary government	<u>\$ 67,969</u>	<u>\$ 101,488</u>	<u>\$ 69,298</u>	<u>\$ 71,721</u>	<u>\$ 33,426</u>

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector

<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
\$ (261,991)	\$ (264,969)	\$ (270,457)	\$ (175,273)	\$ (213,734)
<u>1,881</u>	<u>133</u>	<u>1,525</u>	<u>5,328</u>	<u>21,964</u>
(260,110)	(264,836)	(268,932)	(169,945)	(191,770)
245,274	259,239	274,643	290,134	304,492
6,201	5,585	6,817	9,071	9,378
22,237	22,377	16,234	24,289	32,830
48,721	53,018	55,566	66,463	95,805
10,907	22,758	15,402	7,304	(23,419)
38,688	39,617	44,753	217,255	51,793
(1,328)	(1,480)	(1,599)	(1,365)	(2,251)
<u>(1,367)</u>	<u>-</u>	<u>(10,301)</u>	<u>-</u>	<u>-</u>
<u>369,333</u>	<u>401,114</u>	<u>411,816</u>	<u>613,151</u>	<u>468,628</u>
868	2,283	1,592	264	(1,980)
45	2,066	1,439	1,285	2,960
1,328	1,480	1,599	1,365	2,251
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>2,241</u>	<u>5,829</u>	<u>4,630</u>	<u>2,914</u>	<u>3,231</u>
<u>\$ 372,941</u>	<u>\$ 406,943</u>	<u>\$ 416,446</u>	<u>\$ 616,065</u>	<u>\$ 471,859</u>
107,342	136,145	131,058	437,878	254,894
<u>4,122</u>	<u>5,962</u>	<u>6,155</u>	<u>8,242</u>	<u>25,195</u>
<u>\$ 111,464</u>	<u>\$ 142,107</u>	<u>\$ 137,213</u>	<u>\$ 446,120</u>	<u>\$ 280,089</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)

	2012-13	2013-14 (1) as restated	2014-15	2015-16	2016-17
General Fund					
Nonspendable	\$ 5,179	\$ 13,023	\$ 12,074	\$ 14,673	\$ 12,974
Restricted	-	-	-	-	-
Committed	240	153	90	3	3
Assigned	45,743	50,694	64,400	73,592	76,290
Unassigned	48,479	47,658	55,325	57,497	60,403
Subtotal General Fund	<u>99,641</u>	<u>111,528</u>	<u>131,889</u>	<u>145,765</u>	<u>149,670</u>
All Other Governmental Funds					
Nonspendable	2,566	4,045	5,456	4,326	3,973
Restricted	242,054	239,446	235,532	222,475	221,115
Committed	3,217	3,806	6,873	7,024	5,373
Assigned	28,429	34,065	31,309	48,785	42,193
Unassigned	(609)	-	(412)	-	-
Subtotal all other governmental funds	<u>275,657</u>	<u>281,362</u>	<u>278,758</u>	<u>282,610</u>	<u>272,654</u>
Total governmental fund balance	<u>\$ 375,298</u>	<u>\$ 392,890</u>	<u>\$ 410,647</u>	<u>\$ 428,375</u>	<u>\$ 422,324</u>

Notes:

(1) FY 2013-14 fund balance was restated due to misclassified business-type activity of \$112

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector

	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	
\$	11,306	\$ 8,966	\$ 11,037	\$ 8,457	\$ 9,074	General Fund
	-	-	-	-	889	Nonspendable
	5	15	14	124	153	Restricted
	86,444	111,584	146,306	276,514	202,488	Committed
	<u>53,224</u>	<u>71,294</u>	<u>37,870</u>	<u>91,118</u>	<u>67,266</u>	Assigned
	<u>150,979</u>	<u>191,859</u>	<u>195,227</u>	<u>376,213</u>	<u>279,870</u>	Unassigned
						Subtotal general fund
	3,771	3,763	3,687	3,752	4,147	All Other Governmental Funds
	237,938	275,209	289,226	364,392	434,130	Nonspendable
	8,860	9,152	6,847	13,358	34,481	Restricted
	46,980	46,491	39,248	27,133	117,078	Committed
	-	-	-	-	-	Assigned
	<u>297,549</u>	<u>334,615</u>	<u>339,008</u>	<u>408,635</u>	<u>589,836</u>	Unassigned
	<u>\$ 448,528</u>	<u>\$ 526,474</u>	<u>\$ 534,235</u>	<u>\$ 784,848</u>	<u>\$ 869,706</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)

	2012-13	2013-14 (1) as restated	2014-15	2015-16	2016-17
Revenues (by source):					
Taxes	\$ 231,920	\$ 247,203	\$ 269,220	\$ 282,665	\$ 299,817
Licenses, permits and franchise fees	21,962	23,360	24,315	28,577	29,169
Fines, forfeitures and penalties	24,978	13,312	17,182	24,836	12,995
Use of money and property	7,276	9,919	5,954	7,561	7,130
Intergovernmental	401,810	440,438	432,396	469,363	468,052
Charges for services	74,580	67,657	52,483	54,607	56,529
Other	20,422	16,782	21,495	29,495	32,061
Total revenues	<u>782,948</u>	<u>818,671</u>	<u>823,045</u>	<u>897,104</u>	<u>905,753</u>
Expenditures (by function):					
Current:					
General government	85,869	91,087	97,029	108,126	99,429
Public protection	243,245	249,862	268,532	281,466	307,874
Public ways and facilities	25,991	41,824	29,197	30,496	39,023
Health and sanitation	122,133	123,730	122,444	135,081	137,342
Public assistance	195,708	210,568	210,166	218,413	224,976
Education	611	837	836	1,032	1,087
Recreation and cultural services	12,037	12,812	14,309	15,231	32,276
Capital outlay	32,643	46,142	39,679	39,986	52,458
Debt service:					
Principal	12,149	20,573	8,509	82,754	9,957
Interest	17,838	13,169	13,178	18,697	6,981
Total expenditures	<u>748,224</u>	<u>810,604</u>	<u>803,879</u>	<u>931,282</u>	<u>911,403</u>
Excess (deficiency) of revenues over (under) expenditures	<u>34,724</u>	<u>8,067</u>	<u>19,166</u>	<u>(34,178)</u>	<u>(5,650)</u>
Other financing sources (uses):					
Transfers in	79,641	82,821	86,587	143,129	80,486
Transfers out	(80,543)	(84,445)	(88,797)	(141,950)	(81,597)
Lease inception	-	-	-	-	-
Issuance of long-term debt	594	10,640	299	43,335	17,225
Premium on long term debt issuance	-	-	-	7,044	-
Sale of capital assets	125	509	390	348	551
Other financing sources/(uses)	-	-	-	-	(17,066)
Total other financing sources and uses	<u>(183)</u>	<u>9,525</u>	<u>(1,521)</u>	<u>51,906</u>	<u>(401)</u>
Special/Extraordinary item	-	-	-	-	-
Net change in fund balances	<u>34,541</u>	<u>17,592</u>	<u>17,645</u>	<u>17,728</u>	<u>(6,051)</u>
Fund balances, beginning of year, as restated	340,757	375,298	393,002	410,647	428,375
Fund balances, end of year	<u>\$ 375,298</u>	<u>\$ 392,890</u>	<u>\$ 410,647</u>	<u>\$ 428,375</u>	<u>\$ 422,324</u>
Debt service as a percentage of noncapital expenditures	4.19%	4.41%	2.84%	11.38%	1.97%

Notes:

(1) FY 2013-14 fund balance was restated due to misclassified business-type activity

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector

	2017-18	2018-19	2019-20	2020-21	2021-22	
						Revenues (by source):
\$	322,433	\$ 340,219	\$ 353,260	\$ 389,957	\$ 442,505	Taxes
	29,509	34,078	33,698	32,187	34,332	Licenses, permits and franchise fees
	13,129	16,247	16,951	16,500	13,867	Fines, forfeitures and penalties
	9,632	19,058	13,547	6,995	(19,608)	Use of money and property
	518,038	504,581	512,657	637,215	656,398	Intergovernmental
	56,299	58,012	56,972	60,138	62,973	Charges for services
	35,267	46,826	29,921	222,792	50,903	Other
	<u>984,307</u>	<u>1,019,021</u>	<u>1,017,006</u>	<u>1,365,784</u>	<u>1,241,370</u>	Total revenues
						Expenditures (by function):
						Current:
	114,791	88,279	117,547	193,864	209,491	General government
	322,852	340,814	350,655	360,635	366,833	Public protection
	33,607	35,228	47,653	37,392	34,248	Public ways and facilities
	146,623	141,141	136,668	147,393	169,754	Health and sanitation
	225,460	231,592	234,557	247,687	251,907	Public assistance
	1,161	1,132	1,187	1,169	1,173	Education
	35,279	27,188	28,505	31,835	36,531	Recreation and cultural services
	59,425	58,318	58,918	85,139	71,266	Capital outlay
						Debt service:
	11,473	9,368	9,753	22,574	21,543	Principal
	6,338	6,008	5,506	5,509	4,667	Interest
	<u>957,009</u>	<u>939,068</u>	<u>990,949</u>	<u>1,133,197</u>	<u>1,167,413</u>	Total expenditures
						Excess (deficiency) of revenues over (under) expenditures
	<u>27,298</u>	<u>79,953</u>	<u>26,057</u>	<u>232,587</u>	<u>73,957</u>	
						Other financing sources (uses):
	97,898	121,415	148,265	144,610	241,566	Transfers in
	(98,866)	(124,507)	(156,760)	(145,754)	(248,709)	Transfers out
	-	-	-	-	2,046	Lease inception
	2,300	654	-	66,636	-	Issuance of long-term debt
	-	-	-	7,746	-	Premium on long term debt issuance
	1,080	431	486	755	-	Sale of capital assets
	-	-	-	(55,967)	15,998	Other financing sources/(uses)
	<u>2,412</u>	<u>(2,007)</u>	<u>(8,009)</u>	<u>18,026</u>	<u>10,901</u>	Total other financing sources and uses
	<u>(3,506)</u>	<u>-</u>	<u>(10,287)</u>	<u>-</u>	<u>-</u>	Special/Extraordinary item
	<u>26,204</u>	<u>77,946</u>	<u>7,761</u>	<u>250,613</u>	<u>84,858</u>	Net change in fund balances
	<u>422,324</u>	<u>448,528</u>	<u>526,474</u>	<u>534,235</u>	<u>784,848</u>	Fund balances, beginning of year, as restated
\$	<u>448,528</u>	<u>\$ 526,474</u>	<u>\$ 534,235</u>	<u>\$ 784,848</u>	<u>\$ 869,706</u>	Fund balances, end of year
	1.98%	1.75%	1.64%	2.68%	2.39%	Debt service as a percentage of noncapital expenditures

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

Fiscal Year	Secured (1)	Unsecured (2)	Exempt (3)	Total Taxable Assessed Value (4)	Total Direct Tax Rate (4)
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
2021-22	105,018,299	3,700,904	(3,724,094)	104,995,109	1.00

Notes:

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

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

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

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

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector

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

Fiscal Year	County Direct Rates (1)			Overlapping Rates (1)			Total
	County	Other	County Direct Rate	Cities (2)	School Districts (3)	Special Districts	
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
2021-22	0.21381	0.78619	1.0000	0.09800	0.02234	0.00997	1.13031

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, 2022 and June 30, 2013
 (Dollar Amounts in Thousands)

Taxpayer	June 30, 2022:			June 30, 2013:		
	Total Taxes (1)	Rank	Percentage of Total County Taxes	Total Taxes (1)	Rank	Percentage of Total County Taxes
Pacific Gas & Electric Co.	\$ 21,247	1	1.66%	\$ 8,714	2	1.13%
Geysers Power Co. LLC	14,184	2	1.11	11,314	1	1.46
Keysight Technologies Inc.	3,169	3	0.25	1,602	4	0.21
Foley Family Farms LP	1,904	4	0.15			
Enclave Apartments LLC	1,753	5	0.14			
Pacific Bell Telephone Co.	1,751	6	0.14	1,718	3	0.22
Jackson Family Investments LLC	1,410	7	0.11			
Foley Family Farms LLC	1,231	8	0.10			
Gallo Vineyards Inc.	1,192	9	0.09			
CWI-Fairmont Sonoma Hotel	1,191	10	0.09			
Ferrari-Carano Vineyards				961	5	0.12
EMI Santa Rosa LTD				927	6	0.12
Constellation Wines US Inc.				841	7	0.11
Varenna at Fountaingrove				835	8	0.11
Silverado Sonoma Vineyards				797	9	0.10
CPN Wild Horse GeoThermal				779	10	0.10
Total	<u>\$ 49,032</u>		<u>3.84%</u>	<u>\$ 28,488</u>		<u>3.69%</u>
Total taxes of all taxpayers (2)	<u>\$ 1,276,303</u>			<u>\$ 772,787</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, 2013

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
2012-13	\$ 653,050	\$ 641,750	98.3%	\$ 10,839	\$ 652,589	99.9%
2013-14	676,858	667,922	98.7%	8,491	676,413	99.9%
2014-15	728,497	721,075	99.0%	6,950	728,025	99.9%
2015-16	778,237	770,592	99.0%	7,025	777,617	99.9%
2016-17	822,153	815,344	99.2%	6,088	821,432	99.9%
2017-18	852,241	844,872	99.1%	8,686	853,557	100.2%
2018-19	901,683	893,578	99.1%	6,583	900,161	99.8%
2019-20	958,370	946,295	98.7%	9,311	955,606	99.7%
2020-21	1,016,809	1,003,959	98.7%	8,636	1,012,595	99.6%
2021-22	1,049,951	1,036,501	98.7%	-	1,036,501	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
	2012-13	\$ 32,471	\$ 90,700	\$ 472,255	\$ 1,925
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	-
2021-22	9,189	73,631	247,880	-	-

Fiscal Year	Business-Type Activities				
	Energy		Notes and Loans Payable	Advances From Other Governments	Landfill Closure and Postclosure (4)
	Certificates of Participation	Independence Bonds			
2012-13	\$ 3,200	\$ 47,648	\$ 810	\$ 12,358	\$ 52,778
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	4,834
2016-17	-	33,556	4,215	7,829	9,993
2017-18	-	30,307	448	6,595	9,831
2018-19	-	28,311	17,357	2,369	9,508
2019-20	-	25,128	16,857	1,985	NA
2020-21	-	23,356	17,146	1,632	NA
2021-22	-	23,695	16,160	1,267	NA

Fiscal Year	Ratios based on Total Primary Debt			
	Population (1)	Percentage of		Per Capita (3)
		Assessed Value (2)	Personal Income	
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%	1.34%	988
2021-22	482,404	0.42%	1.11%	907

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

i

Long-Term Contract Payable (4)	Financed Purchase Obligations	Unamortized Premiums	Subtotal	Fiscal Year
\$ -	\$ 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
-	2,907	8,777	342,384	2021-22

i

Financed Purchase Obligations	Unamortized Loss	Subtotal	Total Primary Government	Fiscal Year
\$ 669	\$ (100)	\$ 117,363	\$ 798,515	2012-13
266	-	75,655	734,057	2013-14
-	-	60,685	696,524	2014-15
-	-	59,100	639,473	2015-16
-	-	55,593	604,100	2016-17
-	-	47,181	569,584	2017-18
-	-	57,545	538,874	2018-19
-	-	43,970	478,513	2019-20
-	-	42,134	437,583	2020-21
-	-	41,122	383,506	2021-22

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
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%
2021-22	104,995,109	2,099,902	-	2,099,902	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, 2022
 (Dollar Amounts in Thousands)

2021-22 Taxable Assessed Valuation: \$ 104,995,109

<u>Overlapping Debt and Tax Assessment Debt (1)</u>	<u>Percentage Applicable to Sonoma County Taxable</u>	
	<u>Assessed Valuation</u>	<u>Debt Outstanding</u>
High School Districts	100%	\$ 253,946
Unified School Districts	100%	597,192
Elementary Districts	100%	347,672
Santa Rosa Junior College	100%	324,890
Sonoma County Water Agency	100%	65,895
Total Overlapping Debt and Tax Assessment Debt		<u>\$ 1,589,595</u>

<u>Direct Debt (1)</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to Sonoma County Taxable</u>	
		<u>Assessed Valuation</u>	<u>Debt Outstanding applicable to taxable assessed valuation</u>
Sonoma County Certificates of Participation	\$ 9,189	100%	\$ 9,189
Sonoma County Bonds Payable	82,408	100%	82,408
Sonoma County Pension Obligation Bonds	247,880	100%	247,880
Sonoma County Notes Payable	-	100%	-
Sonoma County Capital Leases	2,907	100%	2,907
Total Direct Debt	<u>\$ 342,384</u>		<u>\$ 342,384</u>
Total Combined Overlapping and Direct Debt			<u>\$ 1,931,979</u>

Assessed Valuation Ratio:

Total Overlapping Tax and Assessment Debt	1.51%
Total Direct Debt	0.33%
Total Combined Overlapping and Direct Debt	1.84%

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 Population	Personal Income (1)	Per Capita Personal Income	School Enrollment	Unemployment Rate
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	32,889,161	66,715	68,194	11.6%
2021	484,207	35,601,803	73,526	66,450	5.8%
2022	482,404	39,359,689	81,591	64,802	2.7%

Incorporated Cities Population:

Cloverdale	8,905
Cotati	7,397
Healdsburg	11,030
Petaluma	58,945
Rohnert Park	43,998
Santa Rosa	175,775
Sebastopol	7,489
Sonoma	10,779
Town of Windsor	25,942
Total Incorporated	350,260
Total Unincorporated Areas	132,144
Total Population	<u>482,404</u>

Notes:

(1) Personal Income of all County residents in thousands and estimated as of November 2022.

Sources:

California Department of Finance, E-1 Population Estimates for Cities, Counties, and the State - January 1, 2022

US Department of Commerce, Bureau of Economic Analysis - Regional Data of GDP and Personal Income (BEARFACTS); estimates based on November 2022

California Department of Education; Data Enrollment by Grade report for 2021-22

California Employment Development Department: Labor Force Statistics

Economic Development Dept. -Local Area Unemployment Map for Counties, as of June 2022

COUNTY OF SONOMA, CALIFORNIA
 Major Employers (Unaudited)
 June 30, 2022 and June 30, 2013

Employer	June 30, 2022			June 30, 2013		
	Number of Employees	Rank	Percent of Total County Employment	Number of Employees	Rank	Percent of Total County Employment
County of Sonoma	3,827	1	1.57%	4,258	1	1.76%
Kaiser Permanente	3,130	2	1.29	2,700	4	1.11
Santa Rosa City Schools	1,607	3	0.66	1,628	10	0.67
Santa Rosa Junior College	1,528	4	0.63	3,381	2	1.39
Providence (St. Joseph Health)	1,476	5	0.61	2,669	5	1.10
City of Santa Rosa	1,247	6	0.51			
Sonoma State University	1,210	7	0.50	1,785	9	0.74
Sutter Santa Rosa Regional Hospital	1,200	8	0.49			
Jackson Family Wines	1,082	9	0.44			
Oliver's Market	976	10	0.40			
State of California				2,950	3	1.22
Keysight Technologies (Agilent)				2,350	6	0.97
JDS Uniphase				1,800	7	0.74
United States Government				1,800	8	0.74
Ten largest Employer's	<u>17,283</u>		<u>7.10%</u>	<u>25,321</u>		<u>10.44%</u>
All other employer's	<u>226,017</u>		<u>92.90%</u>	<u>217,079</u>		<u>89.56%</u>
Total Employees	<u>243,300</u>		<u>100.00%</u>	<u>242,400</u>		<u>100.00%</u>

Sources:

- County of Sonoma Adopted Budget Schedules 2021-2022, 2012-2013
- North Bay Business Journal Book of Lists
- State of California, State Employee Demographics
- Sonoma State University Fact Book (as of December 2021)
- City of Santa Rosa ACFR (as of June 30, 2021)
- State of California Employment Development Department: Labor Force Statistics
- County of Sonoma Comprehensive Annual Financial Report 2012-2013

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

FTE'S:	2012-13	2013-14	2014-15	2015-16
General Government				
Board of Supervisors / County Administrator	32	35	37	39
General Services	116	119	119	111
County Clerk-Assessor-Recorder-PA	114	118	109	102
Auditor-Controller / Treasurer-Tax Collector	97	96	92	88
County Counsel	36	38	38	39
Human Resources	50	56	57	55
Information Systems	107	107	117	100
Economic Development	11	12	10	12
Public Protection				
District Attorney	114	120	121	115
Public Defender	52	52	49	49
Sheriff	634	648	635	603
Probation	278	285	286	291
Permit and Resource Management	102	101	108	105
Emergency Services	27	27	24	23
Child Support Services	102	99	98	85
Agricultural Commissioner	37	41	32	32
Northern Sonoma County Air Pollution Control	6	6	6	6
Public Assistance				
Human Services and IHSS	698	784	836	891
Health Services				
H.S.-Administration and other	59	69	75	66
Public Health	202	200	206	213
Mental Health	190	196	212	201
Alcohol, Drug & Tobacco	41	44	38	35
Special Revenue Funds	7	25	26	25
County Medical Services Program	26	35	39	31
Public Ways & Facilities				
Roads	128	137	124	118
Cultural & Recreational				
Regional Parks (1)	117	127	79	81
Agricultural Preservation and Open Space District	28	29	27	24
Education				
U.C. Cooperative Extension	5	5	5	5
Enterprise Funds				
Integrated Waste Enterprise Fund (2)	41	41	40	9
Airport Enterprise Fund	15	15	14	15
Transit	7	6	6	5
Fairgrounds	34	34	36	27
Discrete Component Units				
Community Development Commission	34	35	36	39
Sonoma Water	243	250	212	215
Library (3)	138	138	-	-
	<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	2021-22	FTE'S:
						General Government
38	45	57	64	72	68	Board of Supervisors / County Administrator
110	107	102	103	98	95	General Services
103	105	107	101	98	101	County Clerk-Assessor-Recorder-PA
90	93	99	94	94	102	Auditor-Controller / Treasurer-Tax Collector
41	44	43	41	42	42	County Counsel
56	59	67	66	68	67	Human Resources
102	99	99	100	98	96	Information Systems
12	12	12	21	14	14	Economic Development
						Public Protection
122	126	125	121	122	126	District Attorney
51	51	50	52	49	52	Public Defender
625	624	611	608	595	567	Sheriff
267	262	262	269	251	240	Probation
112	133	151	139	154	154	Permit and Resource Management
21	17	9	12	10	12	Emergency Services
85	87	84	79	72	62	Child Support Services
37	36	36	35	33	36	Agricultural Commissioner
6	6	-	-	-	-	Northern Sonoma County Air Pollution Control
						Public Assistance
877	834	847	852	875	866	Human Services and IHSS
						Health Services
65	82	76	77	66	66	H.S.-Administration and other
210	193	197	200	195	188	Public Health
226	205	190	208	222	204	Mental Health
39	45	14	14	15	14	Alcohol, Drug & Tobacco
20	22	9	10	21	21	Special Revenue Funds
30	17	20	19	20	18	County Medical Services Program
						Public Ways & Facilities
113	117	121	124	123	127	Roads
						Cultural & Recreational
79	88	88	107	112	117	Regional Parks (1)
25	25	25	27	27	27	Agricultural Preservation and Open Space District
						Education
5	4	5	5	4	7	U.C. Cooperative Extension
						Enterprise Funds
10	8	9	10	10	11	Integrated Waste Enterprise Fund (2)
16	16	18	18	18	18	Airport Enterprise Fund
5	5	5	6	6	6	Transit
25	27	27	24	13	18	Fairgrounds
						Discrete Component Units
43	41	46	44	36	50	Community Development Commission
228	222	224	222	227	235	Sonoma Water
-	-	-	-	-	-	Library (3)
3,894	3,857	3,835	3,872	3,860	3,827	

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

Function/Program	2012-13	2013-14	2014-15	2015-16	2016-17
Law & Justice					
Felonies and Misdemeanors Referred by Law Enforcement Agencies (5)	2,321	2,511	2,706	2,229	2,370
Felonies and Misdemeanors Filed (5)	123,008	130,135	–	149,121	99,714
Public Safety					
Fire Prevention Inspections (1)	–	–	1,417	1,321	1,393
Dispatch Calls - Sheriff	126,959	125,149	115,351	114,980	111,568
Adult Detention Facility Bookings - Sheriff	17,773	17,703	16,881	15,953	15,987
Juvenile Hall Average Daily Population	80	76	72	60	54
Health & Public Assistance					
Birth Certificates Registered - Health Services	5,058	5,166	5,224	5,380	4,997
Emergency Medical Responses - Health Services	45,980	50,634	55,157	50,567	66,680
Total Collections - Child Support Enforcement (4)	28,372	28,699	29,038	31,063	34,120
Community Resources & Public Facilities					
Permit & Resource Management:					
Code Enforcement Cases	877	899	931	1,075	994
Customers Served (Public Counter)	–	35,193	35,649	33,458	–
Building Permits Issued	–	16,517	5,450	6,004	5,933
Integrated Waste					
Tonnage - Transportation & Public Works (2)	230,837	267,251	266,913	292,867	297,282
Diverted Tonnage - Transportation & Public Works	110,000	109,000	119,566	102,302	85,696
Regional Parks					
Park Visitors	5,383,600	5,843,143	5,545,143	5,084,152	5,376,723
Veterans/Community Center (3):					
Events	3,655	4,788	1,910	2,912	3,793
Attendance	280,885	312,570	199,883	255,018	343,136

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
- (5) Updated reporting to show Felonies and Misdemeanors referred and filed in FY 2021-22 due to changes in department reporting. Previously 'Filed Felonies/N' – Long dash Indicates historical data not available at time of reporting, changed operating indicator, or statistics no longer available

Source:

Sonoma County Departments

2017-18	2018-19	2019-20	2020-21	2021-22	Function/Program
2,553	–	–	2,196	8,325	Law & Justice
30,572	–	–	139,428	12,823	Felonies and Misdemeanors Referred by Law Enforcement Agencies (5)
					Felonies and Misdemeanors Filed (5)
1,737	–	–	–	–	Public Safety
114,599	105,357	96,478	124,158	81,778	Fire Prevention Inspections (1)
16,516	18,498	14,546	17,903	9,614	Dispatch Calls - Sheriff
41	–	38	90	23	Adult Detention Facility Bookings - Sheriff
					Juvenile Hall Average Daily Population
4,715	4,642	4,559	5,532	5,116	Health & Public Assistance
70,310	75,000	–	53,417	57,837	Birth Certificates Registered - Health Services
35,220	34,421	33,987	30,363	30,470	Emergency Medical Responses - Health Services
					Total Collections - Child Support Enforcement (4)
1,890	1,821	1,687	870	1,509	Community Resources & Public Facilities
–	–	–	33,988	16,736	Permit & Resource Management:
8,625	9,094	8,445	16,340	8,067	Code Enforcement Cases
					Customers Served (Public Counter)
					Building Permits Issued
1,216,047	361,092	323,030	240,000	306,863	Integrated Waste
85,365	92,507	101,275	107,356	99,733	Tonnage - Transportation & Public Works (2)
					Diverted Tonnage - Transportation & Public Works
5,317,133	5,506,506	5,359,420	4,605,999	6,204,388	Regional Parks
					Park Visitors
1,583	2,078	1,357	4,145	791	Veterans/Community Center (3):
135,182	207,640	123,681	387,500	66,003	Events
					Attendance

ew Cases/New VOP' and 'Misdemeanor/Felony Court Appearances'

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

Function	2012-13	2013-14	2014-15	2015-16	2016-17
Sheriff:					
Stations	3	3	3	3	3
Sub-Stations (2)	5	5	5	5	5
Patrol Units	179	186	161	157	159
Helicopter	1	1	1	1	1
Marine Craft	5	5	5	5	5
Streets And Highways:					
Streets (miles)	1,382	1,382	1,382	1,379	1,379
Bridges (longer than 20 feet)	330	332	332	328	328
Traffic Lights:					
Traffic Lights - County Only	37	38	38	38	40
Traffic Lights - Shared With Cities	3	3	3	3	3
Traffic Lights - Shared With State	26	27	30	30	30
Total Traffic Lights	66	68	71	71	73
Parks And Recreation:					
Acreage Open to Public (1)	57,980	11,372	9,403	11,037	11,036
Sonoma Water:					
Water Mains (miles)	90	90	90	90	85
Chlorination Facilities	3	3	3	3	3
Pumping Plants/Booster Stations	21	21	21	21	21
Production Wells	9	9	9	9	9
Tank Storage Capacity (thousands of gallons)	128,800	128,800	128,800	128,800	129,000
Sanitation:					
Sanitary Sewers (miles)	252	230	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)	81	81	80	83	80

Notes:

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

Source:

Sonoma County Departments

2017-18	2018-19	2019-20	2020-21	2021-22	Function
					Sheriff:
3	3	3	3	3	Stations
2	2	2	2	2	Sub-Stations (2)
146	148	–	–	–	Patrol Units
1	1	1	1	1	Helicopter
5	5	5	4	4	Marine Craft
					Streets And Highways:
1,368	1,368	1,368	1,369	1,369	Streets (miles)
328	328	328	327	325	Bridges (longer than 20 feet)
					Traffic Lights:
38	38	38	35	35	Traffic Lights - County Only
3	1	1	5	5	Traffic Lights - Shared With Cities
30	31	32	30	30	Traffic Lights - Shared With State
<u>71</u>	<u>70</u>	<u>71</u>	<u>70</u>	<u>70</u>	Total Traffic Lights
					Parks And Recreation:
11,071	12,556	8,976	9,218	10,887	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	273	273	271	Sanitary Sewers (miles)
13,439	–	–	–	–	Treatment Capacity (millions of gallons per day)
					Treatment Capacity (Avg. Daily Dry Weather Flow, MGD) (3)
5.36	4.86	4.94	2.80	4.94	
					Transit:
83	83	86	81	78	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.

RIGHT-TO-USE ASSET. A lessee's right to use an underlying asset over the lesser or the asset's useful life or term of the lease.

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).