



Sonoma County California

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR
ENDED JUNE 30,

2023

**COUNTY OF SONOMA
STATE OF CALIFORNIA**

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023



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

**Erick Roeser
Auditor-Controller-Treasurer-Tax Collector**



TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter to the Board of Supervisors and Citizens of the County.....	8
Directory of Appointed and Elected Officials.....	16
County Organizational Chart.....	17

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT.....	20
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited).....	26

BASIC FINANCIAL STATEMENTS:

Government-Wide Financial Statements:

Statement of Net Position.....	44
Statement of Activities.....	46

Fund Financial Statements:

Governmental Funds:

Balance Sheet.....	48
Reconciliation of the Balance Sheet to Statement of Net Position.....	49
Statement of Revenues, Expenditures and Changes in Fund Balances.....	50
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.....	51

Proprietary Funds:

Statement of Net Position.....	52
Statement of Revenues, Expenses and Changes in Fund Net Position.....	54
Statement of Cash Flows.....	56

Fiduciary Funds:

Statement of Net Position.....	58
Statement of Changes in Fiduciary Net Position.....	59

Notes to the Basic Financial Statements:

(1) Summary of Significant Accounting Policies.....	60
(2) Cash and Investments.....	71

(3) Interfund Transactions.....	86
(4) Capital Assets.....	88
(5) Leases.....	90
(6) Subscription-based Information Technology Arrangements.....	91
(7) Long-Term Liabilities.....	92
(8) Employees' Retirement Plans.....	96
(9) Other Postemployment Benefits (OPEB).....	101
(10) Risk Management.....	108
(11) Landfill Closure and Postclosure Care Costs.....	109
(12) Commitments and Contingencies.....	110
(13) Service Concession Arrangement.....	110
(14) Successor Agency Private Purpose Trust Fund.....	111
(15) Net Position/Fund Balances.....	113
(16) Adoption of New Standard.....	114

REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)

Pension Plan:

Schedule of County's Proportionate Share of the Net Pension Liability.....	116
Schedule of County Pension Contributions.....	116

OPEB:

Schedule of County's Net OPEB Plan Liability and Related Ratios.....	117
Schedule of OPEB Plan Investment Returns.....	117
Schedule of County OPEB Contributions.....	117
Schedule of Changes in Net OPEB Liability and Related Ratios.....	118

Budgetary Comparison Schedules:

General Fund.....	120
Human Services Special Revenue Fund.....	122
Health and Sanitation Special Revenue Fund.....	123
Open Space Special Tax Account Special Revenue Fund.....	124
Notes to Required Supplementary Information.....	125

TABLE OF CONTENTS

OTHER SUPPLEMENTARY INFORMATION

Combining and Individual Fund Financial Statements and Schedules:	
<i>Nonmajor Governmental Funds:</i>	
Combining Balance Sheet.....	130
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	131
<i>Nonmajor Special Revenue Funds:</i>	
Combining Balance Sheet.....	132
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	133
<i>Budgetary Comparison Schedules:</i>	
Community Investment Special Revenue Fund.....	134
Agricultural Preservation and Open Space District Special Revenue Fund.....	135
Roads Special Revenue Fund.....	136
Mandated Revenues Special Revenue Fund.....	137
2011 Realignment Special Revenue Fund.....	138
Special Districts Fund.....	139
Capital Projects Fund.....	140
Debt Service Fund.....	141
<i>Nonmajor Enterprise Funds:</i>	
Combining Statement of Net Position.....	143
Combining Statement of Revenues, Expenses and Changes in Fund Net Position.....	144
Combining Statement of Cash Flows.....	145
<i>Internal Service Funds:</i>	
Combining Statement of Net Position.....	147
Combining Statement of Revenues, Expenses and Changes in Fund Net Position.....	148
Combining Statement of Cash Flows.....	149
<i>Discrete Component Units:</i>	
Combining Statement of Net Position.....	152
Combining Statement of Activities.....	154

Fiduciary Funds:

Pension (and Other Employee Benefit) Trust Funds Combining Statement of Net Position.....	157
Pension (and Other Employee Benefit) Trust Funds Combining Statement of Changes in Fiduciary Net Position.....	158
Custodial External Investment Pool Funds Combining Statement of Net Position.....	160
Custodial External Investment Pool Funds Combining Statement of Changes in Fiduciary Net Position.....	161
Other Custodial Funds Combining Statement of Net Position.....	162
Other Custodial Funds Combining Statement of Changes in Fiduciary Net Position.....	163

STATISTICAL SECTION (Unaudited)

Net Position by Category.....	168
Expenses by Function.....	170
Changes in Net Position.....	172
Net Expenses by Function.....	174
Fund Balances of Governmental Funds.....	176
Changes in Fund Balances of Governmental Funds.....	178
Assessed Value of Taxable Property.....	180
Property Tax Rates – Direct and Overlapping Governments.....	181
Principal Revenue Taxpayers.....	182
Property Tax Levies and Collections.....	183
Ratios of Outstanding Debt.....	184
Computation of Legal Debt Margin.....	186
Schedule of Direct and Overlapping Debt.....	187
Demographics and Economic Statistics.....	188
Major Employers.....	189
County Employees by Function.....	190
Operating Indicators by Function/Program.....	192
Capital Assets Statistics by Function.....	194
GLOSSARY	
Glossary.....	198





Introductory Section



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January 22, 2024

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, 2023, 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, 2023.

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 478,174. 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-Registrar of Voters, District Attorney, and Sheriff-Coroner. Other department heads are appointed by the Board or the County Administrator.

The County employed 3,890 full-time employees in fiscal year 2022-23 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

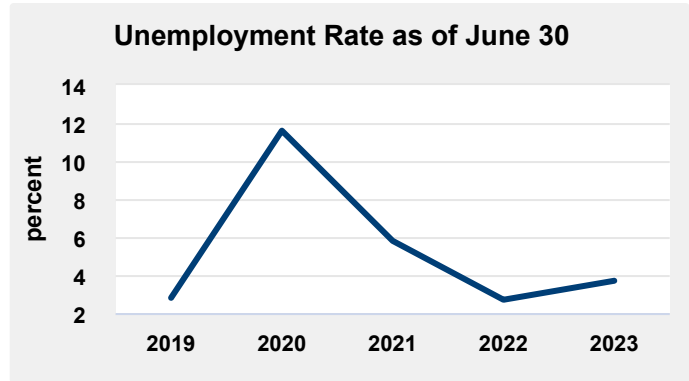
Requests for additional financial information should be addressed to the Sonoma County Auditor-Controller-Treasurer-Tax Collector, 585 Fiscal Drive, Suite 100, Santa Rosa, California 95403.

FACTORS AFFECTING ECONOMIC CONDITION

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

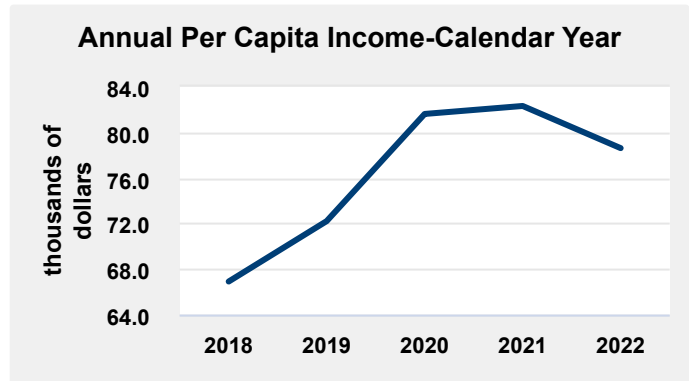
Economy

- During Fiscal Year 2022-23 Sonoma County experienced negative signs of economic conditions including high rates of inflation, an increase in the unemployment rate, and decreases in transient occupancy tax.
- As of June 2023, median home prices decreased 5.1%. Sonoma County remains one of the more affordable Bay Area counties.



Unemployment

- As of June 2023, the County’s unemployment rate increased to 3.7% from 2.7% in June 2022. This is lower than both California’s unemployment rate of 4.9% and the national unemployment rate of 3.8% as of June 2023.
- As of September 2023, the County unemployment rate was 3.5% compared to 2.5% in September 2022. The County’s September 2023 rate is lower than both the California and national unemployment rates of 4.9% and 3.6%, respectively.

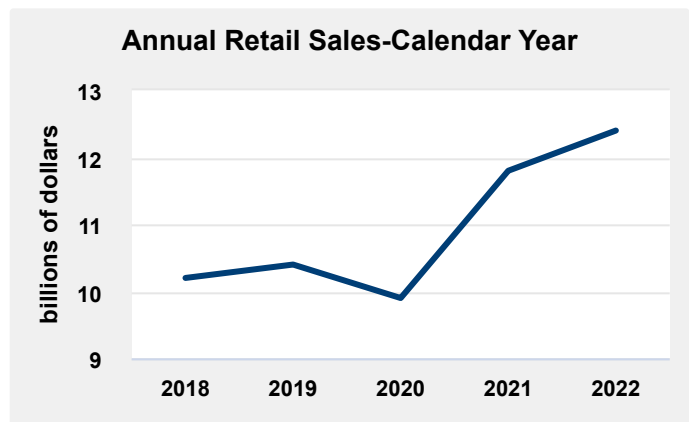


Income

- County per capita personal income decreased to \$78,629 for the 2022 calendar year, from \$81,591 for the 2021 calendar year.

Retail Sales

- Retail sales county-wide increased 5.1% to \$12.4 billion for the 2022 calendar year, from \$11.8 billion for the 2021 calendar year.
- County unincorporated area retail sales stayed the same at \$2.4 billion in both 2022 and 2021 calendar years.

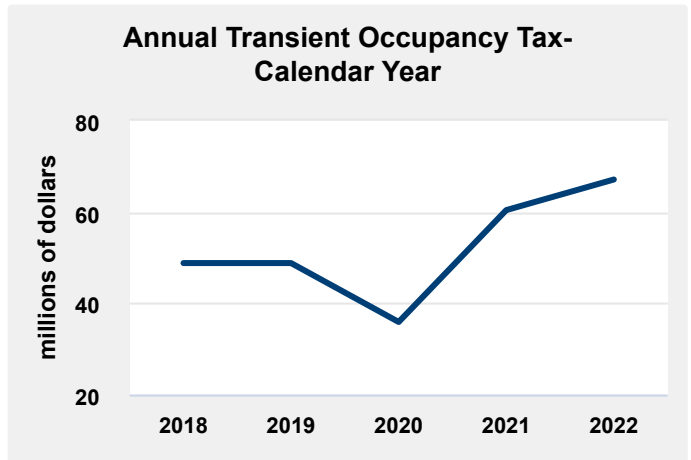
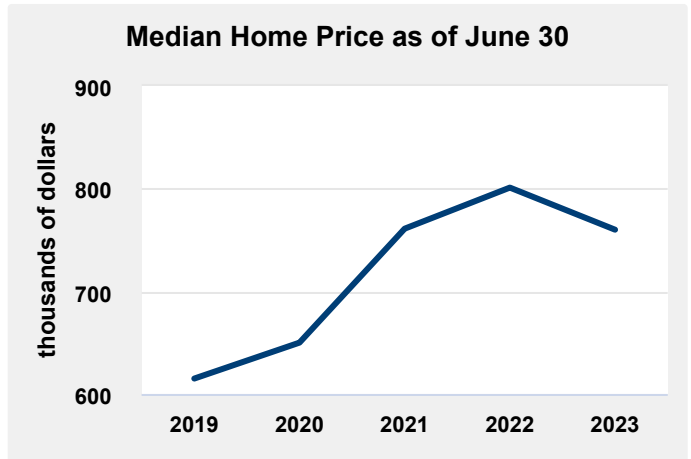


Real Estate

- As of June 2023, the median home price decreased 5.1% to \$760,000 from \$801,000 in June 2022.
- Certified valuation of secured and unsecured property, including residential and non-residential, increased 6.4% to \$108.3 billion for fiscal year 2022-23 from \$101.8 billion for fiscal year 2021-22.
- Certified valuation of residential property increased 6.8% to \$75.4 billion for fiscal year 2022-23 from \$70.6 billion for fiscal year 2021-22.
- Certified valuation of non-residential property increased 5.4% to \$32.9 billion for fiscal year 2022-23 from \$31.2 billion for fiscal year 2021-22.

Tourism

- Sonoma County’s lodging industry average annual occupancy slightly increased to 64.1% in calendar year 2022 from 64.0% in calendar year 2021.
- County-wide transient occupancy tax (TOT) collections increased 11.1% to \$67.1 million in 2022 compared to \$60.4 million in 2021. However, TOT decreased 13.7% to \$22.6 million for the first two quarters of 2023, compared to \$26.2 million for the first two quarters of 2022.



FINANCIAL INDICATORS

The reporting period for the financial indicators is fiscal year 2022-23. County and other governmental agency's transient occupancy tax decreased 10.1%, local sales tax increased 6.4%, and the County's largest revenue source, secured property taxes, increased 5.7%. The County General Fund's share of secured property tax revenue increased 6.5%.

California's 2023-24 Budget Act notes a \$310.8 billion spending plan. After two years of strong growth, this budget projects a downturn in state revenues, and balances a \$31.7 billion shortfall through a combination of reductions, delays to previously-allocated multi-year spending, and use of fund balance in other funds, while maintaining reserves. The state's fiscal picture has significant uncertainty given the extension of the 2022 income tax filing deadline in areas impacted by federally-declared disasters in 2022-23 until November 2023, because income tax is the largest source of General Fund dollars for the State of California.

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 2022-23 in support of the Goals noted above:

- Climate Action & Resiliency secured \$10 million in federal grant funding to build climate resilience in working lands.
- Expanded cybersecurity protections by seeking external sources for independent network monitoring of the County enterprise and selected vendors to assist County in evaluation and responding to security incidents.
- Safely and successfully conducted the November 8, 2022, General Election and the March 7, 2023, Special Election for Schell-Vista and Timber Cove Fire Protection Districts utilizing the Voter's Choice Act model.
- Juvenile Facilities implemented multiple facility and program improvements to effectively support youth in the Secure Youth Treatment Facility program at Juvenile Hall.
- Establishment of the new Homelessness Services Division within the DHS organizational structure after acquiring it from the Community Development Commission (CDC).
- Family, Youth, and Children reached a new record high of 285 approved Resource Family Homes in our community.
- Completed construction of a new terminal at the Charles M. Schulz- Sonoma County Airport.
- Delivered over 520 recreation, park interpretation, outreach, and other programs to over 8,000 community members of all ages and backgrounds and connected approximately 10,000 students to the outdoors via school field trips providing environmental education aligned with Common Core and Next Generation Science Standards.

LONG-TERM FISCAL OUTLOOK

The County's fiscal position has recovered from the Pandemic, but there are significant question marks around the future. While inflation has reduced, interest rates remain high. Nationally, consumer spending has remained strong but this is partially due to increased levels of debt, which are now subject to these higher 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

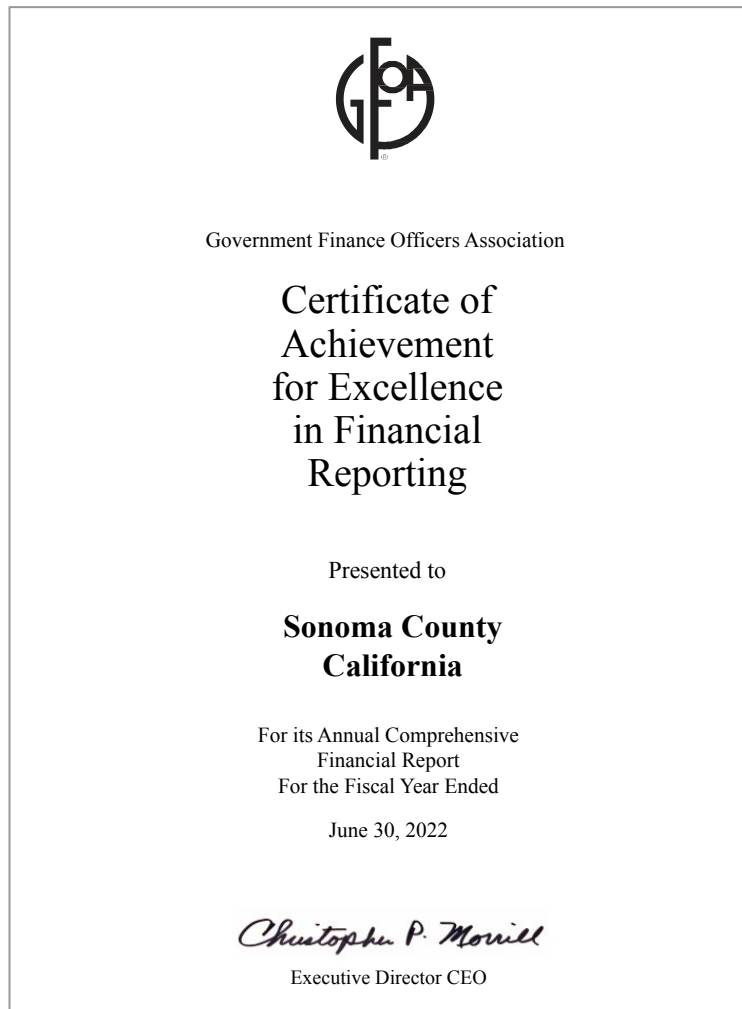
The County has a Debt Advisory Committee (DAC) to provide guidance and support related to all County debt issuance and management. The DAC provides the County Administrator and the Board of Supervisors a review process to ensure that all potential debt obligations are evaluated for cost effectiveness, 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, 2022. This was the thirty-first 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, 2022. This was the twenty-eighth consecutive year that the County has achieved this prestigious award, which requires a governmental unit to 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, 2022. The County has received this prestigious award twenty-five 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,



M. Christina Rivera
County Administrator



Erick Roeser
Auditor-Controller-Treasurer-Tax Collector

DIRECTORY OF APPOINTED AND ELECTED OFFICIALS

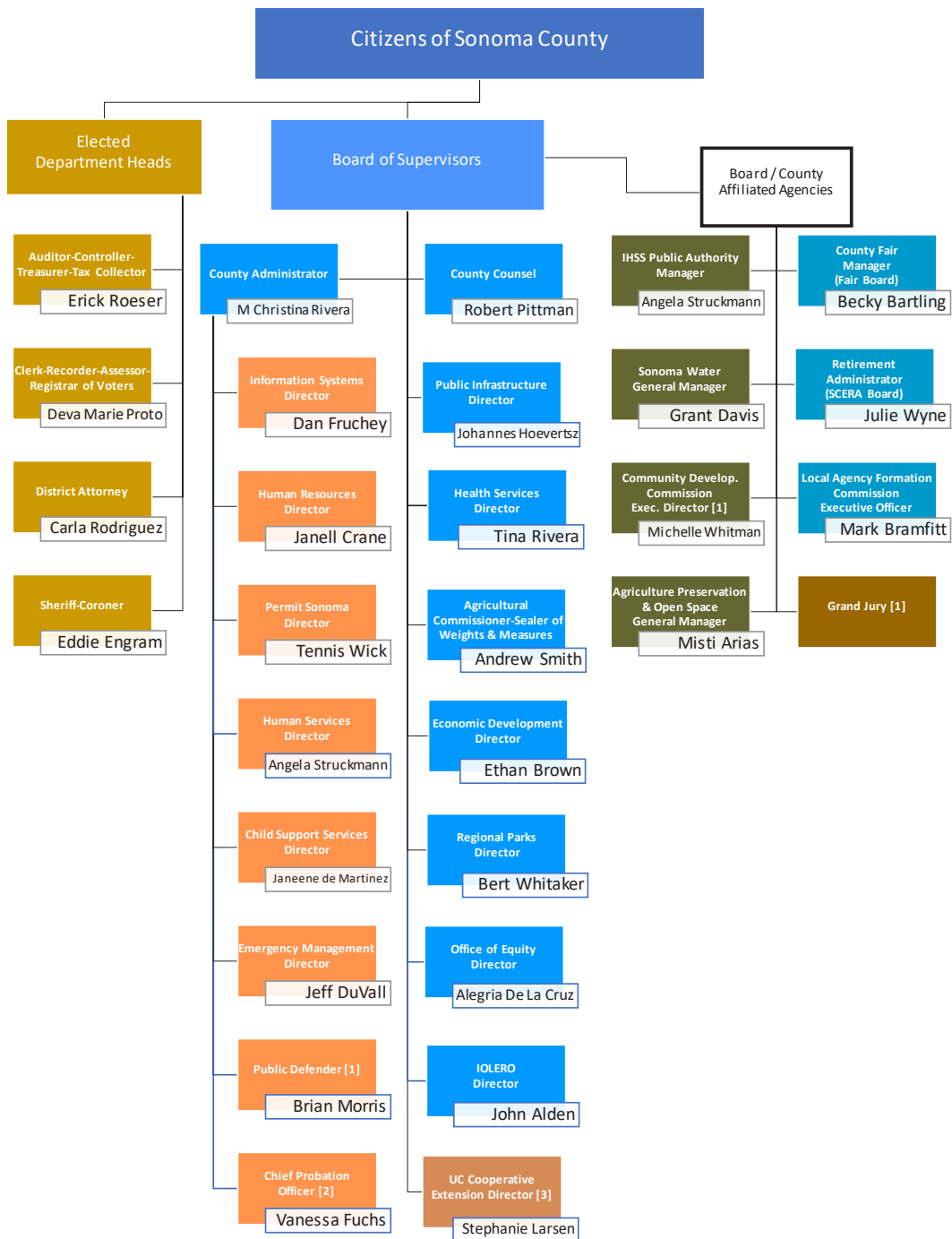
Appointed Officials & Department Heads

Agricultural Commissioner-Sealer of Weights & Measures	Andrew Smith
Agricultural Preservation & Open Space District General Manager	Misti Arias
Child Support Services Director	Janeene de Martinez
Community Development Commission Executive Director	Michelle Whitman
County Administrator	M. Christina Rivera
County Counsel	Robert Pittman
Economic Development Director	Ethan Brown
Emergency Management Director	Jeff Duvall
Health Services Director	Tina Rivera
Human Resources Director	Janell Crane
Human Services Director	Angela Struckmann
Independent Office of Law Enforcement Review and Outreach Director	John Alden
Information Systems Director	Dan Fruchey
Office of Equity Director	Alegria De La Cruz
Permit Sonoma Director	Tennis Wick
Chief Probation Officer	Vanessa Fuchs
Public Defender	Brian Morris
Regional Parks Director	Bert Whitaker
Sonoma Public Infrastructure Director	Johannes Hoevertsz
Sonoma Water General Manager	Grant Davis
U.C. Cooperative Extension Director	Stephanie Larson

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
Clerk-Recorder-Assessor-Registrar of Voters	Deva Marie Proto
District Attorney	Carla Rodriguez
Sheriff-Coroner	Eddie Engram

COUNTY OF SONOMA ORGANIZATIONAL CHART



LEGEND	
 Elected Officials	 Appointed by the Board of Supervisors
 Appointed by the County Administrator	 BOS Serves as Board of Directors
 1 Appointed by the Board of Supervisors	 1 Reports to the County Administrator
 2 Appointed by Superior Court	 Governed by Affiliate Boards
 3 Appointed by the University of California	 1 Appointed by Superior Court

INTRODUCTORY SECTION

FINANCIAL SECTION

STATISTICAL SECTION





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, 2023, 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, 2023, 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), Integrated Waste 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, 2023:

Opinion Unit	Assets	Net Position/ Fund Balances	Revenues
Aggregate Discretely Presented Component Units	100%	100%	100%
Governmental Activities	16%	24%	1%
Business-Type Activities	98%	96%	95%
Aggregate remaining fund information	54%	61%	6%
Major Enterprise Fund – Transit Fund	100%	100%	100%
Major Enterprise Fund – Integrated Waste Fund	100%	100%	100%
Major Enterprise Fund – Airport Fund	100%	100%	100%
Major Enterprise Fund – Energy Independence Program Fund	100%	100%	100%

What inspires you, inspires us. | eidebailly.com

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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), Integrated Waste 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. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2022, 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 GAAS, 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 GAAS. 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 22, 2024, 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 22, 2024



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, 2023. 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 \$2.2 billion at June 30, 2023, an increase from prior year of \$215.0 million.
- The County's net position included \$1.6 billion net investment in capital assets, \$523.4 million in restricted net position, and \$9.7 million in unrestricted net position.
- The County's governmental funds reported a combined ending fund balance of \$996.7 million, an increase of \$127.0 million over prior year. Amounts available for spending include restricted, committed, assigned, and unassigned fund balances and total 98.1% of ending fund balance. Of this amount, \$507.8 million is restricted by law or externally imposed requirements, \$30.4 million is committed for specific purposes, \$384.5 million is assigned to specific purposes determined by the Board of Supervisors and the County Administrator's Office, \$55.0 million is unassigned. \$19.0 million is nonspendable.
- The General Fund unassigned fund balance was \$55.0 million, or 11.6% 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 Integrated Waste, 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. Budgetary comparison schedules are included for each of these funds elsewhere in this report.

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 Integrated Waste, 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 Integrated Waste, 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 \$2.2 billion at the close of the fiscal year.

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

Summary of Net Position June 30, 2023 (Dollars in Thousands)

	Governmental Activities		Business-Type Activities		Total		Total	
	2023	2022 ⁽¹⁾	2023	2022 ⁽¹⁾	2023	2022 ⁽¹⁾	Dollar Change	Percent Change
Assets:								
Current and other assets	\$ 1,282,663	\$ 1,248,482	\$ 142,584	\$ 139,646	\$ 1,425,247	\$ 1,388,128	\$ 37,119	2.7%
Capital assets	1,563,757	1,509,311	193,412	175,278	1,757,169	1,684,589	72,580	4.3%
Total assets	2,846,420	2,757,793	335,996	314,924	3,182,416	3,072,717	109,699	3.6%
Deferred outflows of resources	296,587	213,989	3,446	2,384	300,033	216,373	83,660	38.7%
Liabilities:								
Current and other liabilities	246,415	284,085	20,727	15,126	267,142	299,211	(32,069)	(10.7%)
Long-term liabilities	886,926	574,509	53,879	49,610	940,805	624,119	316,686	50.7%
Total liabilities	1,133,341	858,594	74,606	64,736	1,207,947	923,330	284,617	30.8%
Deferred inflows of resources	64,197	366,866	40,805	44,438	105,002	411,304	(306,302)	(74.5%)
Net position:								
Net investment in capital assets	1,459,079	1,397,357	177,322	158,458	1,636,401	1,555,815	80,586	5.2%
Restricted	496,380	423,220	26,979	23,452	523,359	446,672	76,687	17.2%
Unrestricted	(9,990)	(74,255)	19,730	26,224	9,740	(48,031)	57,771	(120.3%)
Total net position	\$ 1,945,469	\$ 1,746,322	\$ 224,031	\$ 208,134	\$ 2,169,500	\$ 1,954,456	\$ 215,044	11.0%

⁽¹⁾ The FY 2022 assets and liabilities were restated due to the implementation of GASB 96. See Notes 4 and 16.

Analysis of Net Position

The County's total net position increased 11.0% 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 \$1.8 billion less related debt, an increase of \$80.6 million, or 5.2%.

Restricted Net Position

Restricted net position of \$523.4 million represents resources that are subject to external restrictions on their use, or by enabling legislation.

Restricted net position increased \$76.7 million or 17.2%. The primary changes to restricted net position, by function, include:

- Health services increased \$38.7 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), and Mental Health Services Act funding

- Public protection increased by \$8.8 million due to an increases in Probation realignment revenues related to Community Correction Partnership and PG&E Settlement payment for the District Attorney
- Public assistance increased \$10.9 million primarily due to unanticipated protective services 2011 realignment funding
- Open Space Special Tax Account increased \$9.5 million, from \$74.9 million to \$84.4 million primarily from increased Measure F sales tax allocations and capital asset acquisition transfers
- Integrated Waste contractual commitments increased \$4.1 million mainly from amount collected for landfill agreement between county and cities

Unrestricted Net Position

The County's prior year unrestricted net position deficit of \$48.0 million was reduced by \$57.8 million to a surplus of \$9.7 million. The majority of the variance was due to change in 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 23.2% to \$215.0 million from \$280.1 million in prior year.

Changes in Net Position For the Fiscal Year Ended June 30, 2023 (Dollars in Thousands)

	Governmental Activities		Business-Type Activities		Total		Total	
	2023	2022	2023	2022	2023	2022	Dollar Change	Percent Change
Revenues:								
Program revenues:								
Charges for services	\$ 117,413	\$ 111,172	\$ 35,790	\$ 30,719	\$ 153,203	\$ 141,891	\$ 11,312	8.0%
Operating grants and contributions	608,609	651,763	25,399	23,639	634,008	675,402	(41,394)	(6.1%)
Capital grants and contributions	4,905	4,635	8,237	18,753	13,142	23,388	(10,246)	(43.8%)
General revenues:								
Property taxes	325,693	304,492	-	-	325,693	304,492	21,201	7.0%
Documentary transfer taxes	6,124	9,378	-	-	6,124	9,378	(3,254)	(34.7%)
Transient occupancy taxes	29,507	32,830	-	-	29,507	32,830	(3,323)	(10.1%)
Grants and other unrestricted governmental revenues	102,480	95,805	-	-	102,480	95,805	6,675	7.0%
Unrestricted investment earnings (loss)	20,513	(23,419)	1,669	(1,980)	22,182	(25,399)	47,581	(187.3%)
Other	63,444	51,793	2,243	2,960	65,687	54,753	10,934	20.0%
Total operating revenues	1,278,688	1,238,449	73,338	74,091	1,352,026	1,312,540	39,486	3.0%
Expenses:								
General government	132,080	188,199	-	-	132,080	188,199	(56,119)	(29.8%)
Public protection	379,172	324,378	-	-	379,172	324,378	54,794	16.9%
Public ways and facilities	51,626	42,276	-	-	51,626	42,276	9,350	22.1%
Health and sanitation	191,818	150,633	-	-	191,818	150,633	41,185	27.3%
Public assistance	266,560	222,131	-	-	266,560	222,131	44,429	20.0%
Education	1,673	1,049	-	-	1,673	1,049	624	59.5%
Recreation and cultural services	38,874	33,273	-	-	38,874	33,273	5,601	16.8%
Interest on long-term debt	16,671	19,365	-	-	16,671	19,365	(2,694)	(13.9%)
Integrated Waste	-	-	6,846	5,968	6,846	5,968	878	14.7%
Airport	-	-	13,688	12,342	13,688	12,342	1,346	10.9%
Energy Independence Program	-	-	1,918	2,056	1,918	2,056	(138)	(6.7%)
Transit	-	-	21,372	20,387	21,372	20,387	985	4.8%
Fair	-	-	10,459	6,160	10,459	6,160	4,299	69.8%
Marinas	-	-	3,084	2,794	3,084	2,794	290	10.4%
Other	-	-	1,142	1,440	1,142	1,440	(298)	(20.7%)
Total operating expenses	1,078,473	981,304	58,509	51,147	1,136,982	1,032,451	104,531	10.1%
Excess before transfers	200,215	257,145	14,829	22,944	215,044	280,089	(65,045)	(23.2%)
Transfers	(1,068)	(2,251)	1,068	2,251	-	-	-	0%
Change in net position	199,147	254,894	15,897	25,195	215,044	280,089	(65,045)	(23.2%)
Net position, beginning of year	1,746,322	1,491,428	208,134	182,939	1,954,456	1,674,367	280,089	16.7%
Net position, end of year	\$ 1,945,469	\$ 1,746,322	\$ 224,031	\$ 208,134	\$ 2,169,500	1,954,456	\$ 215,044	11.0%

Analysis of Governmental Activities

Governmental activities increased the County's net position \$199.1 million and accounted for 92.6% of the County's total increase in net position from current year activities. Governmental activities operating revenues exceeded operating expenses by \$200.2 million. Transfers to business-type activities decreased net position by \$1.1 million.

Revenues:

Operating revenues for the County's governmental activities increased 3.2% from the prior year amount of \$1.24 billion to \$1.28 billion. Revenues are divided into two categories: program revenues and general revenues.

Program Revenues:

Program revenues decreased \$36.6 million or 4.8%, from the prior year to \$730.9 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 57.2% of the County's funding for governmental activities.

- Operating grants and contributions decreased by \$43.2 million or 6.6% to \$608.6 million due primarily to:
 - ◆ General government decrease of \$48.9 million due to reductions in federal funding for emergency programs, including decreases in Federal Emergency Management Agency (FEMA), American Rescue Plan Act (ARPA), and Emergency Rental Assistance Program (ERAP) funding of \$10.4 million, \$12.7 million, and \$16.1 million respectively. Emergency program revenues are non-recurring in nature and therefore fluctuations from year to year are expected
 - ◆ Public protection decrease of \$1.2 million primarily related to prior year's one-time state prepayment for Gleason Beach Cleanup Project
 - ◆ Public ways and facilities increase of \$2.0 million due to increased State and FEMA reimbursements
 - ◆ Health and sanitation decrease of \$11.1 million primarily due to:
 - ▲ \$6.6 million increase in State mental health apportionments due to higher sales tax volume
 - ▲ \$8.5 million decrease in Disaster Recovery Division revenue due to the ramping down of programs in response to the Pandemic that were funded through General Fund/FEMA/ARPA
 - ▲ \$12 million decrease due to a reduction in Mental Health Services Act Funding received by the State in FY 22/23
 - ◆ Public assistance increase of \$16.6 million primarily due to:
 - ▲ \$4.1 million increase in Realignment revenues from higher sales tax volume
 - ▲ \$8.2 million increase in state funding reimbursements due to increased Welfare caseloads and new grants for American Rescue Plan Act and older Adults Recovery and Resilience
 - ◆ Recreation and cultural services decrease of \$0.5 million mainly due to higher grant revenue from Open Space Special Tax Account towards the purchase of Ag + Open Space conservation land acquisitions

General Revenues:

General revenues had an overall increase of \$76.9 million, or 16.3%, to \$547.8 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 increase are as follows:

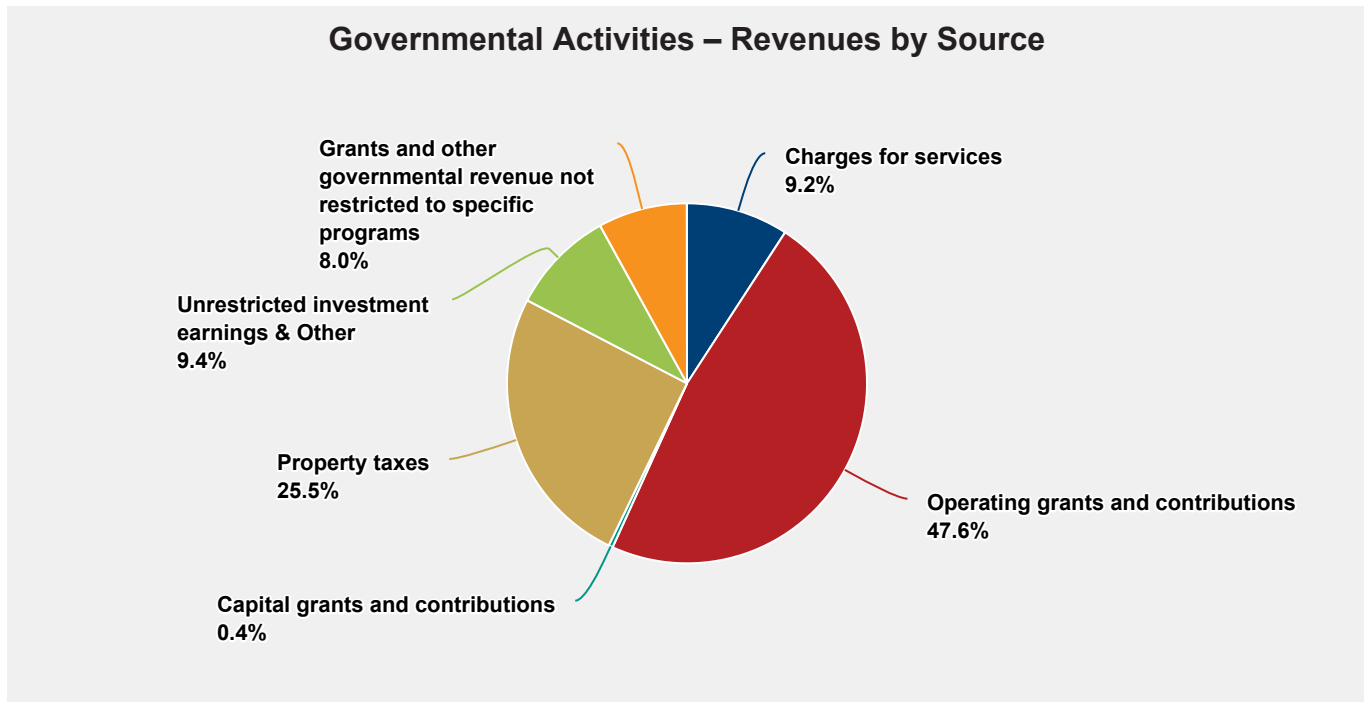
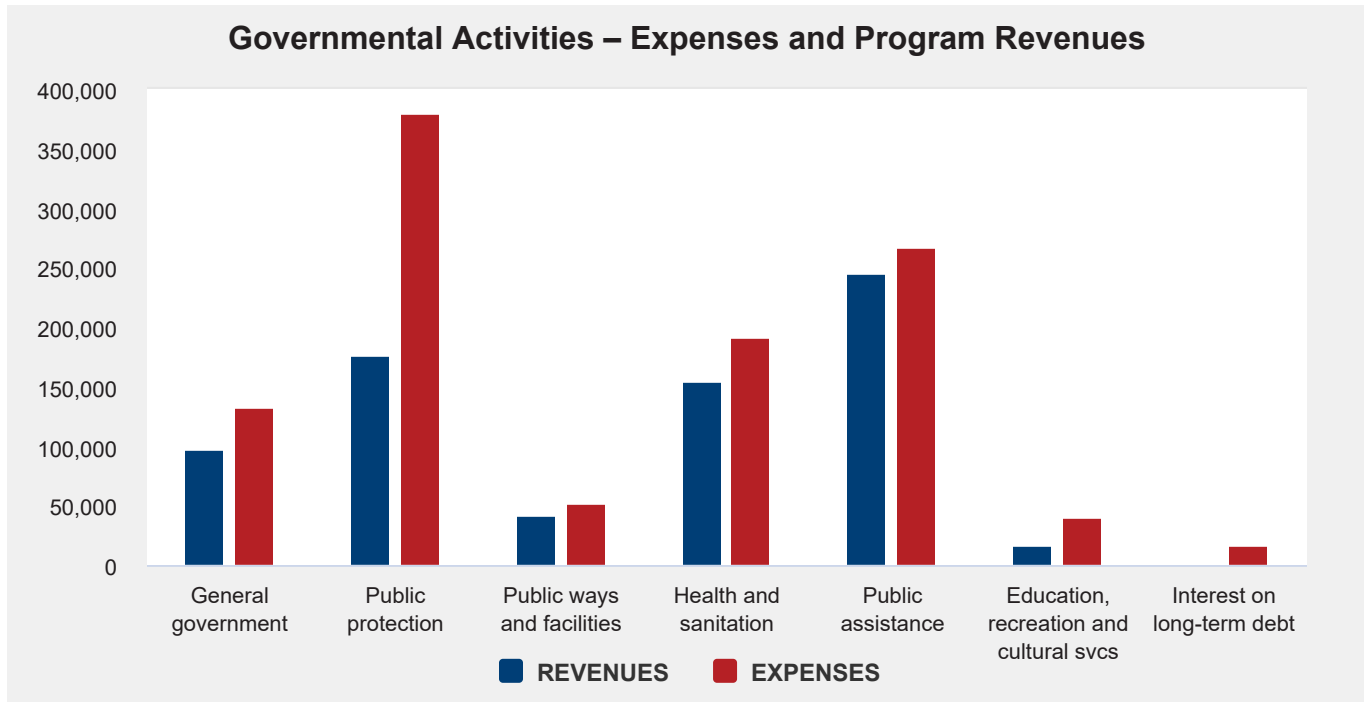
- Property tax revenue \$21.2 million increase attributable to sustained growth in assessed values along with higher supplemental assessments, growth in utilities roll, and restoration of fire affected parcels
- Transient occupancy tax revenue decreased \$3.3 million due to proportional decrease in taxable rents and occupancy in the last fiscal year
- Grants and other unrestricted revenues increased \$6.7 million primarily due to increased sales and use tax revenues, in particular from higher Measure O revenue in Health Services
- Investment earnings (losses) increased \$43.9 million in total due to an unrealized investment gain as well as higher quarterly interest earnings on pooled cash
- Other general revenues increased \$11.7 million mostly due to Medi-cal payments and VLF and sales tax growth apportionments received by Health Services

Expenses:

Total expenses for governmental activities increased \$97.2 million from prior year to \$1.08 billion. The primary reasons for the increase are as follows:

- Health and sanitation expenses increased \$41.2 million, or 27.3%, mainly due to:
 - ◆ Increased \$24.2 million driven by Mental Health Services, Measure O expenditures, Homelessness initiatives, and Covid Pandemic costs
 - ◆ Increased Behavioral Health services & supplies of \$4.7 million driven by increased contractual expenditures for support and care of persons and an increase in expenditures in the Homeless Coordination program
 - ◆ Increased Homelessness Division services & supplies of \$10.7 million driven by the creation of a new division in FY 22/23. This includes the transfer of the Ending Homelessness team from the Community Development Commission in the Spring of 2023, as well as the HEART, SOUL, and Project Homekey programs
- General government expenses decreased \$56.1 million, or 29.8% due in most part to:
 - ◆ One-time contribution in 21-22 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
 - ◆ One-time payment in 21-22 to Sonoma County Transit Authority for road improvements per agreement with Graton Rancheria
 - ◆ Reduction in community grant payments due to no qualifying projects in 22-23
 - ◆ Decrease in Emergency Rental Assistance (ERAP) program expenses of \$16.1 million
 - ◆ Increase in American Rescue Plan Act (ARPA) program expenses of \$7.9 million
- Public assistance expenses increased \$44.4 million, or 20.0%, primarily due to:
 - ◆ \$28.0 million increase in the expense allocation of Internal Service Funds
 - ◆ An increase in realignment revenues from higher tax sales
 - ◆ Increased Welfare Programs related to increased caseloads
- Public protection expenses increased \$54.8 million, or 16.9% primarily due to:
 - ◆ \$41.1 million increase in the expense allocation of Internal Service Funds
 - ◆ Increased public safety realignment services for Probation
- Public ways and facilities increased \$9.4 million, or 22.1% primarily due to:
 - ◆ Three new projects in the Pavement Preservation Program
 - ◆ Increased contract services such as tree removal, debris removal, and material hauling caused by two disasters
- Recreation and cultural services expenses increased \$5.6 million, or 16.8%, due to:
 - ◆ Increase in Open Space Special Tax Account contributions to Ag + Open Space for the purchase of Ag + Open Space conservation land acquisitions

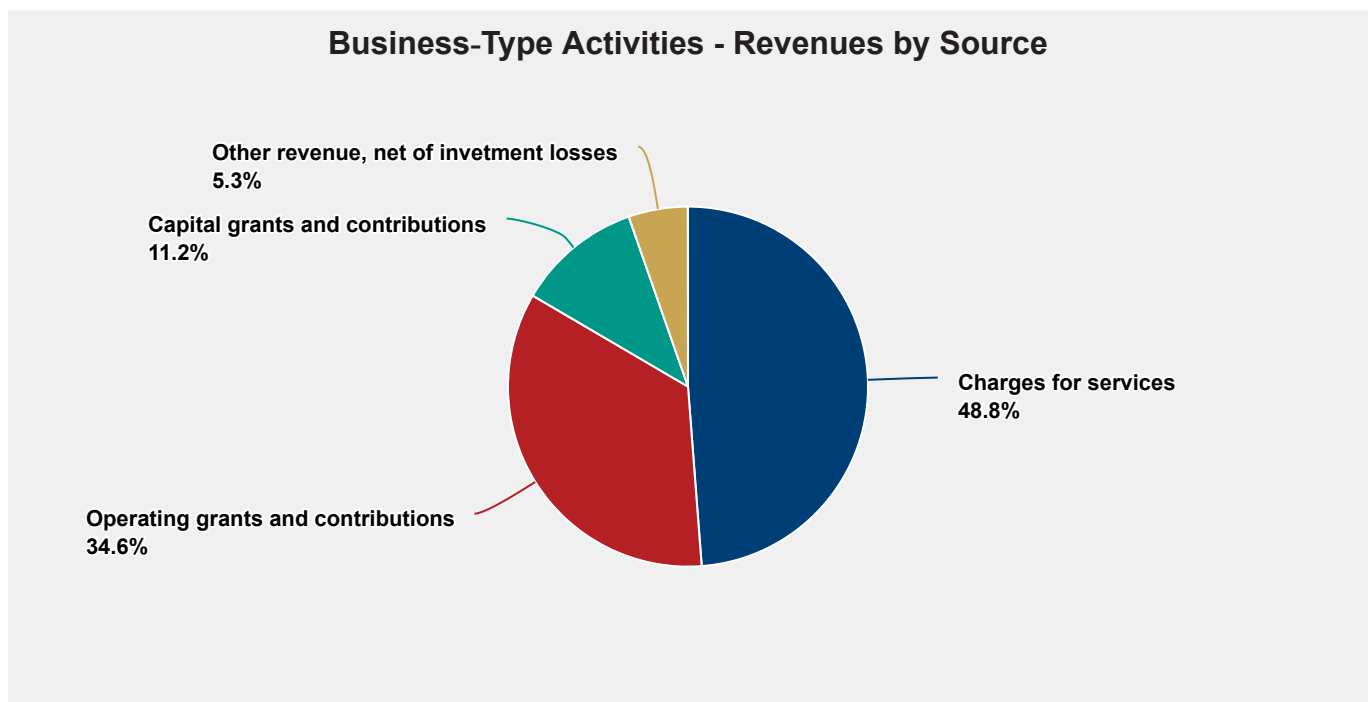
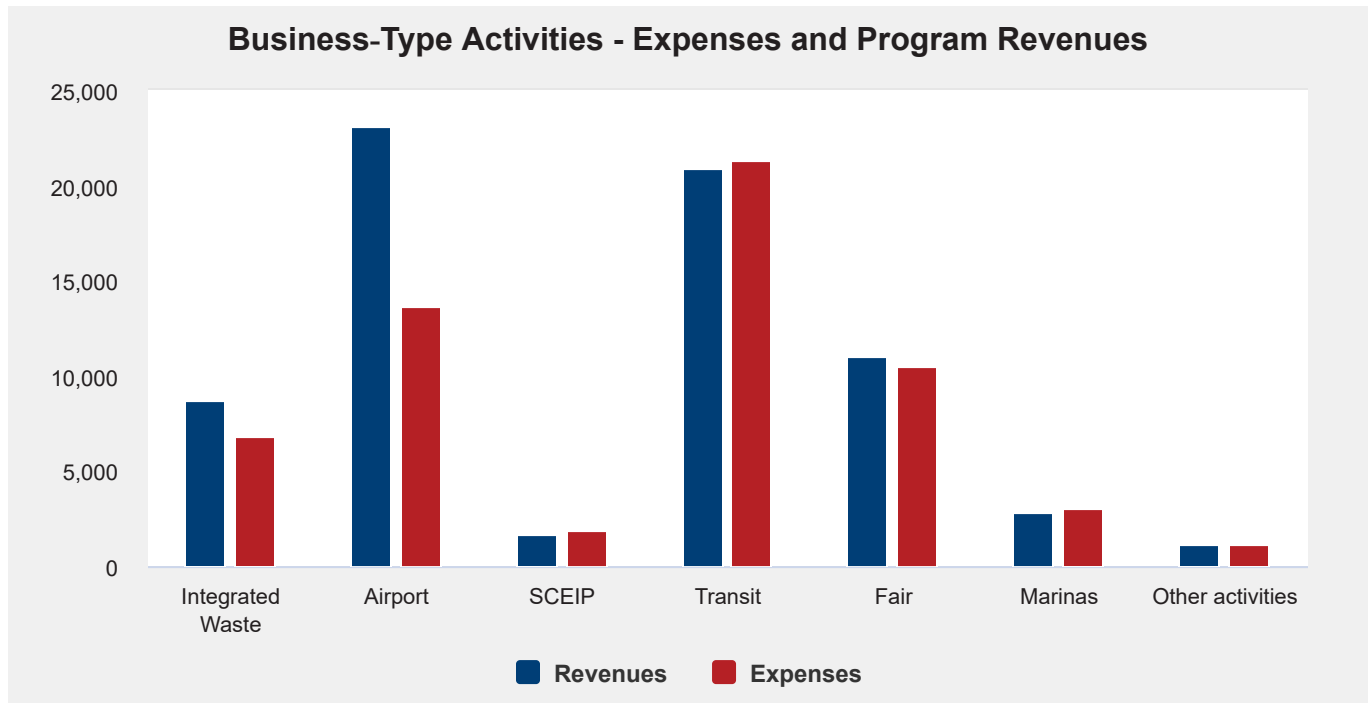
Governmental Activities Comparisons



Business-Type Activities Comparison

Business-type activities net position increased by \$15.9 million, from \$208.1 million to \$224.0 million for the year ended June 30, 2023.

Revenues for the County's business-type activities decreased \$0.8 million from the prior year or 1.0% to \$73.3 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, 2023, the County's governmental funds reported combined fund balances of \$996.7 million, an increase of \$127.0 million compared to fiscal year 2022. 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 15 – Net Position/Fund Balances):

- Nonspendable fund balance, \$19.0 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 \$15.8 million and advances of \$2.3 million.
- Restricted fund balance, \$507.8 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 – \$84.4 million
 - ◆ Capital projects and equipment replacement – \$41.9 million
 - ◆ Debt service – \$10.1 million
 - ◆ Parks donations, mitigation, and operations – \$9.7 million
 - ◆ Courthouse/Criminal Justice Construction – \$2.6 million
 - ◆ Health services programs – \$196.6 million
 - ◆ Fire and emergency services – \$2.1 million
 - ◆ Public assistance – \$63.0 million
 - ◆ Lighting districts – \$11.8 million
 - ◆ Public protection – \$74.8 million
 - ◆ Clerk, Recorder, Assessor operations – \$4.9 million
 - ◆ Other – \$5.9 million
- Committed fund balance, \$30.4 million, consists of amounts that have been committed to specific purposes by the Board of Supervisors and consists of amounts committed to:
 - ◆ Community investment – \$12.1 million
 - ◆ Road activities and other – \$18.3 million
- Assigned fund balance, \$384.5 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 – \$132.0 million
 - ◆ Designated purposes fund - \$52.5 million
 - ◆ Tribal development impact mitigation – \$33.5 million
 - ◆ Redevelopment agencies – \$8.5 million
 - ◆ General services – \$8.1 million
 - ◆ Public protection – \$15.5 million
 - ◆ Employee health contributions - \$11.7 million
 - ◆ FEMA audit reserve - \$10.7 million
 - ◆ Encumbrances – \$28.8 million
 - ◆ Fire Settlement projects – \$26.0 million

- ◆ Projected budget deficit – \$29.4 million
 - ◆ Cannabis program – \$5.0 million
 - ◆ Other programs – \$22.8 million
 - Unassigned fund balance of \$55.0 million represents the residual classification for the General Fund
- Approximately 98.1%, or \$977.6 million, of the total fund balance is available to the County.

General Fund

The General Fund is the main operating fund of the County. The General Fund's total fund balance increased by 21.8%, or \$60.9 million, to \$340.8 million at June 30, 2023. The nonspendable portion of fund balance was \$13.7 million. The spendable portion was \$327.1 million, an increase of \$56.3 million, or 20.8%, over the prior year balance of \$270.8 million. This increase is mainly due to:

- An increase of \$52.5 million designated for specific purposes or assigned initiatives either set by the Board of Supervisors or for multi-year departmental projects
- An increase of \$11.7 million designated for employer portion of County health plan programs and premiums
- A decrease of \$19.5 million from Fire Settlements fund transfers to departments for executing directed initiatives
- An increase of \$6.1 million due to Tribal Mitigation payments decreasing after the larger contribution in the prior year for road improvement per agreement with Graton Rancheria
- An increase of \$2.3 million due to funding designated for Fire Services exceeding contract and project spending for the fiscal year

Other – Governmental Funds

As compared with the prior year, the total fund balances of the remaining governmental funds increased 11.2%, or \$66.0 million, to \$655.9 million with the following significant changes:

- Human Services fund balance increased \$1.1 million, from \$42.7 to \$43.8 million primarily due to unanticipated protective services 2011 realignment funding
- Health and Sanitation fund balance increased \$31.6 million, from \$148.5 to \$180.1 million primarily due to increased 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
- Open Space Special Tax Account increased \$13.0 million, from \$71.4 to \$84.4 million primarily from increased Measure F sales tax allocations and capital asset acquisition transfers
- Community Investment fund balance decreased \$7.0 million, from \$19.2 to \$12.2 million due to transient occupancy tax revenue decrease from lower taxable rents and occupancy
- Roads fund balance decreased \$28.4 million, from \$65.7 to \$37.3 million primarily due to increased spending on various construction projects initiated during the year from the PG&E Fire Settlement
- Capital Projects fund balance increased \$26.0 million, from \$68.5 million to \$94.5 million primarily due to funding received, to be spent on County Center Modernization
- Mandated funds increased \$1.2 million due primarily to a decrease in one-time state prepayment for Gleason Beach Cleanup Project offset by an unrealized investment gain as well as higher quarterly interest earnings
- 2011 Realignment increased \$25.0 million, from \$61.3 to \$86.3 million primarily due to Behavioral Health and Mental Health realignment revenues received from the State for prior years
- Special Districts increased \$1.5 million, from \$21.7 to \$23.2 million primarily due to increased Fire Services capital outlay and lower spending for Roads street lighting

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 \$15.9 million in the current year mostly due to:

- Airport net position increased \$11.3 million, primarily related to Federal grants for the Airport's terminal expansion and other capital projects
- Integrated Waste net position increased \$4.2 million, primarily due to an increase in current year investment income and a small gain from sale of assets

Current year activities of the internal service funds (ISF) increased the net position of the ISF \$7.4 million primarily due to the following:

- Other Postemployment Benefits (OPEB) net position increased by \$25.2 million, the majority due to fund investment performance
- Insurance net position decreased by \$18.3 million, due to higher insurance claims and insurance premiums paid during the year

General Fund Budgetary Highlights

The County's final budget appropriations for General Fund expenditures increased \$38.9 million over the original budget, or 7.0%. In Fiscal Year 2022-23, notable drivers were associated with the implementation of special projects approved by the Board, such as the Vegetation Management Community Grant program, equipment purchases in Fleet, Strategic Plan investments and the Water Security Project.

Revenues:

General Fund actual revenues were \$28.1 million more than final budget revenue estimates. The main reasons are as follows:

- Intergovernmental revenue was \$16.1 million higher due to larger revenue from FEMA and CalOES than originally anticipated
- Use of money and property was \$6.2 million higher due to higher interest earnings
- Tax revenues were higher by \$3.0 million over budget primarily due to higher supplemental tax receipts
- Other revenues were \$5.4 million higher due to miscellaneous revenues in non-general fund units of non-departmental budget
- Charges for services was \$4.1 million less primarily due to:
 - ◆ Lower Fleet Heavy Equipment revenue due to staffing shortages and supply chain issues impacting delivery of services
 - ◆ Lower Permit Sonoma project review revenue due to no environmental review contract work and a reduction in billable pass-through activities in labor and third-party contracts

Expenditures:

General Fund variance between the final budget and actual expenditures resulted in \$87.3 million of unspent appropriations. Key variances are as follows:

- \$57.9 million savings in General Government expenditures largely related to various multi-year projects not being expended during the fiscal year. This includes expenditures associated with the American Rescue Plan Act, Vegetation Management Community Grants and Community Infrastructure Funds. These projects will be extended into future years
- \$22.9 million savings in Public Protection primarily related to continued delays in both recruitment/hiring and project executions in Law Enforcement, Probation, Detention, Permit Sonoma, and Emergency Services areas
- \$3.3 million savings in Capital outlay due to computer equipment replacements and projects in ISD not materializing as anticipated
- \$2.0 million savings in Recreation and cultural services due to salary savings in Regional Parks

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The County's capital assets for its governmental and business-type activities as of June 30, 2023, were \$1.8 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 \$66.1 million or 3.9%.

Capital Assets (net of depreciation) For the Fiscal Year Ended June 30, 2023 (Dollars in Thousands)

	Governmental Activities		Business-Type Activities		Total		Total	
	2023	2022 ⁽¹⁾	2023	2022 ⁽¹⁾	2023	2022 ⁽¹⁾	Dollar Change	Percent Change
Capital assets, non-depreciable:								
Land		\$ 351,407		\$ 27,718		\$ 379,125	\$ -	0%
Intangible assets		417,381		-		417,381	4,989	1.2%
Work in progress		5,380		-		5,380	248	4.6%
Construction in progress	150,578	127,975	46,707	23,651	197,285	151,626	45,659	30.1%
Total capital assets, non-depreciable	929,983	902,143	74,425	51,369	1,004,408	953,512	50,896	5.3%
Capital assets, depreciable:								
Intangible assets		12,012		2,887		14,899	(1,274)	(8.6%)
Infrastructure		200,186		10,974		211,160	27,603	13.1%
Buildings and improvements		268,273		97,523		365,796	(14,007)	(3.8%)
Land improvements		10,337		158		10,495	2,289	21.8%
Machinery and equipment		33,283		12,367		45,650	4,901	10.7%
Right-to-use lease building		80,806		-		80,806	(4,963)	(6.1%)
Right-to-use lease land		2,271		-		2,271	(238)	(10.5%)
Right-to-use lease M&E		-		-		-	2,800	100.0%
Right-to-use asset - SBITA	4,573	6,482	-	-	4,573	6,482	(1,909)	(29.5%)
Total capital assets, depreciable	633,774	613,650	118,987	123,909	752,761	737,559	15,202	2.1%
Total	\$ 1,563,757	\$ 1,515,793	\$ 193,412	\$ 175,278	\$ 1,757,169	\$ 1,691,071	\$ 66,098	3.9%

⁽¹⁾ The FY 2022 right-to-use SBITA/subscription balance was restated due to the implementation of GASB 96.

See Notes 4 and 16.

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

Non-depreciable intangible assets for governmental activities increased \$5.0 million primarily due to easement acquisitions by the Open Space District.

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 \$45.7 million. Capital outlay of \$98.6 million was offset by project completions, transfers, and retirements of \$52.9 million.

The County completed and capitalized CIP projects totaling approximately \$50.1 million. Major and other completed projects include:

- PG&E Tier 1 fire damaged road repairs – 31 different road segments \$19.1 million
- 2017 Flood damaged road repairs – 5 different road segments \$12.6 million
- Wohler Bridge replacement over Mark West Creek \$8.2 million
- Sheriff – Detention facility kitchen (including boiler replacement) \$2.6 million
- Regional Parks – Coastal Prairie Trail, Phase 1 \$1.2 million
- Regional Parks – Hood Lawson Trail, Phase 1 \$0.8 million

The County acquired an additional \$24.1 million in depreciable assets and recorded total depreciation of \$60.0 million against all depreciable capital assets. Capital asset disposals totaled 8.1 million net of accumulated depreciation.

Additional information on capital assets is available in the Notes to the Basic Financial Statements, Note 4 – Capital Assets.

Debt Administration

At the end of the current fiscal year, the County had total long-term liabilities of \$1.03 billion.

Long Term Liabilities For the Fiscal Year Ended June 30, 2023 (Dollars in Thousands)

	Governmental Activities		Business-Type Activities		Total		Total	
	2023	2022 ⁽¹⁾	2023	2022 ⁽¹⁾	2023	2022 ⁽¹⁾	Dollar Change	Percent Change
Compensated absences	\$ 41,878	\$ 40,446	\$ 677	\$ 594	\$ 42,555	\$ 41,040	\$ 1,515	3.7%
Self-Insurance	68,296	60,627	-	-	68,296	60,627	7,669	12.6%
Certificates of participation	7,046	9,189	-	-	7,046	9,189	(2,143)	(23.3%)
Bonds and bond premium payable	71,603	82,408	27,189	23,695	98,792	106,103	(7,311)	(6.9%)
Pension obligation bonds	204,945	247,880	-	-	204,945	247,880	(42,935)	(17.3%)
Notes payable	-	-	-	477	-	477	(477)	(100.0%)
Loans payable	-	-	15,206	15,683	15,206	15,683	(477)	(3.0%)
Other long-term obligations	5,001	6,217	8,186	9,031	13,187	15,248	(2,061)	(13.5%)
Lease liabilities	83,989	84,892	-	-	83,989	84,892	(903)	(1.1%)
SBITA liabilities	4,121	6,482	-	-	4,121	6,482	(2,361)	(36.4%)
Net pension liability	344,382	-	3,279	728	347,661	728	346,933	47655.6%
Net OPEB liability	145,100	148,184	1,991	2,532	147,091	150,716	(3,625)	(2.4%)
Total	\$ 976,361	\$ 686,325	\$ 56,528	\$ 52,740	\$ 1,032,889	\$ 739,065	\$ 293,824	39.8%

⁽¹⁾The FY 2022 SBITA liabilities balance was restated due to the implementation of GASB 96.

See Notes 4 and 16.

Long-term liabilities increased by \$293.8 million, or 39.8%, during the current fiscal year ended June 30, 2023.

The increase was primarily due to the following:

- Net pension liability increase of \$346.9 million, due to unfavorable returns on investments at Sonoma County Employee's Retirement Association (SCERA)
- Pension obligation bonds decrease of \$42.9 million, due to scheduled principal payments
- Net OPEB liability decrease of \$3.6 million, due to fund investment performance

Additional information on long-term liabilities is available in the Notes to the Basic Financial Statements, Note 7 – Long-Term Liabilities.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

During Fiscal Year 2022-23 Sonoma County experienced negative signs of economic conditions including high rates of inflation, an increase in the unemployment rate, and decreases in transient occupancy tax. For fiscal year 2023-24 revenues are estimated to increase as major reductions in ongoing state funding are not expected and secured property tax revenues projected an increase. However, the growth in secured property taxes is declining and leading indicators predict a significant slowdown in the future. The County's fiscal position has recovered from the Pandemic, but there are significant question marks around the future. While inflation has reduced, interest rates remain high. Nationally, consumer spending has remained strong but this is partially due to increased levels of debt, which are now subject to these higher interest rates. These factors create fiscal uncertainty and were considered in developing the 2023-2024 fiscal year budget, which aims at delivering core services the demand and cost of which continue to increase.

Requests for Information

This financial report is designed to provide a general overview of the County of Sonoma's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Auditor-Controller-Treasurer-Tax Collector's Office, 585 Fiscal Drive, Suite 100, Santa Rosa, CA 95403.

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



Statement of Net Position
June 30, 2023
(Dollars in Thousands)

	Primary Government			Discrete Component Units		
	Governmental Activities	Business- Type Activities	Total	Sonoma Water	Community Development Commission	Nonmajor Component Units
ASSETS						
Cash and investments	\$ 1,071,708	\$ 66,452	\$ 1,138,160	\$ 176,626	\$ 37,393	\$ 46,488
Restricted cash and investments	11,197	19,382	30,579	28,834	6,785	12,492
Receivables, net	26,857	30,940	57,797	19,491	115,970	1,528
Inventories	897	1,089	1,986	-	-	-
Due from other governments	148,806	16,167	164,973	-	-	2,391
Lease receivables	6,930	7,659	14,589	-	-	-
Prepaid expenses and deposits	16,113	801	16,914	2,086	215	36
Net pension assets	-	249	249	-	-	-
Internal balances	155	(155)	-	-	-	-
Capital assets:						
Nondepreciable	929,983	74,425	1,004,408	141,761	7,408	22,139
Depreciable, net	633,774	118,987	752,761	202,492	13,888	105,342
Total assets	2,846,420	335,996	3,182,416	571,290	181,659	190,416
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charge on refunding	1,224	-	1,224	191	-	38
Deferred amounts related to pensions	254,515	2,824	257,339	19,027	2,566	-
Deferred amounts related to OPEB	40,848	622	41,470	3,947	846	-
Total deferred outflows of resources	296,587	3,446	300,033	23,165	3,412	38
LIABILITIES						
Accounts payable and accrued liabilities	72,632	11,531	84,163	8,182	4,056	2,826
Due to other governments	10,147	3,432	13,579	641	-	-
Advances from grantors and third parties	63,444	1,276	64,720	-	-	-
Deposits from others	1,942	317	2,259	19	130	-
Interest payable	1,534	441	1,975	2,333	-	447
Other liabilities	7,281	1,081	8,362	7,681	1	-
Long-term liabilities:						
Due within one year	89,435	2,649	92,084	9,751	450	2,526
Due in more than one year	886,926	53,879	940,805	152,920	5,794	27,494
Total liabilities	1,133,341	74,606	1,207,947	181,527	10,431	33,293
DEFERRED INFLOWS OF RESOURCES						
Deferred amounts related to leases	6,747	7,519	14,266	-	-	-
Refunding and service concession arrangements	117	30,587	30,704	127	-	869
Deferred amounts related to pensions	37,567	1,760	39,327	3,245	240	-
Deferred amounts related to OPEB	19,766	939	20,705	1,826	564	-
Total deferred inflows of resources	64,197	40,805	105,002	5,198	804	869

See accompanying notes to the basic financial statements

Statement of Net Position (continued)
June 30, 2023
(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	1,459,079	177,322	1,636,401	233,862	21,055	107,397
Restricted:						
Capital projects	30,619	-	30,619	-	-	-
Debt service	10,111	-	10,111	-	-	-
Agricultural preservation and open spaces	84,386	-	84,386	-	-	-
Health services programs	196,555	-	196,555	-	-	-
Public protection	74,758	-	74,758	-	-	-
Public assistance	63,004	-	63,004	-	-	-
Parks donations, mitigation and operations	9,707	-	9,707	-	-	-
Lighting districts	11,842	-	11,842	-	-	-
Fire and emergency services	2,078	-	2,078	-	-	-
Courthouse/Criminal Justice construction	2,568	-	2,568	-	-	-
Clerk, Recorder, Assessor operations	4,896	-	4,896	-	-	-
Other programs	5,856	485	6,341	-	-	-
Airport Passenger Facility Charges	-	2,804	2,804	-	-	-
Airport Customer Facility Charges	-	153	153	-	-	-
Refuse contractual commitments	-	22,236	22,236	-	-	-
Fair junior livestock auction	-	180	180	-	-	-
Fair capital asset maintenance	-	121	121	-	-	-
Fair endowment	-	1,000	1,000	-	-	-
Discrete Component Units	-	-	-	97,785	6,483	3,546
Total restricted	496,380	26,979	523,359	97,785	6,483	3,546
Unrestricted	(9,990)	19,730	9,740	76,083	146,298	45,349
Total net position	\$ 1,945,469	\$ 224,031	\$ 2,169,500	\$ 407,730	\$ 173,836	\$ 156,292

See accompanying notes to the basic financial statements

Statement of Activities
For the Year Ended June 30, 2023
(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	\$ 132,080	\$ 52,007	\$ 44,648	\$ 795
Public protection	379,172	39,539	137,089	253
Public ways and facilities	51,626	4,867	36,425	-
Health and sanitation	191,818	11,193	142,708	21
Public assistance	266,560	1,782	242,840	249
Education	1,673	-	17	-
Recreation and cultural services	38,874	8,025	4,882	3,587
Interest on long-term debt	16,671	-	-	-
Total governmental activities	1,078,473	117,413	608,609	4,905
Business-type activities:				
Integrated Waste	6,846	8,703	46	-
Airport	13,688	9,479	7,887	5,699
Energy Independence Program	1,918	1,667	-	-
Transit	21,372	938	17,466	2,538
Fair	10,459	11,006	-	-
Marinas	3,084	2,836	-	-
Other	1,142	1,161	-	-
Total business-type activities	58,509	35,790	25,399	8,237
Total primary government	\$ 1,136,982	\$ 153,203	\$ 634,008	\$ 13,142
Discrete Component Units:				
Sonoma Water	\$ 117,934	\$ 71,132	\$ 6,279	\$ 4,516
Community Development Commission	81,993	-	103,648	-
Sonoma Valley Sanitation District	16,999	18,891	21	147
Russian River Sanitation District	1,478	6,155	-	1,608
South Park Sanitation District	3,422	4,598	225	-
Occidental Sanitation District	1,609	537	600	1,500
Total Discrete Component Units	\$ 223,435	\$ 101,313	\$ 110,773	\$ 7,771
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	
FUNCTION/PROGRAM ACTIVITIES						
Primary government:						
Governmental activities:						
\$ (34,630)	-	\$ (34,630)				General government
(202,291)	-	(202,291)				Public protection
(10,334)	-	(10,334)				Public ways and facilities
(37,896)	-	(37,896)				Health and sanitation
(21,689)	-	(21,689)				Public assistance
(1,656)	-	(1,656)				Education
(22,380)	-	(22,380)				Recreation and cultural services
(16,671)	-	(16,671)				Interest on long-term debt
(347,546)	-	(347,546)				Total governmental activities
Business-type activities:						
-	1,903	1,903				Integrated Waste
-	9,377	9,377				Airport
-	(251)	(251)				Energy Independence Program
-	(430)	(430)				Transit
-	547	547				Fair
-	(248)	(248)				Marinas
-	19	19				Other
-	10,917	10,917				Total business-type activities
(347,546)	10,917	(336,629)				Total primary government
Discrete Component Units:						
		\$ (36,007)	\$ -	\$ -		Sonoma Water
			-	21,655		Community Development Commission
					2,060	Sonoma Valley Sanitation District
					6,285	Russian River Sanitation District
					1,401	South Park Sanitation District
					1,028	Occidental Sanitation District
		(36,007)	21,655	10,774		Total Discrete Component Units
GENERAL REVENUES:						
Taxes:						
325,693	-	325,693	25,211	-	-	Property
6,124	-	6,124	12,020	-	-	Documentary transfer
29,507	-	29,507	-	-	-	Transient occupancy
102,480	-	102,480	-	-	-	Grants and other governmental revenue not restricted to specific programs
20,513	1,669	22,182	3,946	2,612	509	Unrestricted investment earnings
63,444	2,243	65,687	-	-	-	Other
(1,068)	1,068	-	-	-	-	Transfers
546,693	4,980	551,673	41,176	2,612	509	Total general revenues and transfers
199,147	15,897	215,044	5,169	24,267	11,283	Change in net position
1,746,322	208,134	1,954,456	402,561	149,569	145,009	Net position, beginning of year
\$ 1,945,469	\$ 224,031	\$ 2,169,500	\$ 407,730	\$ 173,836	\$ 156,292	Net position, end of year

See accompanying notes to the basic financial statements

Balance Sheet
Governmental Funds
June 30, 2023
(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	\$ 381,169	\$ 14,548	\$ 164,320	\$ 79,481	\$ 320,634	\$ 960,152
Cash and investments with trustee	61	-	-	-	10,112	10,173
Accounts receivable	13,914	111	2,376	4,905	4,942	26,248
Interest receivable	11	-	-	-	3	14
Due from other funds	3,663	1,281	1,887	-	3,460	10,291
Inventories	127	-	-	-	770	897
Due from other governments	41,614	29,360	57,732	-	19,945	148,651
Advances to other funds	2,345	-	-	-	-	2,345
Lease receivables	5,585	-	-	-	1,345	6,930
Prepaid items and deposits	11,211	3,906	160	-	507	15,784
Total assets	\$ 459,700	\$ 49,206	\$ 226,475	\$ 84,386	\$ 361,718	\$ 1,181,485
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued salaries and benefits	\$ 38,717	\$ 1,940	\$ 18,948	\$ -	\$ 6,645	\$ 66,250
Due to other funds	2,173	500	4,847	-	1,216	8,736
Due to other governments	3,268	1,288	5,190	-	401	10,147
Advances from grantors and third parties	52,828	1,373	6,143	-	3,100	63,444
Deposits from others	1,932	-	-	-	10	1,942
Compensated absences	2,116	65	-	-	14	2,195
Other liabilities	294	-	3,572	-	1,100	4,966
Total liabilities	101,328	5,166	38,700	-	12,486	157,680
Deferred inflows of resources:						
Deferred amounts related to leases	5,446	-	-	-	1,301	6,747
Deferred amounts related to refunding	-	117	-	-	-	117
Unavailable revenue	12,137	83	7,633	-	420	20,273
Total deferred inflows of resources	17,583	200	7,633	-	1,721	27,137
Fund balances:						
Nonspendable	13,683	3,906	160	-	1,277	19,026
Restricted	889	39,934	179,982	84,386	202,568	507,759
Committed	311	-	-	-	30,110	30,421
Assigned	270,906	-	-	-	113,556	384,462
Unassigned	55,000	-	-	-	-	55,000
Total fund balances	340,789	43,840	180,142	84,386	347,511	996,668
Total liabilities, deferred inflows of resources, and fund balances	\$ 459,700	\$ 49,206	\$ 226,475	\$ 84,386	\$ 361,718	\$ 1,181,485

See accompanying notes to the basic financial statements

**Reconciliation of the Balance Sheet to Statement of Net Position
Governmental Funds
June 30, 2023
(Dollars in Thousands)**

Fund balances - total governmental funds	\$	996,668
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		1,554,021
Certain amounts are not available to pay current period expenditures and therefore are not reported in the governmental funds		
Deferred charge on refunding		1,224
Deferred amounts related to pensions		1,464
Deferred amounts related to OPEB		187
Certain amounts are not available to pay current period expenditures and therefore are deferred inflows of resources in the governmental funds		20,273
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		(413,820)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds		
Accrued interest payable	(508)	
Compensated absences	(39,113)	
Contracts payable	(2,648)	
Lease liability	(87,667)	
Bonds payable	(63,875)	
Bond premium	(7,728)	
Certificates of participation	(7,046)	
Net pension liability	(2,500)	
Net OPEB liability	(1,111)	
Financed purchases	(2,353)	(214,548)
Net position of governmental activities	\$	1,945,469

See accompanying notes to the basic financial statements

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023
(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	\$ 362,949	\$ -	\$ 31,428	\$ 32,285	\$ 37,142	\$ 463,804
License, permit, and franchise fees	23,959	61	7,175	-	4,902	36,097
Fines, forfeitures and penalties	14,108	41	827	-	3,735	18,711
Use of money and property	10,880	891	1,787	892	3,614	18,064
Intergovernmental	134,492	207,537	130,413	-	141,072	613,514
Charges for services	51,262	1,680	3,889	-	5,774	62,605
Other	9,384	5,675	25,323	-	22,214	62,596
Total revenues	607,034	215,885	200,842	33,177	218,453	1,275,391
Expenditures:						
Current:						
General government	115,634	-	-	-	10,360	125,994
Public protection	310,454	-	5,505	-	60,618	376,577
Public ways and facilities	63	-	-	-	40,555	40,618
Health and sanitation	-	-	183,806	-	6,766	190,572
Public assistance	294	236,943	-	-	29,424	266,661
Education	1,461	-	-	-	-	1,461
Recreation and cultural services	26,835	-	-	-	9,559	36,394
Capital outlay	14,240	3,971	2,156	-	78,852	99,219
Debt service:						
Principal	6,232	4,701	3,023	-	10,776	24,732
Interest and other	606	509	723	-	2,488	4,326
Total expenditures	475,819	246,124	195,213	-	249,398	1,166,554
Excess (deficiency) of revenues over (under) expenditures	131,215	(30,239)	5,629	33,177	(30,945)	108,837
Other financing sources (uses):						
Transfers in	40,778	28,612	26,203	-	90,023	185,616
Transfers out	(115,546)	(358)	(524)	(20,173)	(39,163)	(175,764)
Lease inception	3,441	3,102	322	-	374	7,239
SBITA inception	180	-	-	-	-	180
Sales of capital assets	851	-	3	-	-	854
Total other financing sources (uses)	(70,296)	31,356	26,004	(20,173)	51,234	18,125
Net change in fund balances	60,919	1,117	31,633	13,004	20,289	126,962
Fund balances, beginning of year	279,870	42,723	148,509	71,382	327,222	869,706
Fund balances, end of year	\$ 340,789	\$ 43,840	\$ 180,142	\$ 84,386	\$ 347,511	\$ 996,668

See accompanying notes to the basic financial statements

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
For the Year 2023
(Dollars in Thousands)**

Net change in fund balances - total governmental funds		\$ 126,962
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	99,219	
Depreciation expense	(48,017)	
Other related capital adjustments	306	51,508
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		
		(4,559)
Donations of capital assets increase net position in the Statement of Activities but do not appear in the governmental funds because they are not financial resources		
		662
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in governmental funds		
		491
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	24,732	
Lease inception	(7,239)	
SBITA inception	(180)	
Amortization of bond premium	615	17,928
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	99	
Change in compensated absences	(1,376)	
Change in net pension liability	(165)	
Change in net OPEB liability	177	(1,265)
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		
		7,420
Change in net position of governmental activities		\$ 199,147

See accompanying notes to the basic financial statements

Statement of Net Position
Proprietary Funds
June 30, 2023
(Dollars in Thousands)

	Business-Type Activities-Enterprise Funds						Governmental Activities
	Integrated Waste	Airport	Energy Independence Program	Transit	Other	Total	Internal Service Funds
ASSETS							
Current assets:							
Cash and investments	\$ 54,411	\$ 3,139	\$ 2,256	\$ 3,222	\$ 3,424	\$ 66,452	\$ 111,556
Cash and investments with trustee	-	-	-	-	7,350	7,350	1,024
Restricted cash and investments	-	-	-	-	1,217	1,217	-
Receivables, net							
Accounts receivable	1,561	1,081	520	135	1,049	4,346	595
Interest receivable	-	14	-	-	-	14	-
Loans	-	57	-	-	-	57	-
Contractual assessments receivable	-	-	904	-	-	904	-
Due from other funds	4,000	-	-	-	-	4,000	-
Inventories	-	-	-	1,004	85	1,089	-
Due from other governments	65	13,518	-	2,543	41	16,167	155
Lease receivable	36	318	-	-	-	354	-
Prepaid expenses and deposits	-	100	-	15	20	135	329
Total current assets	60,073	18,227	3,680	6,919	13,186	102,085	113,659
Noncurrent assets:							
Restricted cash and investments	9,408	131	-	1,276	-	10,815	-
Lease receivable	271	7,034	-	-	-	7,305	-
Deposits and other assets	183	459	24	-	-	666	-
Contractual assessments receivable	-	-	25,619	-	-	25,619	-
Net pension asset	-	-	-	-	249	249	-
Capital assets:							
Nondepreciable	2,538	63,890	-	3,625	4,372	74,425	448
Depreciable, net	11,255	75,802	152	16,772	15,006	118,987	9,288
Total noncurrent assets	23,655	147,316	25,795	21,673	19,627	238,066	9,736
Total assets	83,728	165,543	29,475	28,592	32,813	340,151	123,395
DEFERRED OUTFLOWS OF RESOURCES							
Deferred amounts related to pensions	788	983	-	283	770	2,824	252,743
Deferred amounts related to OPEB	217	166	-	50	189	622	40,427
Total deferred outflows of resources	1,005	1,149	-	333	959	3,446	293,170
LIABILITIES							
Current liabilities:							
Accounts payable and accrued liabilities	601	7,890	653	1,455	932	11,531	6,381
Due to other funds	-	4,000	-	-	13	4,013	1,542
Due to other governments	14	-	4	3,307	107	3,432	-
Advances from grantors and third parties	-	-	-	1,276	-	1,276	-
Deposits from others	-	26	-	-	291	317	-
Interest payable	-	225	207	-	9	441	1,027
Compensated absences	86	105	-	30	341	562	342
Advances from other governments	-	-	-	-	25	25	-
Self-funded insurance	-	-	-	-	-	-	15,990
Lease liability	-	-	-	-	-	-	194
Bonds payable	-	-	1,570	-	-	1,570	21,065
Loans payable	-	490	-	-	2	492	-
Other liabilities	-	91	307	391	292	1,081	2,315
Total current liabilities	701	12,827	2,741	6,459	2,012	24,740	48,856

See accompanying notes to the basic financial statements

Statement of Net Position (continued)
Proprietary Funds
June 30, 2023
(Dollars in Thousands)

	Business-Type Activities-Enterprise Funds						Governmental Activities
	Integrated Waste	Airport	Energy Independence Program	Transit	Other	Total	Internal Service Funds
Noncurrent portion of long-term liabilities:							
Self-funded insurance	-	-	-	-	-	-	52,306
Compensated absences	41	21	-	53	-	115	228
Advances from other funds	-	-	100	-	42	142	2,203
Advances from other governments	-	-	-	-	862	862	-
Lease liability	-	-	-	-	-	-	249
Bonds payable	-	-	25,619	-	-	25,619	183,880
Loans payable	-	14,713	-	-	1	14,714	-
Landfill closure and postclosure costs	7,299	-	-	-	-	7,299	-
Net pension liabilities	1,062	1,441	-	410	366	3,279	341,882
Net OPEB liabilities	443	613	-	184	751	1,991	143,990
Total noncurrent liabilities	8,845	16,788	25,719	647	2,022	54,021	724,738
Total liabilities	9,546	29,615	28,460	7,106	4,034	78,761	773,594
DEFERRED INFLOWS OF RESOURCES							
Deferred amounts related to leases	298	7,221	-	-	-	7,519	-
Service concession arrangement	30,587	-	-	-	-	30,587	-
Deferred amounts related to pensions	86	111	-	59	1,504	1,760	37,259
Deferred amounts related to OPEB	55	129	-	108	647	939	19,532
Total deferred inflows of resources	31,026	7,461	-	167	2,151	40,805	56,791
NET POSITION							
Net investment in capital assets	13,793	124,489	152	20,397	18,491	177,322	9,297
Restricted for passenger facility charges	-	2,804	-	-	-	2,804	-
Restricted for customer facility charges	-	153	-	-	-	153	-
Restricted for contractual commitments	22,236	-	-	-	-	22,236	-
Restricted for junior livestock auction	-	-	-	-	180	180	-
Restricted for capital asset maintenance	-	-	-	-	121	121	-
Restricted for endowment	-	-	-	-	1,000	1,000	-
Restricted - other	-	131	-	-	354	485	-
Unrestricted	8,132	2,039	863	1,255	7,441	19,730	(423,117)
Total net position (deficit)	\$ 44,161	\$ 129,616	\$ 1,015	\$ 21,652	\$ 27,587	\$ 224,031	\$ (413,820)

See accompanying notes to the basic financial statements

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2023
(Dollars in Thousands)

	Business-Type Activities-Enterprise Funds						Governmental Activities
	Integrated Waste	Airport	Energy Independence Program	Transit	Other	Total	Internal Service Funds
Operating revenues:							
Charges for services	\$1,639	\$1,130	\$1,603	\$978	\$2,664	\$8,014	\$192,073
Rents and concessions	7,011	7,597	-	-	12,088	26,696	2,964
Sales and miscellaneous	15	752	64	-	251	1,082	4,634
Total operating revenues	8,665	9,479	1,667	978	15,003	35,792	199,671
Services and supplies	3,568	6,507	1,244	17,756	8,051	37,126	38,015
Salaries and employee benefits	2,079	2,785	-	719	5,449	11,032	105,232
Claim expenses	-	-	-	-	-	-	24,652
Depreciation and amortization	1,199	3,855	29	2,897	1,158	9,138	2,822
Total operating expenses	6,846	13,147	1,273	21,372	14,658	57,296	170,721
Operating income (loss)	1,819	(3,668)	394	(20,394)	345	(21,504)	28,950
Investment income	1,230	238	85	26	90	1,669	2,449
Interest expense	-	(541)	(645)	-	(27)	(1,213)	(13,272)
Intergovernmental	46	7,887	-	17,466	-	25,399	-
Gain (loss) on disposal of capital assets	38	-	-	(40)	-	(2)	213
Miscellaneous	-	1,714	-	64	465	2,243	-
Total nonoperating revenues (expenses)	1,314	9,298	(560)	17,516	528	28,096	(10,610)
Income (loss) before capital contributions and transfers	3,133	5,630	(166)	(2,878)	873	6,592	18,340
Capital contributions	-	5,699	-	2,538	-	8,237	-
Transfers in	1,076	3	-	13	-	1,092	1,546
Transfers out	(5)	(9)	(6)	-	(4)	(24)	(12,466)
Change in net position	4,204	11,323	(172)	(327)	869	15,897	7,420
Net position (deficit), beginning of year	39,957	118,293	1,187	21,979	26,718	208,134	(421,240)
Net position (deficit), end of year	\$44,161	\$129,616	\$1,015	\$21,652	\$27,587	\$224,031	\$(413,820)



Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023
(Dollars in Thousands)

	Business-Type Activities-Enterprise Funds						Governmental Activities
	Integrated Waste	Airport	Energy Independence Program	Transit	Other	Total	Internal Service Funds
Cash flows from operating activities:							
Received from customers	\$ 7,077	\$ 9,157	\$ 65	\$ 1,069	\$ 15,165	\$ 32,533	\$ -
Received from interfund services provided	-	-	-	-	-	-	218,579
Received from assessments	-	-	3,005	-	-	3,005	-
Received for interest	-	-	1,641	-	-	1,641	-
Payments for assessments	-	-	(6,265)	-	-	(6,265)	-
Payments to suppliers for goods and services	(2,614)	(6,351)	(178)	(17,818)	(8,076)	(35,037)	(61,424)
Payments to employees for services	(2,024)	(2,839)	(1,111)	(753)	(5,837)	(12,564)	(99,116)
Payments for interfund services used	(1,148)	(1,463)	-	-	-	(2,611)	-
Net cash provided (used) by operating activities	1,291	(1,496)	(2,843)	(17,502)	1,252	(19,298)	58,039
Transfers in	-	7	-	-	-	7	1,546
Transfers out	(5)	-	(7)	-	(4)	(16)	(12,466)
Due from other funds	1,076	-	-	-	-	1,076	200
Due to other governments	-	-	-	-	-	-	(104)
Due to other funds	-	-	-	-	-	-	(50)
Advances to other funds	-	-	-	-	(14)	(14)	(1,541)
Proceeds from bonds	-	-	6,402	-	-	6,402	-
Principal paid on bonds	-	-	(2,907)	-	-	(2,907)	(42,935)
Interest paid on bonds	-	-	(626)	-	-	(626)	(13,456)
Proceeds from other governments	-	11,888	100	19,792	-	31,780	-
Contributions	-	-	-	-	194	194	-
Net cash provided (used) by noncapital financing activities	1,071	11,895	2,962	19,792	176	35,896	(68,806)
Acquisition and construction of capital assets	(154)	(18,364)	-	(2,978)	(896)	(22,392)	(1,991)
Principal paid on capital debt	-	(473)	-	-	-	(473)	-
Principal paid on loans	-	-	-	-	(4)	(4)	-
Due from other governments	-	-	-	-	19	19	-
Advances to other governments	-	-	-	-	(380)	(380)	-
Proceeds from grants and other contributions	-	6,094	-	-	-	6,094	-
Receipts from facility charges	-	1,811	-	-	-	1,811	-
Capital contributions	-	-	-	2,035	-	2,035	-
Interest paid	-	(547)	-	-	(41)	(588)	(7)
Net cash provided (used) by capital and related financing activities	(154)	(11,479)	-	(943)	(1,302)	(13,878)	(1,998)
Interest received (loss) on investments	1,231	237	85	25	(121)	1,457	2,449
Proceeds on loan receivable	(4,000)	17	-	-	-	(3,983)	-
Net cash provided by (used in) investing activities	(2,769)	254	85	25	(121)	(2,526)	2,449
Net increase (decrease) in cash and cash equivalents	(561)	(826)	204	1,372	5	194	(10,316)
Cash and cash equivalents, beginning of year	64,380	4,096	2,052	3,126	11,986	85,640	122,896
Cash and cash equivalents, end of year	\$ 63,819	\$ 3,270	\$ 2,256	\$ 4,498	\$ 11,991	\$ 85,834	\$ 112,580

See accompanying notes to the basic financial statements

Statement of Cash Flows (continued)
Proprietary Funds
For the Year Ended June 30, 2023
(Dollars in Thousands)

	Business-Type Activities-Enterprise Funds						Governmental Activities
	Integrated Waste	Airport	Energy Independence Program	Transit	Other	Total	Internal Service Funds
Operating income (loss)	\$ 1,819	\$ (3,668)	\$ 394	\$ (20,394)	\$ 345	\$ (21,504)	\$ 28,950
Depreciation and amortization	1,199	3,855	29	2,897	1,158	9,138	2,822
Net pension activity	116	106	-	17	(331)	(92)	45,617
Net OPEB activity	(85)	(137)	-	(62)	(159)	(443)	(28,487)
Service concession arrangement	(1,429)	-	-	-	-	(1,429)	-
Accounts receivable	(191)	(339)	(190)	37	118	(565)	88
Inventories	-	-	-	(101)	17	(84)	-
Prepaid expenses and deposits	8	(31)	-	(8)	-	(31)	13
Other assets	31	(69)	(3,397)	-	30	(3,405)	-
Accounts payable	264	(1,269)	331	48	(41)	(667)	1,890
Unearned revenue	-	78	38	53	-	169	-
Landfill closure and postclosure costs	(465)	-	-	-	-	(465)	-
Self-funded insurance	-	-	-	-	-	-	7,669
Compensated absences	23	(22)	-	11	101	113	(17)
Other liabilities	1	-	(48)	-	14	(33)	(506)
Net cash provided (used) by operating activities	\$ 1,291	\$ (1,496)	\$ (2,843)	\$ (17,502)	\$ 1,252	\$ (19,298)	\$ 58,039
Cash and investments	\$ 54,411	\$ 3,139	\$ 2,256	\$ 3,222	\$ 3,424	\$ 66,452	111,556
Cash and investments with trustee	-	-	-	-	7,350	7,350	1,024
Restricted cash and investments, current	-	-	-	-	1,217	1,217	-
Restricted cash and investments, noncurrent	9,408	131	-	1,276	-	10,815	-
Total cash and cash equivalents	\$ 63,819	\$ 3,270	\$ 2,256	\$ 4,498	\$ 11,991	\$ 85,834	\$ 112,580
Acquisition of capital assets through payables	\$ -	\$ 5,143	\$ -	\$ -	\$ -	\$ 5,143	\$ -
Right-to-use lease acquisitions	-	-	-	-	-	-	11

See accompanying notes to the basic financial statements

Fiduciary Funds
Statement of Net Position
June 30, 2023
(Dollars in Thousands)

	Pension (and Other Employee Benefit) Trust Funds	Investment Trust	Private Purpose Trust	Custodial	
				External Investment Pool	Other
ASSETS					
Cash and investments	\$ 1,638	\$ 1,737,139	\$ 4,634	\$ 409,000	\$ 37,123
Restricted investments with trustee	223,239	5,325	797	1,209	204
Accounts receivable	70,765	10,638	780	28	72,226
Due from other governments	-	4,046	99	-	7,766
Investments at fair value:					
Cash and equivalents	7,212	-	-	-	-
Mutual funds	92,383	-	-	-	-
Corporate obligations	161,037	-	-	-	-
Government obligations	255,975	-	-	-	-
Equities	1,777,548	-	-	-	-
Other investments	971,082	-	-	-	-
Total investments	3,265,237	-	-	-	-
Other assets	1,877	81,314	429	-	1,028
Total assets	3,562,756	1,838,462	6,739	410,237	118,347
LIABILITIES					
Accounts payable and other liabilities	3,223	17,177	11	169	3,593
Due to other governments	-	8,995	49	90,817	11,248
Other liabilities	266,068	158,204	23,921	2,512	20,778
Total liabilities	269,291	184,376	23,981	93,498	35,619
NET POSITION (DEFICIT)					
Restricted for:					
Pension	3,169,632	-	-	-	-
Other postemployment benefits	123,833	-	-	-	-
Pool participants	-	1,654,086	-	316,739	-
Organizations and other governments	-	-	(17,242)	-	82,728
Total net position (deficit)	\$ 3,293,465	\$ 1,654,086	\$ (17,242)	\$ 316,739	\$ 82,728

See accompanying notes to the basic financial statements

Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2023
(Dollars in Thousands)

	Pension (and Other Employee Benefit) Trust Funds	Investment Trust	Private Purpose Trust	Custodial	
				External Investment Pool	Other
ADDITIONS					
Contributions:					
Employer contributions	\$ 120,004	\$ 2,341	\$ -	\$ -	\$ -
Employee contributions	49,224	-	-	-	-
OPEB employer contributions outside of trust	2,230	-	-	-	-
Total contributions	171,458	2,341	-	-	-
Investment earnings:					
Net increase (decrease) in fair value of investments	(289,074)	(11,815)	124	1,007	(368)
Interest, dividends, and other	53,705	26,434	376	7,065	1,217
Total investment earnings (loss)	(235,369)	14,619	500	8,072	849
Less investment costs:					
Investment expense	25,635	5,285	850	-	338
Net investment earnings (loss)	(261,004)	9,334	(350)	8,072	511
Property taxes	-	929,699	89,036	-	154,538
Other taxes	-	48,132	(4)	-	33,279
Licenses and fees	-	53,915	15	82	71,532
Miscellaneous	106	1,380,209	1,183	76,879	12,184
Total additions	(89,440)	2,423,630	89,880	85,033	272,044
DEDUCTIONS					
Benefits paid to participants or beneficiaries	227,267	-	-	-	-
Employer plan expense	3,119	-	-	-	-
OPEB employer expense outside of trust	2,230	-	-	-	-
Payments to other governments	-	2,088,660	90,142	107,084	268,472
Administrative expenses	4,826	2,684	2	58	2,206
Total deductions	237,442	2,091,344	90,144	107,142	270,678
Net increase (decrease) in fiduciary net position	(326,882)	332,286	(264)	(22,109)	1,366
Net position (deficit), beginning	3,620,347	1,321,800	(16,978)	338,848	81,362
Net position (deficit), ending	\$ 3,293,465	\$ 1,654,086	\$ (17,242)	\$ 316,739	\$ 82,728

See accompanying notes to the basic financial statements

Notes to the Basic Financial Statements June 30, 2023 (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, 2022, 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.

Sonoma County Agricultural Preservation and Open Space District (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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Sonoma County Public Financing Authority (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. 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, 2022 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) – Sonoma Water is governed by the Board of Supervisors of Sonoma County, who act ex-officio as the Board of Directors of Sonoma Water. The Board can enforce rules and regulations, and may employ and set compensation for all agents and employees of Sonoma Water. 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 (Commission) – The Commission is governed by the Board of Commissioners who are appointed by the Board of Supervisors of Sonoma County, and the Commissioners hold oversight and budgeting responsibilities over the Commission. 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

Each District is governed by a Board of Directors, which is composed of either entirely or majoritively by the Board of Supervisors of Sonoma County. The exercise of this oversight responsibility (including ability to modify or approve fee or rate changes) causes the Districts to be an integral part of the County's reporting entity. Sonoma Water provides administrative, engineering, operational and maintenance services to the Districts. Each District is responsible for operating and maintaining local sanitation collection systems, pump stations and treatment plants. The Districts' activities are primarily financed through user fees.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Sonoma County Water and Wastewater Financing Authority (the Financing Authority) The governing body of the Financing Authority is the Board of Supervisors of the County, who act ex-officio as the Board of Directors and hold oversight and budgeting responsibilities. The exercise of this oversight responsibility causes the Financing Authority to be a component unit of the County. The Financing Authority is managed by Sonoma Water; however, it 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.

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.

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 non-operating expenses.

The County reports the following major governmental funds:

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The County reports the following additional fund types:

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- ◆ **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.

(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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(g) Restricted Cash and Investments**

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

(h) Inventories

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

(i) Assets Held for Sale

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

(j) Prepaid Items/Expenses and Deposits

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

(k) Capital Assets

Capital assets include land, land improvements, buildings and improvements, machinery and equipment, infrastructure (e.g. roads, bridges, sidewalks), and intangible assets (e.g. land easements, 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

	Capitalization Threshold	Estimated Useful Life
Land improvements	100	15 to 50 years
Buildings and improvements:		
Buildings	100	50 years
Service and safety systems	100	20 years
Building improvements	100	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	100	3 years
Internally created software	100	10 years
Right-to-use subscription IT asset	100	Shorter of subscription term or useful life of underlying IT asset
Right-to-use lease asset	100	Shorter of lease term or useful life of asset
Leasehold improvements	25	
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 assets by the government that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net assets by the government applicable to a future reporting period.

(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 \$100.

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 shorter of the lease term or their useful lives.

Key estimates related to leases include the 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- ◆ **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) Subscription-based Information Technology Arrangements

A subscription-based information technology arrangement (SBITA) is defined as a contractual agreement that conveys control of the right-to-use another entity's IT asset, alone, or in conjunction with a tangible capital asset, for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction. The County recognizes a subscription liability and right-to-use software asset with an initial individual value of over \$100.

The County measures the subscription liability at the present value of all payments expected to be made during the subscription term. The subscription liability is reduced by the principal portion as the subscription payments are made. The right-to-use software asset is measured as the amount of the initial measurement of the subscription liability plus any payments made to the vendor at commencement of the subscription term and any capitalizable initial implementation costs. The right-to-use software assets are amortized on a straight-line basis over the shorter of the subscription term or useful life of the IT asset.

Key estimates related to subscriptions include the rate used to discount expected subscription payments, subscription terms, and subscription payments.

- ◆ **Discount rate** – The County uses an estimated incremental borrowing rate as the discount rate.
- ◆ **Subscription term** – The subscription term includes all noncancellable periods of the subscription.
- ◆ **Subscription payments** – Subscription payments for measuring the subscription liability include all fixed payments and purchase option prices when the County is reasonably certain to exercise the option.

(o) 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 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.

(p) 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 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)**(q) 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, 2023, was approximately \$112 billion, which includes secured, unsecured, Home Owner Property Tax Relief, and unitary values. The tax rate was \$1 dollar per \$100 dollar 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 14 – 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 1.4% 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.

(r) 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.

(s) 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.

(t) 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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(u) 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.

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

The following GASB statements were implemented for the fiscal year ending June 30, 2023:

GASB Statement No. 91, *Conduit Debt Obligations*: Clarifies conduit debt obligation definition.

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

GASB Statement No. 96, *Subscription-based information technology arrangements (SBITAs)*: The primary objective of this statement is to enhance the relevance and consistency of information about government's subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financing the right to use an underlying asset. Under this statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. The effect of the implementation of this standard on beginning net position is disclosed in Note 16 and the additional disclosures required by this standard are included in Note 6.

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

(w) Future GASB Pronouncements

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

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.*

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

GASB Statement No. 102, *Certain Risk Disclosures*: The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. *Effective FY 2024-25.*

NOTE 2 – CASH AND INVESTMENTS

(a) Financial Statement Presentation

Total cash and investments at June 30, 2023 were presented on the County's financial statements as follows:

	Unrestricted	Restricted	Total
Governmental activities	\$ 1,071,708	\$ 11,197	\$ 1,082,905
Business-type activities	66,452	19,382	85,834
Primary government	1,138,160	30,579	1,168,739
Component unit	260,507	48,111	308,618
Total government-wide	1,398,667	78,690	1,477,357
Fiduciary funds:			
Pension (and Other Employee Benefit) trust funds	3,266,875	223,239	3,490,114
Investment trust funds	1,737,139	5,325	1,742,464
Private-purpose trust funds	4,634	797	5,431
Custodial-external investment pool	409,000	1,209	410,209
Custodial-other custodial funds	37,123	204	37,327
Total cash and investments	\$ 6,853,438	\$ 309,464	\$ 7,162,902

(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:

- ◆ 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

(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 over time as necessary to provide the cash flow and liquidity needed for operations, which reduces the chances of the County from having to sell investments below original cost. Of the County's \$3.6 billion portfolio as of June 30, 2023, 45% 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 fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

NOTE 2 – CASH AND INVESTMENTS (continued)

- ◆ 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:

Issuer	Investment Type	Amount	Percentage Holdings
Federal Home Loan Bank	Federal Agency Security	\$ 353,635	9.69%
Federal Farm Credit Bank	Federal Agency Security	301,514	8.26
Federal Home Loan Mortgage Corp.	Federal Agency Security	280,500	7.69
Federal National Mortgage Association	Federal Agency Security	240,356	6.59

(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, 2023 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 \$127,637 at June 30, 2023. Involuntary participants of the County's investment pool totaled \$1,737,139 at June 30, 2023. Investments held in the Treasury Pool are summarized as follows:

Investment	Cost	Fair Value	Interest Rate Range	Maturity Range
U.S. Agency Securities	\$ 1,237,618	\$ 1,179,075	0.12-1.00%	7/10/23-3/23/26
U.S. Treasury Notes	416,559	404,435	0.12-2.50	7/15/23-1/31/25
Supranational Obligations	368,709	349,272	0.25-5.75	7/31/23-11/17/26
Other Government Obligations	405,472	382,926	0.22-5.96	7/1/23-3/1/28
Commerical Paper	108,769	108,699	4.92-5.30	7/6/23-1/19/24
Certificates of Deposit	507,002	506,353	0.7-5.80	7/3/23-7/22/24
Corporate and Medium Term Notes	572,879	558,611	0.39-7.80	7/15/23-6/14/28
Money Market Mutual Funds	11,348	11,348	4.06	1 day
CalTRUST	15,000	15,000	5.40	1 day
CAMP	122,000	122,000	5.49	1 day
CLASS	12,000	12,000	5.55	1 day
Totals	\$ 3,777,356	\$ 3,649,719		

NOTE 2 – CASH AND INVESTMENTS (continued)**(h) Condensed Pool Statements**

The Treasury Pool includes investments with a fair value of \$3,649,719 and deposits of \$111,898. 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, 2023:

Statement of Net Position

Cash and investments	\$	3,761,617
Less: Cash and deposits - other		(153,824)
Net position held for pool participants		3,607,793
Equity of internal participants		1,417,793
Equity of external pool participants		2,190,000
Net position held for pool participants	\$	3,607,793

Statement of Changes in Net Position

Net position at July 1, 2022	\$	3,182,903
Net change in pooled cash and investments		424,890
Net position held for pool participants at June 30, 2023	\$	3,607,793

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

As of June 30, 2023, the County's investments and their credit ratings and maturities are as follows:

	Credit Rating (Moody's / S & P)	Maturity					Fair Value
		Under 30 Days	31-180 Days	181-365 Days	1-5 Years	Over 5 Years	
Non-pooled investments:							
Cash and cash equivalents	Not rated	\$ 6,415	\$ -	\$ -	\$ -	\$ -	\$ 6,415
Money market mutual funds	AAAm	11,243	-	-	-	-	11,243
OPEB trust investments:							
Cash and cash equivalents	Not rated	7,212	-	-	-	-	7,212
Mutual funds	Not rated	92,383	-	-	-	-	92,383
Corporate obligations	A2/A	-	-	135	2,890	4,611	7,636
Government obligations	A1/A+	-	-	-	796	15,806	16,602
Total investments held by fiscal agents		117,253	-	135	3,686	20,417	141,491
Investments managed by County Treasurer:							
U.S. Agency Securities:							
Federal Farm Credit Bank	Aaa/AAA	55,261	35,357	31,156	179,740	-	301,514
Federal Home Loan Bank	Aaa/AAA	-	25,991	41,505	286,139	-	353,635
Federal Home Loan Mortgage Corp.	Aaa/AAA	-	62,916	32,197	185,388	-	280,501
Federal National Mortgage Association	Aaa/AAA	23,925	29,687	-	186,743	-	240,355
Other U.S. Agencies	Aaa/AAA	-	-	-	3,070	-	3,070
Subtotal U. S. Agency Securities		79,186	153,951	104,858	841,080	-	1,179,075
U.S. Treasury	Aaa/AA+	64,803	-	125,476	214,156	-	404,435
Supranational obligations	Aaa/AAA	2,276	72,961	35,364	238,671	-	349,272
Other government obligations	Aa2/AA	4,365	27,289	21,890	316,888	12,494	382,926
Commercial Paper	A1/A+	44,906	39,597	24,196	-	-	108,699
Certificates of deposit	Aa3/AA-	157,914	129,982	203,457	15,000	-	506,353
Corporate and medium term notes	Aa3/AA-	1,762	70,374	109,093	377,382	-	558,611
Money market mutual funds	AAAm	11,348	-	-	-	-	11,348
Joint Powers Authority Pool:							
CalTRUST	Aaa/AAA	15,000	-	-	-	-	15,000
California Asset Management Program	Aaa/AAA	122,000	-	-	-	-	122,000
California CLASS	Aaa/AAA	12,000	-	-	-	-	12,000
Total investments managed by County Treasurer		515,560	494,154	624,334	2,003,177	12,494	3,649,719
Cash and deposits	N/A						23,005
Less outstanding warrants	N/A						(64,931)
Subtotal cash and investments managed by County Treasurer (Pooled)							3,607,793
Cash and deposits - other							153,824
Subtotal cash and investments managed by County Treasurer							3,761,617
Discrete Component Units							
		Maturity					
		12 Months or Less	13 – 24 Months	25 – 60 Months	More than 60 Months	Fair Value	
Sonoma Water							
Non-pooled investments:							
Money market mutual funds	AAAm	15,282	-	-	-	15,282	
U.S. Treasury STRIPS	N/A	4,613	-	-	-	4,613	
U.S. Treasury Notes	N/A	-	-	2,163	-	2,163	
SCEIP bonds	N/A	546	611	652	12,774	14,583	
Total investments held by bond trustees		\$ 20,441	\$ 611	\$ 2,815	\$ 12,774	36,641	
Fiduciary Component Units							
SCERA non-pooled investments:						3,364,643	
Total cash and investments						\$ 7,162,902	

NOTE 2 – CASH AND INVESTMENTS (continued)**(j) Joint Powers Authorities**

The County is a voluntary participant in three 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), and the California Cooperative Liquid Assets Securities System (California CLASS), which falls under California Government Code 6509.7. These JPAs 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 the three JPAs 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, 2023 the County's total investment in JPAs was \$149,000.

(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, 2023, the County's investment in the Tobacco Endowment was invested in money market mutual funds totaling \$11,348.

(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, 2023, the County's investment in SCEIP bonds, included in other governmental obligations, was \$12,607.

(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.

NOTE 2 – CASH AND INVESTMENTS (continued)

The County's investments measured at fair value as of June 30, 2023 are as follows:

Investments	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Agency securities	\$ 1,179,075	\$ -	\$ 1,179,075	\$ -
U.S. Treasury Notes	404,435	404,435	-	-
Supranational obligations	349,272	-	349,272	-
Other government obligations	382,926	-	370,319	12,607
Commercial Paper	108,699	-	108,699	-
Certificates of deposit	506,353	-	506,353	-
Corporate and medium term notes	558,611	-	558,611	-
Total investments measured at fair value	\$ 3,489,371	\$ 404,435	\$ 3,072,329	\$ 12,607
Investments not subject to fair value hierarchy:				
Money market mutual funds	11,348			
CalTRUST	15,000			
California Asset Management Program	122,000			
California CLASS	12,000			
Total pooled and managed investments	\$ 3,649,719			
Discrete Component Units				
Sonoma Water				
U.S. Treasury STRIPS	\$ 4,613	\$ 4,613	\$ -	\$ -
U.S. Treasury Notes	2,163	2,163	-	-
SCEIP bonds	14,583	-	-	14,583
Total investments measured at fair value	\$ 21,359	\$ 6,776	\$ -	\$ 14,583
Investments not subject to fair value hierarchy:				
Money market mutual funds	15,282			
Sonoma Valley County Sanitation District				
Total investments	\$ 36,641			
Fiduciary Component Unit				
SCERA				
Non-pooled investments	\$ 3,364,643			

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

Pages 78 through 85 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, 2022, and all references in the excerpt are to SCERA's ACFR at <https://scetire.org/Microsites/SCERA/Documents/Financial/ACFR%202022.pdf>.

NOTE 2 – CASH AND INVESTMENTS (continued)**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, 2022

Cash and Short-Term Investment Funds	
(held by)	
(Dollars in Thousands)	
	2022
County Treasury	\$ 3,236
Custodian Bank	134,066
Total	\$ 137,302

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 2022, SCERA had 18 investment managers, managing 22 individual portfolios.

Investments on December 31, 2022, consist of the following (excluding collateral held for securities lending as described in Note F):

Investments at Fair Value	
(Dollars in Thousands)	
	2022
Fixed Income	\$ 535,545
Equities	1,777,548
Real Assets	801,126
Opportunistic	27,185
Total Investments	\$ 3,141,404

The Board has established a policy for investing, specifying the following target asset strategy allocations with a minimum and maximum range for each of these asset classes. Asset targets are applied at the investment manager level, not individual Plan holdings reported in Note H.

Asset Class	Min	Target	Max
Core Plus Fixed Income	12.0%	14.0%	16.0%
Alternative Fixed Income	2.0%	3.0%	4.0%
Real Assets	20.0%	23.0%	26.0%
Domestic Equities	19.5%	21.5%	23.5%
Non-U.S. Equities	19.5%	21.5%	23.5%
Global Equities	15.0%	17.0%	19.0%
Opportunistic	0.0%	0.0%	6.0%
Total	100%		

The asset strategy allocation is incorporated into SCERA's Investment Policy Statement, which helps guide the manner in which SCERA invests. 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. Actual asset strategy allocation results are reported in the Investment Section (page 63).

NOTE 2 – CASH AND INVESTMENTS (continued)**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 \$3.2 million as of December 31, 2022. 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, 2022.

NOTE 2 – CASH AND INVESTMENTS (continued)**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, 2022 was:

Investment Type	Fair Value (Dollars in Thousands)	S&P Rating	Duration (Years)
Government Issues	\$ 121,451	AA+	11.31
Agency Backed Mortgages	116,090	AA+	7.58
Bank Loans	87,140	B	4.54
Corporates	66,261	BBB	8.46
Non-Agency Backed Mortgages	63,106	AA+	6.74
Other Asset Backed	46,086	BBB	4.50
Other	33,579	N/R	N/A
Municipals	1,832	AA-	17.54
Total	\$ 535,545		

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.

NOTE 2 – CASH AND INVESTMENTS (continued)**DEPOSITS AND INVESTMENTS (continued)****Foreign Currency Risk (continued)**

The following positions represent SCERA's exposure to foreign currency risk as of December 31, 2022:

Securities	
Base Currency	Fair Value in USD (Dollars in Thousands)
Canada – CAD	\$ 515
Japan – JPY	143
South Africa – ZAR	54
Brazil – BRL	49
Singapore – SGD	44
Denmark – DKK	32
Euro – EUR	24
New Zealand – NZD	22
Norway – NOK	15
Sweden – SEK	6
Australia – AUD	1
Malaysia – MYR	1
Guernsey – GBP	(323)
Total Non-USD Securities	\$ 583

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.

NOTE 2 – CASH AND INVESTMENTS (continued)**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, 2022:

Investment Derivatives Summary			
(Dollars in Thousands)			
Derivative Type	Change in Fair Value	Fair Value	Notional
Futures	\$ (23,612)	\$ -	\$ 54,337
Forwards	1,431	80	24,532
Options	181	-	-
Swaps – Credit Default	(263)	190	17,203
Swaps – Interest Rate	1,791	943	22,955
Total	\$ (20,472)	\$ 1,213	\$ 119,027

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, 2022:

Derivative Credit Risk Ratings Summary	
(Dollars in Thousands)	
S&P Credit Rating	Fair Value
A+	\$ 257
A	32
BBB+	89
Total subject to credit risk	\$ 378

NOTE 2 – CASH AND INVESTMENTS (continued)**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, 2022 are:

Interest Rate Risk Analysis (Dollars in Thousands)	
Derivative Type	InterestRateDerivatives
Fair Value	\$1,133
Notional	\$92,364
Reference Rate	Libor - 3 months

SECURITIES LENDING

Securities Lending involves the owner of equities or bonds (SCERA) transferring them temporarily to a Borrower who has need of the securities for a short-term trade or financing arrangement. In return for the receipt of the securities, the Borrower transfers either other securities, bonds, or cash back to SCERA's account as collateral. State Street, as the Agent Lender on behalf of SCERA, negotiates the cost of each loan with the Borrower, who then pays the negotiated borrowing fee, typically payable after the current month's end. Revenue is then distributed to SCERA with State Street retaining a small portion for its fee.

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.

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 2022, 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.

SCERA did not impose any restrictions during 2022 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 2022. There were no losses during 2022 resulting from a default of the borrowers.

During 2022, 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, 2022, such investment pool had an average duration of 4 days and an average weighted final maturity of 15 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, 2022, SCERA had no credit risk exposure to borrowers.

As of December 31, 2022, the fair value of the securities on loan was \$107.6 million. The fair value of associated collateral was \$111.3 million (\$87.6 million of cash collateral and \$23.7 million of non-cash collateral). Non-cash collateral, which SCERA does not have the ability to sell unless the borrower defaults, is not reported in the Statement of Fiduciary Net Position.

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

NOTE 2 – CASH AND INVESTMENTS (continued)

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.

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.

NOTE 2 – CASH AND INVESTMENTS (continued)**FAIR VALUE MEASUREMENTS (continued)****Investments and Derivatives Measured at Fair Value**

For the Year Ended December 31, 2022

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	\$ 121,451	\$ -	\$ 121,451	\$ -
Agency Backed Mortgages	116,090	-	116,090	-
Bank Loans	87,140	-	86,121	1,019
Corporate	66,261	-	66,261	-
Non-Agency Backed Mortgages	63,106	-	63,106	-
Other	46,086	38,016	8,070	-
Other Asset Backed	33,579	-	33,579	-
Municipals	1,832	-	1,832	-
Total Fixed Income Securities	<u>535,545</u>	<u>38,016</u>	<u>496,510</u>	<u>1,019</u>
Equity Securities				
Domestic Equity	916,054	912,563	3,491	-
Non-US Equity	861,494	574,234	287,260	-
Total Equity Securities	<u>1,777,548</u>	<u>1,486,797</u>	<u>290,751</u>	<u>-</u>
Real Assets				
Real Estate	342,372	-	-	342,372
Infrastructure	284,638	-	-	284,638
U.S. Farmland	174,116	-	-	174,116
Total Real Assets	<u>801,126</u>	<u>-</u>	<u>-</u>	<u>801,126</u>
Collateral from Securities Lending	<u>87,575</u>	<u>-</u>	<u>87,575</u>	<u>-</u>
Limited Partnership (Opportunistic)	<u>27,185</u>	<u>-</u>	<u>-</u>	<u>27,185</u>
Total Investments	<u>\$ 3,228,979</u>	<u>\$ 1,524,813</u>	<u>\$ 874,836</u>	<u>\$ 829,330</u>
Derivatives				
Swaps	\$ 1,133	\$ -	\$ 1,133	\$ -
Forwards	80	80	-	-
Total Derivatives	<u>\$ 1,213</u>	<u>\$ 80</u>	<u>\$ 1,133</u>	<u>\$ -</u>

NOTE 3 – 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, 2023 are as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Human Services Special Revenue Fund	\$ 500
	Health and Sanitation Special Revenue Fund	1,387
	Internal service funds	1,542
	Other governmental funds	221
	Other enterprise funds	13
		3,663
Human Services Special Revenue Fund	General Fund	286
	Other governmental funds	995
		1,281
Health and Sanitation Special Revenue Fund	General Fund	1,887
Integrated Waste	Airport	4,000
Other governmental funds	Health and Sanitation Special Revenue Fund	3,460
Total		\$ 14,291

Advances to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Internal service funds ⁽¹⁾	\$ 2,203
	Energy Independence Program funds	100
	Other enterprise funds	42
		\$ 2,345

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

(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, 2023:

(1) Between Governmental and Business-Type Activities:

Transfer from	Transfer To	Amount	Purpose of Funding
Governmental Activities:	Business-Type Activities		
General Fund	Integrated Waste Fund	\$ 1,076	Operations
	Airport Enterprise Fund	3	Operations
	Transit	13	Operations
		1,092	
Business-Type Activities:	Governmental Activities:		
Integrated Waste Fund	General Fund	(5)	Operations
Airport Enterprise Fund	General Fund	(9)	Operations
Energy Independence Program	General Fund	(6)	Operations
Other enterprise funds	General Fund	(4)	Operations
		(24)	
Total		\$ 1,068	

NOTE 3 – INTERFUND TRANSACTIONS (continued)**(2) Between Funds within the Governmental Activities:**

Transfer from	Transfer To	Amount	Purpose of Funding
General Fund	Human Services Special Revenue Fund	\$ 28,612	Operations
	Health and Sanitation Special Revenue Fund	26,203	Operations
	Internal service funds	55	Operations and capital projects
	Other governmental funds	59,586	Operations and capital projects
		114,456	
Health and Sanitation Special Revenue Fund	General Fund	523	Operations
Human Services Special Revenue Fund	General Fund	358	Operations
Open Space Special Tax Account Special Revenue Fund	Other governmental funds	20,173	Operations and debt service
Other governmental funds	General Fund	27,408	Operations
	Internal service funds	1,491	Operations
	Other governmental funds	10,266	Operations and capital projects
		39,165	
Internal service funds	General Fund	12,466	Operations
Total		\$ 187,141	

NOTE 4 – CAPITAL ASSETS

Capital asset activities for the fiscal year ended June 30, 2023 are as follows:

Governmental Activities:	Balance July 1, 2022 (Restated) ⁽¹⁾	Additions	Retirements	Transfers	Balance June 30, 2023
Capital assets, non-depreciable:					
Land	\$ 351,407	\$ -	\$ -	\$ -	\$ 351,407
Intangible assets	417,381	4,748	-	241	422,370
Work in progress	5,380	6,768	(422)	(6,098)	5,628
Construction in progress	127,975	72,903	(250)	(50,050)	150,578
Total capital assets, non-depreciable	902,143	84,419	(672)	(55,907)	929,983
Capital assets, depreciable:					
Intangible assets	50,610	2,008	(2,049)	3,525	54,094
Infrastructure	625,830	-	(9,162)	40,519	657,187
Buildings and improvements	463,744	-	(7,406)	6,659	462,997
Land improvements	12,213	-	-	3,150	15,363
Machinery and equipment	114,714	10,748	(17,464)	2,068	110,066
Right-to-use asset - building	91,618	6,440	(246)	-	97,812
Right-to-use asset - land	2,494	166	(264)	-	2,396
Right-to-use asset - M&E	-	2,830	-	-	2,830
Right-to-use asset - SBITA/subscription	6,482	180	-	-	6,662
Total capital assets, depreciable	1,367,705	22,372	(36,591)	55,921	1,409,407
Less accumulated depreciation/amortization for:					
Intangible assets	(38,598)	(4,297)	40	-	(42,855)
Infrastructure	(425,644)	(12,394)	9,162	-	(428,876)
Buildings and improvements	(195,471)	(10,860)	3,697	(806)	(203,440)
Land improvements	(1,876)	(846)	-	-	(2,722)
Machinery and equipment	(81,431)	(8,866)	16,216	792	(73,289)
Right-to-use asset - building	(10,812)	(11,314)	157	-	(21,969)
Right-to-use asset - land	(223)	(215)	75	-	(363)
Right-to-use asset - M&E	-	(30)	-	-	(30)
Right-to-use asset - SBITA/subscription	-	(2,089)	-	-	(2,089)
Total accumulated depreciation/amortization	(754,055)	(50,911)	29,347	(14)	(775,633)
Total capital assets, depreciable, net	607,168	(28,539)	(7,244)	55,907	633,774
Total capital assets, net	\$ 1,515,793	\$ 55,880	\$ (7,916)	\$ -	\$ 1,563,757

⁽¹⁾ The beginning balance was restated due to the implementation of GASB 96. See Note 16.

NOTE 4 - CAPITAL ASSETS (continued)

Business-type activities:	Balance July 1, 2022	Additions	Retirements	Transfers	Balance June 30, 2023
Capital assets, non-depreciable:					
Land	\$ 27,718	\$ -	\$ -	\$ -	\$ 27,718
Construction in progress	23,651	25,663	(5)	(2,602)	46,707
Total capital assets, non-depreciable	51,369	25,663	(5)	(2,602)	74,425
Capital assets, depreciable:					
Intangible assets	12,207	-	-	-	12,207
Infrastructure	13,048	-	-	-	13,048
Land improvements	225	-	-	-	225
Buildings and improvements	260,527	45	-	410	260,982
Machinery and equipment	39,915	1,714	(2,571)	2,192	41,250
Total capital assets, depreciable	325,922	1,759	(2,571)	2,602	327,712
Less accumulated depreciation/amortization for:					
Intangible assets	(9,320)	(501)	-	-	(9,821)
Infrastructure	(2,074)	(522)	-	-	(2,596)
Land improvements	(67)	(15)	-	-	(82)
Buildings and improvements	(163,003)	(5,747)	-	-	(168,750)
Machinery and equipment	(27,549)	(2,355)	2,428	-	(27,476)
Total accumulated depreciation/amortization	(202,013)	(9,140)	2,428	-	(208,725)
Total capital assets, depreciable, net	123,909	(7,381)	(143)	2,602	118,987
Total capital assets, net	\$ 175,278	\$ 18,282	\$ (148)	\$ -	\$ 193,412

Depreciation/Amortization Expense

Depreciation/amortization expense charged for the fiscal year ended June 30, 2023 are as follows:

Governmental Activities:	
General government	\$ 7,755
Public protection	11,744
Public ways and facilities	12,633
Health and sanitation	5,884
Public assistance	6,148
Education	249
Recreation and cultural services	3,604
Depreciation on Heavy Equipment Replacement ISF capital assets	937
Depreciation on Enterprise Resource Planning (ERP) ISF capital assets	1,885
Total depreciation/amortization expense	\$ 50,839
Business-Type Activities:	
Integrated Waste	\$ 1,199
Airport	3,855
Energy Independence Program	29
Transit	2,897
Fair	817
Marinas	136
Other Districts	205
Total depreciation/amortization expense	\$ 9,138

NOTE 5 – LEASES**Lessor:**

As of June 30, 2023, the County was the lessor for several noncancelable leases for building space, land, machinery & equipment, and an easement. The lease terms expire at various times through FY 2061. Monthly payments include both fixed and variable payments. Variable payments are adjusted based on the Consumer Price Index (CPI). The County recognized \$960 in lease revenue and \$323 in interest revenue during the current fiscal year. As of June 30, 2023, the receivables for lease payments and deferred inflow of resources were \$14,589 and \$14,266, respectively. Lease interest rates range from 0.73% to 3.70%.

The future principal and interest lease payments receivable as of June 30, 2023 are as follows:

Governmental Activities

Fiscal Year Ending June 30,	Principal Payments	Interest Payments	Total Receivable
2024	\$ 432	\$ 164	\$ 596
2025	459	154	613
2026	418	144	562
2027	405	135	540
2028	395	125	520
2029 - 2033	1,539	507	2,046
2034 - 2038	1,666	321	1,987
2039 - 2043	1,580	90	1,670
2044 - 2048	32	3	35
2049 - 2053	4	-	4
	\$ 6,930	\$ 1,643	\$ 8,573

Business-Type Activities

Fiscal Year Ending June 30,	Principal Payments	Interest Payments	Total Receivable
2024	\$ 354	\$ 165	\$ 519
2025	350	159	509
2026	354	153	507
2027	346	146	492
2028	330	140	470
2029 - 2033	1,370	609	1,979
2034 - 2038	1,049	480	1,529
2039 - 2043	1,105	355	1,460
2044 - 2048	1,041	223	1,264
2049 - 2053	767	115	882
2054 - 2058	511	28	539
2059 - 2061	82	2	84
	\$ 7,659	\$ 2,575	\$ 10,234

Lessee:

As of June 30, 2023 the County was the lessee for several noncancellable leases for building space, land, and machinery & equipment. The lease terms expire at various times through FY 2055. Monthly payments include both fixed and variable payments. Variable payments are adjusted based on CPI. At June 30, 2023, the value of the lease liability was \$83,989. Lease interest rates range from 0.32% to 3.97%.

NOTE 5 – LEASES (continued)

The future principal and interest lease payments as of June 30, 2023 are as follows:

Governmental Activities ⁽¹⁾

Fiscal Year Ending June 30,	Principal Payments	Interest Payments	Total Payments
2024	\$ 10,343	\$ 1,550	\$ 11,893
2025	9,881	1,395	11,276
2026	9,418	1,244	10,662
2027	8,671	1,095	9,766
2028	6,632	962	7,594
2029 - 2033	20,632	3,351	23,983
2034 - 2038	10,417	1,804	12,221
2039 - 2043	4,322	827	5,149
2044 - 2048	1,823	443	2,266
2049 - 2053	1,373	211	1,584
2054 - 2055	477	13	490
	\$ 83,989	\$ 12,895	\$ 96,884

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

NOTE 6 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The County has entered into several subscription-based information technology arrangements (SBITAs) to finance the purchase of data storage, training, enterprise planning, communication, ballot counting and other software systems. SBITA terms expire at various times through FY2029. Payments include both interest and principal. The initial SBITA liability was recorded in the amount of \$6,482 during the current fiscal year. As of June 30, 2023, the value of the SBITA liability was \$4,122. SBITA interest rates range from 1.89% to 3.10%.

The future minimum obligations under subscription-based information technology arrangements as of June 30, 2023, are as follows:

Governmental Activities ⁽¹⁾

Fiscal Year Ending June 30,	Principal Payments	Interest Payments	Total Payments
2024	\$ 2,258	\$ 87	\$ 2,345
2025	1,732	40	1,772
2026	54	3	57
2027	25	2	27
2028	26	1	27
2029	27	1	28
	\$ 4,122	\$ 134	\$ 4,256

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

NOTE 7 – 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, 2023:

Governmental Activities	June 30, 2022 Restated ⁽²⁾	Additions	Retirements	Balance June 30, 2023	Due Within One Year
Compensated absences	\$ 40,446	\$ 42,546	\$ (41,114)	\$ 41,878	\$ 29,037
Self-insurance ⁽¹⁾	60,628	32,186	(24,518)	68,296	15,990
Certificates of participation - direct borrowing	9,189	-	(2,143)	7,046	2,126
Bonds payable	73,631	-	(9,756)	63,875	7,475
Pension obligation bonds - direct placement ⁽¹⁾	247,880	-	(42,935)	204,945	21,065
Financed purchases	2,907	-	(554)	2,353	480
Lease liabilities ⁽¹⁾	84,892	9,436	(10,339)	83,989	10,343
Subscription liabilities ⁽¹⁾⁽²⁾	6,482	180	(2,541)	4,121	2,257
Contracts payable	3,310	-	(662)	2,648	662
Net pension liability ⁽¹⁾	-	344,385	(3)	344,382	-
Net OPEB liability ⁽¹⁾	148,183	593	(3,676)	145,100	-
Subtotal long-term liabilities	677,548	429,326	(138,241)	968,633	89,435
Unamortized issuance premiums	8,777	-	(1,049)	7,728	-
Total long-term liabilities	\$ 686,325	\$ 429,326	\$ (139,290)	\$ 976,361	\$ 89,435

⁽¹⁾ Internal Service Funds (ISF) predominantly serve governmental funds, therefore ISF long-term liabilities including self-insurance, pension, pension obligation bonds, OPEB, leases, and subscriptions 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 96. See Note 16.

Business-type Activities	Balance June 30, 2022	Additions	Retirements	Balance June 30, 2023	Due Within One Year
Compensated absences	\$ 594	\$ 417	\$ (334)	\$ 677	\$ 563
Landfill closure and postclosure	7,764	544	(1,009)	7,299	-
Advances from other governments - direct borrowing	1,267	-	(380)	887	25
Energy bonds payable - direct placement	23,695	6,402	(2,908)	27,189	1,570
Notes payable	477	-	(477)	-	-
Loans payable - direct borrowing	15,683	-	(477)	15,206	491
Net pension liability	728	3,280	(729)	3,279	-
Net OPEB liability	2,532	8	(549)	1,991	-
Total long-term liabilities	\$ 52,740	\$ 10,651	\$ (6,863)	\$ 56,528	\$ 2,649

NOTE 7 – LONG-TERM LIABILITIES (continued)**(b) Long-term obligations outstanding**

Individual issues of certificates of participation, bonds, loans, and financed purchase obligations outstanding at June 30, 2023 are as follows:

Governmental Activities	Maturity	Interest Rates/ Ranges	Annual Principal Installments	Original Issue Amount	Outstanding Balance June 30, 2023
Certificates of Participation from direct borrowing:					
2010 Administration Building COP	2024	2.89-3.8%	\$71-138	\$ 1,475	\$ 71
2017 General Services Energy	2026	2.45%	660-1,080	17,225	6,975
					7,046
Bonds Payable:					
2015 Series A Agricultural Preservation and Open Space (Measure F)	2024	2.00–5.00%	0-7,010	43,335	6,390
Unamortized issuance premium					783
Tobacco Settlement - Bonds Series 2020	2049	1.38-5.00%	1,275-3,133	66,636	57,485
Unamortized issuance premium					6,945
					71,603
Pension Obligation Bonds from direct placement:					
2010 Series	2030	2.12-6.0%	0-38,030	289,335	204,945
					204,945
Financed Purchase Obligations					
Various	2029	3.62-6.77%	26-245	7,009	2,353
Total long-term obligations					\$ 285,947

Business-type Activities	Maturity	Interest Rates/ Ranges	Annual Principal Installments	Original Issue Amount	Outstanding Balance June 30, 2023
Advances from other governments from direct borrowing:					
Various state and local agencies for the County's other enterprise funds	2053	2.75-3.41%	\$4-213	\$ 4,172	\$ 887
					887
Bonds Payable from direct placement:					
Energy Independence Program	2037	3.00%	93-2,926	\$ 99,584	27,189
Loans Payable from direct borrowing:					
Pacific Gas & Electric Loan	2025	0.00%	0-2	20	3
iBank	2048	3.52-3.61%	103-716	17,000	15,203
					15,206
Total long-term obligations					\$ 43,282

(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:

NOTE 7 – LONG-TERM LIABILITIES (continued)

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

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

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

Bonds Payable – In 2015, \$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, 2023, principal and interest paid were \$7,505. 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 \$57,486 for the Tobacco Settlement Bonds, Series 2020. Total principal and interest remaining on the bonds is \$94,994 through 2049. During the fiscal year ended June 30, 2023, principal and interest paid on the Series 2020 Tobacco Settlement Bonds totaled \$4,677. Based on the above information, the County presents the debt service to maturity assuming no further turbo payments.

NOTE 7 – LONG-TERM LIABILITIES (continued)

Pension Obligation Bonds – Pension obligation bonds were issued as direct placement debt in 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.

(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, 2023, does not expect to incur a liability.

(e) Debt service requirements

Schedule of debt payment requirements for long-term obligations outstanding to maturity at June 30, 2023 follows:

Governmental Activities

Year ending June 30:	Certificates of Participation from direct borrowing		Bonds Payable		Pension Obligation Bonds from direct placement	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 2,126	\$ 162	\$ 7,475	\$ 1,965	\$ 21,065	\$ 11,665
2025	2,105	109	2,385	1,751	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	-	-	3,133	1,875	34,075	9,001
2029-2033	-	-	12,560	8,971	68,405	-
2034-2038	-	-	12,021	8,594	-	-
2039-2043	-	-	11,301	8,249	-	-
2044-2048	-	-	7,686	3,095	-	-
2049	-	-	1,274	51	-	-
Subtotals	7,046	335	63,875	37,667	204,945	46,827
Issuance premiums	-	-	7,728	-	-	-
Total	\$ 7,046	\$ 335	\$ 71,603	\$ 37,667	\$ 204,945	\$ 46,827

NOTE 7 – LONG-TERM LIABILITIES (continued)

Year ending June 30:	Financed Purchase Obligations	
	Principal	Interest
2024	\$ 479	\$ 86
2025	498	68
2026	519	50
2027	445	30
2028	204	12
2029-2030	208	6
Total	\$ 2,353	\$ 252

Business-type Activities

Year ending June 30:	Loans Payable from direct borrowings		Advances From Other Governments from direct borrowing		Energy Bonds Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 492	\$ 531	\$ 25	\$ 24	\$ 1,571	\$ 1,598
2025	507	513	26	23	1,762	1,663
2026	525	495	27	23	1,876	1,542
2027	544	476	27	22	1,997	1,414
2028	563	456	28	21	2,122	1,277
2029-2033	3,128	1,962	122	96	9,197	4,320
2034-2038	3,722	1,357	127	80	4,596	2,075
2039-2043	4,430	637	146	61	3,879	671
2044-2048	1,295	120	167	40	189	6
2049-2053	-	-	192	16	-	-
Total	\$ 15,206	\$ 6,547	\$ 887	\$ 406	\$ 27,189	\$ 14,566

NOTE 8 – 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.

NOTE 8 – EMPLOYEES’ RETIREMENT PLANS (continued)

At December 31, 2022, the date of the most recent actuarial valuation, Plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	5,627
Current active members	4,103
Inactive vested members	1,688
Total	11,418

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:

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

Vesting

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

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

NOTE 8 – EMPLOYEES’ RETIREMENT PLANS (continued)

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.

(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, 2022:

Actuarial cost method	Entry Age
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

(d) Contributions and 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, 2023 were based on the Plan’s valuations dated December 31, 2020 and December 31, 2021. 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, 2023, the County contributed \$65,227 or approximately 18.96% of covered payroll.

NOTE 8 – EMPLOYEES’ RETIREMENT PLANS (continued)**(e) Pension Assets/Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2023, the County reported a net pension liability of \$347,661 and a net pension asset of \$249 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 liability of \$30,000 for their proportionate share. The net pension asset/liability was measured as of December 31, 2022 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, 2022, the County’s proportion was 84.09%, a 17.26% decrease compared to December 31, 2021, and the discrete component unit’s proportion was 7.26%, an decrease of 2.26%, compared to December 31, 2021.

For the year ended June 30, 2023, the County recognized a pension expense of \$89,057 and the discrete component units recognized a pension expense of \$7,515. At June 30, 2023, 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
Governmental Activities		
Differences between expected and actual experience	\$ 10,594	\$ (5,157)
Changes in assumptions	39,658	-
Net difference between projected and actual earnings on plan investments	133,189	-
Changes in proportion and differences between County contributions and proportionate share of contributions	29,180	(32,410)
Contributions subsequent to the measurement date	41,894	-
Total Governmental Activities	254,515	(37,567)
Business-Type Activities		
Differences between expected and actual experience	109	(161)
Changes in assumptions	556	-
Net difference between projected and actual earnings on plan investments	1,343	(1,154)
Changes in proportion and differences between County contributions and proportionate share of contributions	321	(445)
Contributions subsequent to the measurement date	495	-
Total Business-Type Activities	2,824	(1,760)
Total Primary Government Total	\$ 257,339	\$ (39,327)
Discrete Component Units		
Differences between expected and actual experience	\$ 780	\$ (638)
Changes in assumptions	2,868	-
Net difference between projected and actual earnings on plan investments	12,275	1
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,070	(2,848)
Contributions subsequent to the measurement date	2,600	-
Total	\$ 21,593	\$ (3,485)

NOTE 8 – EMPLOYEES’ RETIREMENT PLANS (continued)

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, 2024 totaling \$29,757 for the County and \$2,600 for discrete component units. 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⁾
2024	\$ 15,625	\$ (102)	\$ 15,523	\$ 1,522
2025	48,301	19	48,320	4,301
2026	27,158	89	27,247	2,287
2027	83,970	563	84,533	7,397
Total	\$ 175,054	\$ 569	\$ 175,623	\$ 15,507

⁽¹⁾ Brackets indicate negative expense

(f) Discount Rate

The discount rates used to measure the total pension liability was 6.75% as of December 31, 2022. 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 December 31, 2022.

NOTE 8 – EMPLOYEES’ RETIREMENT PLANS (continued)

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, 2022 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	\$ 707,847	\$ 344,382	\$ 42,506
Business-Type Activities *	7,555	3,030	(726)
Total Primary Government	715,402	347,412	41,780
Discrete Component Units	61,507	30,000	3,832
Total	\$ 776,909	\$ 377,412	\$ 45,612

* Business-Type Activities include the following components:

Entities including Fair	\$ 3,279
Fair	(249)
Net amount	\$ 3,030

NOTE 9 – 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).

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

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

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

Reporting Date	June 30, 2023
Valuation Date	June 30, 2022
Measurement Date	June 30, 2022

As of June 30, 2023 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	3,862
Total	8,286

(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, 2023 were \$33,468. For additional information see (k) below.

(e) Net OPEB Liability – Employer GASB 75

At June 30, 2023 the County's governmental activities, business-type activities and discrete component units reported net OPEB liabilities of \$145,100, \$1,991 and \$13,942 respectively.

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**(f) Actuarial Methods and Assumptions**

The Net OPEB Liability (NOL) was measured as of June 30, 2023 and determined based on the total OPEB liability from actuarial valuations as of June 30, 2023, 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%
Trend rates	County Health Plan Medical under 65: 6.25% in 2022/2023 graded down to 4.50% over 4 years. County Health Plan Medical 65 and over, Drug: 5.50% in 2022/2023 graded down to 4.50% over 4 years. HMO Medical/Drug: 6.25% in 2022/2023 graded down to 4.50% over 7 years. ASO fees assumed trend is 3.00% in 2022/2023 and thereafter.
Other assumptions	Analysis of actuarial experience per the January 1, 2018 through December 31, 2020 Actuarial Experience Study dated September 25, 2021 for Sonoma County Employees' Retirement Association (SCERA)

(g) Investments

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

The following is the County's adopted asset allocation policy for OPEB as of June 2020, presented with the long-term expected real rate of return as of June 30, 2023 measurement date:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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%	

(h) Discount Rate

The discount rate used to measure the total OPEB liability (TOL) was 6.50% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

proportional to the actuarially determined contribution rates. Based on those assumptions, the OPEB Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments.

(i) Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2022	\$ 264,591	\$ 100,321	\$ 164,270
Changes for the year:			
Service Cost	4,274	-	4,274
Interest	16,563	-	16,563
Differences between expected and actual experience	(26,974)	-	(26,974)
Changes of assumptions	45,141	-	45,141
Contributions – employer	-	39,564	(39,564)
Net investment income	-	2,952	(2,952)
Benefit payments	(29,056)	(29,056)	-
Administrative expense	-	(275)	275
Net changes	9,948	13,185	(3,237)
Balances at June 30, 2023	\$ 274,539	\$ 113,506	\$ 161,033

The schedule above reports the allocable share of employer net OPEB liability based on a measurement date of June 30, 2022 (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, 2023 (GASB 74). In addition, the Fiduciary plan net position includes Sonoma County Transportation Authority, a non-County entity, not included in above; this entity's position in the Plan is immaterial, therefore the Plan is not considered as a cost-sharing plan.

(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, 2023 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	Current	1% Increase
	(5.50%)	Discount Rate (6.50%)	(7.50%)
Governmental Activities	\$ 164,985	\$ 145,100	\$ 127,871
Business-Type Activities	2,265	1,991	1,756
Total Primary Government	167,250	147,091	129,627
Discrete Component Units	15,853	13,942	12,287
Total	\$ 183,103	\$ 161,033	\$ 141,914

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate**

The following presents net OPEB liability as of June 30, 2023, 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 Increase	Current Trend Rates ⁽¹⁾	1% Increase (Trend +1%)
Governmental Activities	\$ 140,400	\$ 145,100	\$ 150,086
Business-Type Activities	1,929	1,991	2,059
Total Primary Government	142,329	147,091	152,145
Discrete Component Units	13,490	13,942	14,421
Total	\$ 155,819	\$ 161,033	\$ 166,566

(k) Deferred Outflows and Deferred Inflows of Resources

For the year ended June 30, 2023 the County recognized OPEB expense of \$8,588. The discrete component units recognized OPEB expense of \$783. At June 30, 2023, the County and its component units reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental Activities		
Differences between expected and actual experience	\$ 1,551	\$ (1,601)
Changes in assumptions	1,945	(7,853)
Net difference between projected and actual earnings on plan investments	7,021	-
Changes in proportion and differences between County contributions and proportionate share of contributions	193	(10,312)
Contributions subsequent to the measurement date	30,138	-
Total Governmental Activities	40,848	(19,766)
Business-Type Activities		
Differences between expected and actual experience	99	(626)
Changes in assumptions	19	(119)
Net difference between projected and actual earnings on plan investments	68	(39)
Changes in proportion and differences between County contributions and proportionate share of contributions	2	(155)
Contributions subsequent to the measurement date	434	-
Total Business-Type Activities	622	(939)
Total Primary Government	\$ 41,470	\$ (20,705)
Discrete Component Units		
Differences between expected and actual experience	\$ 1,017	\$ (644)
Changes in assumptions	187	(756)
Net difference between projected and actual earnings on plan investments	674	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	19	(990)
Contributions subsequent to the measurement date	2,896	-
Total	\$ 4,793	\$ (2,390)

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Contributions made subsequent to the measurement date are recorded as deferred outflows of resources related to OPEB and will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2024 and totaled \$30,572 for the County and \$2,896 for the discrete component units. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as follows:

Fiscal Year Ending June 30,	Governmental Activities ⁽¹⁾	Business- Type Activities ⁽¹⁾	Total Primary Government ⁽¹⁾	Discrete Component Units ⁽¹⁾
2024	\$ (4,921)	\$ (216)	\$ (5,137)	\$ (440)
2025	(4,828)	(215)	(5,043)	(432)
2026	(2,413)	(190)	(2,603)	(138)
2027	2,943	(94)	2,849	424
2028	161	(36)	125	93
Total	\$ (9,058)	\$ (751)	\$ (9,809)	\$ (493)

⁽¹⁾brackets indicate negative expense

(l) OPEB Fiduciary Plan – GASB 74

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

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

Reporting Date	June 30, 2023
Valuation Date	June 30, 2023
Measurement Date	June 30, 2023

As of June 30, 2023 measurement date plan membership consisted of the following:

Retirees, beneficiaries, and dependents currently receiving benefits	4,313
Retirees eligible but not yet receiving benefits	118
Active members eligible for OPEB	3,923
Total	8,354

(m) Net OPEB Liability

Components of the net OPEB liability as of June 30, 2023:

Total OPEB liability	\$ 263,774
Plan's fiduciary net position	(123,833)
Net OPEB liability	\$ 139,941
Plan fiduciary net position as a percentage of the total OPEB liability	46.95%

(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

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

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, 2023 with a measurement date of June 30, 2023, 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)

(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, 2023 measurement date:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	30.00%	6.76%
Mid Cap U.S. Equity	4.00%	6.76%
Small Cap U.S. Equity	8.00%	6.76%
International Equity	8.00%	7.92%
Global Equity	6.00%	7.92%
U.S. Core Fixed Income	31.00%	1.46%
Alternatives	8.00%	3.56%
Cash	1.00%	0.56%
Real Estate	4.00%	3.46%
Total	100.00%	

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense was 8.80%. 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 2023. 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.

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**(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, 2023 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%)
\$ 162,058	\$ 139,941	\$ 120,737

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, 2023, 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:

1% Decrease (Trend -1%)	Current Trend Rates	1% Increase (Trend +1%)
\$ 133,945	\$ 139,941	\$ 146,309

NOTE 10 – 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 property coverages ranging from "All Risk" of physical loss or damage including flood and earthquake coverage (for certain structures) through participation in the Authority's Property Program with the following limits and deductibles: \$600,000 limit (shared) per occurrence and \$50 deductible for "All-Risk", \$225,000 limit (shared) per occurrence and \$100 deductible for flood (limits vary depending on flood zones) 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, 2023, 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.

NOTE 10 – RISK MANAGEMENT (CONTINUED)

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, 2023, totaled \$45,658, which is recorded in the internal service fund as operating revenue. As of June 30, 2023, the estimated liability in the internal service fund totaled \$68,296 of which \$15,990 is estimated to be payable in the ensuing year. The remaining \$52,306 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, 2022	Balance June 30, 2023
Unpaid claims liability at beginning of year	\$ 56,790	\$ 60,628
Incurred claims	23,061	32,185
Claim payments	(19,223)	(24,517)
Unpaid claims liability at end of year	\$ 60,628	\$ 68,296

NOTE 11 – LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The Integrated Waste Enterprise Fund follows the provisions of GASB Statement No. 18, Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs. Under Statement No. 18, the Integrated Waste 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, 2023, the estimated closure and postclosure liability was \$7,299 for closed landfills Annapolis and Healdsburg. As part of the public-private partnership arrangement (PPP) 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:

	Capacity Used	Closure Date
Annapolis	100%	1995
Healdsburg	100%	1989

The Integrated Waste Enterprise Fund performs all post-closure maintenance and monitoring functions at all closed landfills owned by Integrated Waste.

As a result of the SCA, the Integrated Waste Enterprise Fund has recognized a decreased closure/post-closure liability of \$42,057.

NOTE 11 – LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS (continued)

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

NOTE 12 – 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, 2023:

General Fund	\$	28,818
Other governmental funds		15,621
Total encumbrances for governmental funds	\$	44,439

(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.

For additional information on the service concession arrangement see Note 13, for deferred amounts related to pension see Note 8, and for deferred amounts related to OPEB see Note 9.

NOTE 13 – 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. 94 (GASB 94), *'Public-Private and Public-Public Partnerships and Availability Payment Arrangements'* of a Service Concession Arrangement (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. Payments to the County under this agreement were \$5,581 during the fiscal year ended June 30, 2023.

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 Integrated Waste'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.

NOTE 13 – SERVICE CONCESSION ARRANGEMENT (continued)

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, Integrated Waste 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, Integrated Waste recognized service concession arrangement revenues in the amount of \$1,391 for the fiscal year ended June 30, 2023. 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 June 30, 2022	Additions	Retirements	Balance June 30, 2023
Deferred Inflows of Resources				
Central Landfill and County Transfer Stations	\$ 31,978	\$ -	\$ (1,391)	\$ 30,587

Integrated Waste retained certain capital assets related to the SCA. The assets carrying value, net of accumulated depreciation at June 30, 2023 is as follows:

Central Landfill and County Transfer Stations:

Land	\$ 2,538
Buildings and improvements	10,497
Intangibles	598
Equipment	160
SCA capital assets, net	\$ 13,793

NOTE 14 – 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 Private-Purpose Trust Fund, a fiduciary fund in the County financial statements.

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023	One Year
Redevelopment Successor Agency Tax allocation bonds payable*	\$ 7,775	\$ (7,325)	\$ (450)	\$ -	\$ 470

* 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. In August of 2014, the 1986 Series A bonds matured and were retired and on April 28, 2016, bonds that remained 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

NOTE 14 – SUCCESSOR AGENCY PRIVATE PURPOSE TRUST FUND (continued)

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, 2023 is \$919.

The annual principal and interest requirements on the long-term bonds outstanding at June 30, 2023, are as follows:

Year ending June 30:	Principal	Interest	Total
2024	\$ 470	\$ 315	\$ 785
2025	485	294	779
2026	505	269	774
2027	535	243	778
2028	565	215	780
2029-2033	3,255	624	3,879
2034-2035	1,510	46	1,556
Total	\$ 7,325	\$ 2,006	\$ 9,331

NOTE 15 – NET POSITION/FUND BALANCES**(a) Classification**

Fund balances at June 30, 2023 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	\$ 127	\$ -	\$ -	\$ -	\$ 770	\$ 897
Prepaid items and deposits	11,211	3,906	160	-	507	15,784
Advances	2,345	-	-	-	-	2,345
Total nonspendable fund balances	13,683	3,906	160	-	1,277	19,026
Restricted:						
Agricultural Preservation and Open Space District	-	-	-	84,386	-	84,386
Capital projects and equipment replacement	-	-	-	-	41,998	41,998
Debt service	-	-	-	-	10,111	10,111
Park donations, mitigations and operations	-	-	-	-	9,707	9,707
Courthouse/Criminal justice construction	-	-	-	-	2,568	2,568
Health services programs	-	-	178,782	-	17,773	196,555
Fire and emergency services	-	-	-	-	2,078	2,078
Public assistance	-	39,934	-	-	23,070	63,004
Lighting districts	-	-	-	-	11,842	11,842
Public protection	-	-	1,200	-	73,558	74,758
Clerk, recorder, assessor operations	-	-	-	-	4,896	4,896
Other programs	889	-	-	-	4,967	5,856
Total restricted fund balances	889	39,934	179,982	84,386	202,568	507,759
Committed:						
Road activities	-	-	-	-	2,965	2,965
Advertising activities	-	-	-	-	12,146	12,146
Other programs	311	-	-	-	14,999	15,310
Total committed fund balances	311	-	-	-	30,110	30,421
Assigned:						
Capital projects and equipment replacement	18,451	-	-	-	113,556	132,007
Reserved purposes fund	52,478	-	-	-	-	52,478
Tribal development impact mitigation	33,509	-	-	-	-	33,509
Projected budget deficit	29,425	-	-	-	-	29,425
Encumbrances	28,818	-	-	-	-	28,818
Fire settlement projects	26,012	-	-	-	-	26,012
Public protection	15,506	-	-	-	-	15,506
Employee health contributions	11,707	-	-	-	-	11,707
FEMA audit reserve	10,630	-	-	-	-	10,630
Redevelopment agencies	8,473	-	-	-	-	8,473
General services	8,123	-	-	-	-	8,123
Cannabis program	4,992	-	-	-	-	4,992
Other programs	22,782	-	-	-	-	22,782
Total assigned fund balances	270,906	-	-	-	113,556	384,462
Unassigned	55,000	-	-	-	-	55,000
Total fund balances	\$ 340,789	\$ 43,840	\$ 180,142	\$ 84,386	\$ 347,511	\$ 996,668

NOTE 15 – NET POSITION/FUND BALANCES (continued)**(b) Retained Deficits****Internal Service Funds**

The County's Employee Retirement Internal Service Fund has a retained deficit of \$325,715 at June 30, 2023. This fund is used to account for the County's pension related activities and includes the pension obligation bonds as well as the net pension liability and/or 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 \$117,609 at June 30, 2023. 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 a retained deficit of \$17,242 at June 30, 2023. This deficit is primarily due to the August 2020 assumption of Palm Drive Health Care District. At June 30, 2023, the District has \$12.4 million in debt service obligations which will be paid off over the next 10-11 years and an additional \$2.3 million in bankruptcy debt. This fund is expected to have a retained deficit until the debt and bankruptcy obligations are settled.

NOTE 16 – ADOPTION OF NEW STANDARD

As of July 1, 2022, the County implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. This standard provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). The statement defines a SBITA and establishes that a SBITA results in a right-to-use subscription asset and a corresponding subscription liability. Beginning net position was restated to reflect this change as follows:

	Governmental Activities
Net position at June 30, 2022	\$ 1,746,322
Recognition of right-to-use subscription IT asset	6,482
Recognition of subscription IT liability	(6,482)
Net position at June 30, 2022, as restated	\$ 1,746,322

Required Supplementary Information (Unaudited)



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

Measurement Date Reporting Date	12/31/2022 FY 2023	12/31/2021 FY 2022	12/31/2020 FY 2021	12/31/2019 FY 2020	12/31/2018 FY 2019	12/31/2017 FY 2018	12/31/2016 FY 2017	12/31/2015 FY 2016	12/31/2014 FY 2015
Proportion of net pension liability (asset)	84.09%	101.35%	81.59%	82.74%	84.64%	80.73%	84.27%	84.43%	81.66%
Proportionate share of net pension liability (asset)	\$ 347,412	\$ (62,139)	\$ 155,616	\$ 187,359	\$ 418,350	\$ 136,291	\$ 330,831	\$ 348,556	\$ 177,023
Covered payroll	\$ 338,949	\$ 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	102.50%	(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)	88.47%	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)**

Reporting Date	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Actuarially determined contributions	\$ 63,329	\$ 62,733	\$ 69,858	\$ 55,829	\$ 57,797	\$ 55,480	\$ 52,981	\$ 56,663	\$ 55,981
Contributions in relation to the actuarially determined contribution	65,227	68,329	71,669	62,551	57,797	55,480	52,981	60,216	55,981
Contribution deficiency (excess)	\$ (1,898)	\$ (5,596)	\$ (1,811)	\$ (6,722)	\$ -	\$ -	\$ -	\$ (3,553)	\$ -
Covered payroll	\$ 344,005	\$ 336,023	\$ 329,911	\$ 313,806	\$ 307,543	\$ 302,281	\$ 293,871	\$ 288,885	\$ 265,945
Contributions as a percentage of covered payroll	18.96%	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.

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

Reporting/Measurement Date:	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
Total OPEB liability	\$ 263,774	\$ 260,800	\$ 266,008	\$ 279,215	\$ 303,941	\$ 308,205	\$ 385,583
Plan's fiduciary net position	123,833	98,986	101,553	73,882	66,060	57,860	49,743
Net OPEB liability	\$ 139,941	\$ 161,814	\$ 164,455	\$ 205,333	\$ 237,881	\$ 250,345	\$ 335,840
Plan fiduciary net position as a percentage of the total OPEB liability	46.95%	37.95%	38.18%	26.46%	21.73%	18.77%	12.90%
Covered payroll	\$ 381,937	\$ 369,909	\$ 364,433	\$ 334,716	\$ 327,816	\$ 330,039	\$ 321,401
Plan net OPEB liability as a percentage of covered payroll	36.64%	43.74%	45.13%	61.35%	72.57%	75.85%	104.49%

Schedule of OPEB Plan Investment Returns Last Ten Fiscal Years *

Reporting/Measurement Date:	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
Annual Money-Weighted Rate of Return, Net of Investment Expense	8.80%	(12.84%)	26.86%	3.69%	7.61%	7.45%	11.47%

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

Reporting/Measurement Date:	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
Actuarially determined contributions	\$ 13,687	\$ 13,602	\$ 15,787	\$ 17,532	\$ 18,206	\$ 18,938	\$ 21,653
Contributions in relation to the actuarially determined contributions	45,672	39,792	30,507	27,612	26,193	26,768	27,699
Contribution deficiency (excess)	\$ (31,985)	\$ (26,190)	\$ (14,720)	\$ (10,080)	\$ (7,987)	\$ (7,830)	\$ (6,046)
Covered payroll	\$ 381,937	\$ 369,909	\$ 364,433	\$ 334,716	\$ 327,816	\$ 330,039	\$ 321,401
Contributions as a percentage of covered employee payroll	11.96%	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.

**OPEB Plan
Schedule of Changes in Net OPEB Liability and Related Ratios
Last Ten Fiscal Years *
(Dollars in Thousands)**

Reporting/Measurement Date:	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
Total OPEB Liability							
Service Cost	\$ 4,045	\$ 4,294	\$ 4,462	\$ 5,148	\$ 5,468	\$ 10,852	\$ 13,800
Interest	16,279	16,640	17,722	19,375	19,667	14,566	12,579
Changes of benefit terms	(915)	-	-	-	(245)	-	-
Differences between expected and actual experience	320	262	(6,270)	(17,044)	(557)	3,210	(1,547)
Change due to reflecting the excise tax	-	-	-	-	-	-	2,351
Changes of assumptions	12,490	2,650	(6,715)	(10,194)	(6,404)	(83,838)	(28,454)
Benefit payments	(29,247)	(29,056)	(22,406)	(22,011)	(22,193)	(22,168)	(23,529)
Net change in total OPEB Liability	2,973	(5,208)	(13,207)	(24,726)	(4,264)	(77,378)	(24,800)
Total OPEB liability - beginning of year	260,800	266,008	279,215	303,941	308,205	385,583	410,383
Total OPEB liability - end of year (a)	\$ 263,774	\$ 260,800	\$ 266,008	\$ 279,215	\$ 303,941	\$ 308,205	\$ 385,583
Plan fiduciary net position							
Contributions – PARS	\$ 16,425	\$ 10,735	\$ 8,101	\$ 5,600	\$ 4,000	\$ 4,600	\$ 3,000
Contributions – Premiums net of retiree contributions	27,785	27,701	21,121	20,870	20,960	21,031	22,377
Contributions – Administrative	1,462	1,354	1,285	1,142	1,233	1,137	1,152
Contributions – Legal	-	-	-	-	-	-	217
Contributions – Total employer	45,672	39,790	30,507	27,612	26,193	26,768	26,746
Net investment income (loss)	8,700	(13,024)	19,815	2,435	4,395	3,699	4,817
Benefit payments – Premiums	(29,247)	(29,056)	(22,406)	(22,012)	(22,193)	(22,168)	(23,530)
Legal expense	-	-	-	-	-	-	(217)
Administrative expense	(278)	(277)	(245)	(213)	(195)	(182)	(153)
Net change in plan fiduciary net position	24,847	(2,567)	27,671	7,822	8,200	8,117	7,663
Plan fiduciary net position - beginning of year	98,986	101,553	73,882	66,060	57,860	49,743	42,080
Plan fiduciary net position - end of year (b)	123,833	98,986	101,553	73,882	66,060	57,860	49,743
County net OPEB liability, ending (a-b)	\$ 139,941	\$ 161,814	\$ 164,455	\$ 205,333	\$ 237,881	\$ 250,345	\$ 335,840

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



Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2023
(Dollars in Thousands)

	Budgeted Amounts		Actual Amount (Budgetary Basis)	Variance with Final Budget Positive (Negative) ⁽¹⁾
	Original	Final		
Revenues:				
Taxes	\$ 346,182	\$ 359,959	\$ 362,949	\$ 2,990
License, permit, and franchise fees	22,658	22,658	23,959	1,301
Fines, forfeitures and penalties	13,864	13,864	14,108	244
Use of money and property	4,401	4,669	10,880	6,211
Intergovernmental	115,450	118,360	134,492	16,132
Charges for services	55,079	55,382	51,262	(4,120)
Other	3,977	4,018	9,384	5,366
Total revenues	561,611	578,910	607,034	28,124
Expenditures:				
General government				
Board of Supervisors / County Administrator				
County Administrator	9,243	11,290	8,684	2,606
Board of Supervisors	6,447	6,744	6,340	404
Disaster Recovery and Resiliency	-	2	2	-
Auditor-Controller-Treasurer-Tax Collector	15,442	15,310	14,493	817
Recorder-Assessor				
Assessor	12,916	12,746	11,941	805
Registrar of Voters	5,299	6,206	6,002	204
County Counsel	4,505	4,514	4,975	(461)
Human Resources	10,658	10,940	9,021	1,919
Sonoma Public Infrastructure				
Administration	1,044	1,047	842	205
Facilities Development	10,822	10,869	10,707	162
Special Funds	(2,457)	(2,456)	(2,931)	475
Support Services	12,598	12,880	11,885	995
Economic Development Board	428	428	171	257
The Office of Equity	1,375	4,091	2,221	1,870
Information Systems	15,139	12,244	6,178	6,066
Disaster Recovery Division	40,363	45,122	26,755	18,367
Other general government	28,258	39,952	18,980	20,972
Total general government	172,080	191,929	134,045	57,884
Public protection				
Disaster Recovery	147	137	36	101
District Attorney	27,520	27,999	27,539	460
Public Defender	13,172	12,950	13,080	(130)
Court Support and Grand Jury	11,294	11,337	11,259	78
Probation	42,435	43,286	40,190	3,096
Permit & Resource Management				
Permit Sonoma	34,094	34,972	30,485	4,487
Resiliency Permit Center	1,000	1,035	1,014	21
Fire Prevention	170	340	250	90

Budgetary Comparison Schedule (continued)
General Fund
For the Fiscal Year Ended June 30, 2023
(Dollars in Thousands)

	Budgeted Amounts		Actual Amount (Budgetary Basis)	Variance with Final Budget Positive (Negative) ⁽¹⁾
	Original	Final		
Sheriff				
Law Enforcement	101,842	103,864	98,286	5,578
Detention	76,276	72,861	66,730	6,131
Agriculture / Weights & Measures	7,500	7,185	6,758	427
County Clerk Operations	977	977	890	87
Emergency Management	7,615	8,978	5,328	3,650
Fire Services	7,782	8,694	8,252	442
Independent Office of Law Enforcement				
Review and Outreach	2,017	2,346	1,725	621
Total public protection	333,841	336,961	314,043	22,918
Public ways and facilities				
Sonoma Public Infrastructure	452	928	281	647
Total public ways and facilities	452	928	281	647
Public assistance				
Human Services	353	353	294	59
Total public assistance	353	353	294	59
Education				
U.C. Cooperative Extension	1,229	1,846	1,463	383
Total education	1,229	1,846	1,463	383
Recreation and cultural services				
Regional Parks	27,337	27,555	25,562	1,993
Sonoma Public Infrastructure - Veterans Buildings	1,218	1,313	1,293	20
Total recreation and cultural services	28,555	28,868	26,855	2,013
Expenditures subtotal	536,510	560,885	476,981	83,904
Capital outlay	13,544	24,071	20,812	3,259
Debt service				
Principal	2,614	6,364	6,238	126
Interest and other	323	609	606	3
Total expenditures	552,991	591,929	504,637	87,292
Excess (deficiency) of revenues over (under) expenditures	8,620	(13,019)	102,397	115,416
Other financing sources (uses):				
Transfers in	111,340	200,576	40,778	(159,798)
Transfers out	(215,048)	(296,492)	(115,546)	180,946
Lease Inception	-	3,441	3,441	-
Sale of capital assets	495	489	851	362
SBITA inception	-	180	180	-
Total other financing sources (uses)	(103,213)	(91,806)	(70,296)	21,510
Special item	217	217	-	(217)
Net change in fund balances	\$ (94,376)	\$ (104,608)	32,101	\$ 136,709
GAAP basis difference - encumbrances			28,818	
Fund balance, beginning of year			279,870	
Fund balance, end of year			\$ 340,789	

⁽¹⁾ See note 2 in Notes to Required Supplementary Information section

Budgetary Comparison Schedule
Human Services Special Revenue Fund
For the Fiscal Year Ended June 30, 2023
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
License, permit, and franchise fees	\$ 100	\$ 100	\$ 61	\$ (39)
Fines, forfeitures and penalties	-	2	41	39
Use of money and property	58	58	891	833
Intergovernmental	215,472	233,334	207,537	(25,797)
Charges for services	1,227	1,227	1,680	453
Other	5,596	5,596	5,675	79
Total revenues	222,453	240,317	215,885	(24,432)
Expenditures:				
Public assistance				
Human Services				
Program Administration	204,884	209,424	187,091	22,333
Special Revenue	45,159	53,661	49,852	3,809
Total public assistance	250,043	263,085	236,943	26,142
Capital outlay	762	4,376	3,990	386
Debt service				
Principal	-	4,701	4,701	-
Interest and other	-	509	509	-
Total expenditures	250,805	272,671	246,143	26,528
Excess (deficiency) of revenues over (under) expenditures	(28,352)	(32,354)	(30,258)	2,096
Other financing sources (uses):				
Transfers in	28,984	29,496	28,612	(884)
Transfers out	(615)	(615)	(358)	257
Lease Inception	-	3,102	3,102	-
Total other financing sources (uses)	28,369	31,983	31,356	(627)
Net change in fund balances	\$ 17	\$ (371)	1,098	\$ 1,469
GAAP basis difference - encumbrances			19	
Fund balance, beginning of year			42,723	
Fund balance, end of year			\$ 43,840	

Budgetary Comparison Schedule
Health and Sanitation Special Revenue Fund
For the Fiscal Year Ended June 30, 2023
(Dollars in Thousands)

	Budgeted Amounts		Actual Amount (Budgetary Basis)	Variance with Final Budget Positive (Negative) ⁽¹⁾
	Original	Final		
Revenues:				
Taxes	\$ 25,762	\$ 25,762	\$ 31,428	\$ 5,666
License, permit, and franchise fees	7,842	7,842	7,175	(667)
Fines, forfeitures and penalties	659	663	827	164
Use of money and property	74	80	1,787	1,707
Intergovernmental	133,883	145,054	130,413	(14,641)
Charges for services	3,773	3,773	3,889	116
Other	(202)	364	25,323	24,959
Total revenues	171,791	183,538	200,842	17,304
Expenditures:				
Public protection				
Health Services - Animal Services	6,694	6,989	5,505	1,484
Total public protection	6,694	6,989	5,505	1,484
Health and sanitation				
Health Services				
Administration	4,131	4,324	5,261	(937)
Behavioral Health	54,409	50,709	53,159	(2,450)
Public Health	29,072	42,947	35,498	7,449
Special Revenue	91,668	112,655	90,428	22,227
Total health and sanitation	179,280	210,635	184,346	26,289
Capital outlay	281	4,433	2,156	2,277
Debt service				
Principal	-	3,023	3,023	-
Interest and other	-	723	723	-
Total expenditures	186,255	225,803	195,753	30,050
Excess (deficiency) of revenues over (under) expenditures	(14,464)	(42,265)	5,089	47,354
Other financing sources (uses):				
Transfers in	21,685	27,346	26,203	(1,143)
Transfers out	(2,023)	(4,217)	(524)	3,693
Lease Inception	-	322	322	-
Sale of capital assets	-	-	3	3
Total other financing sources (uses)	19,662	23,451	26,004	2,553
Net change in fund balances	\$ 5,198	\$ (18,814)	31,093	\$ 49,907
GAAP basis difference - encumbrances			540	
Fund balance, beginning of year			148,509	
Fund balance, end of year			<u>\$ 180,142</u>	

⁽¹⁾ See note 2 in Notes to Required Supplementary Information section

Budgetary Comparison Schedule
Open Space Special Tax Account Special Revenue Fund
For the Fiscal Year Ended June 30, 2023
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative) ⁽¹⁾
	Original	Final		
Revenues:				
Taxes	\$ 31,898	\$ 31,898	\$ 32,285	\$ 387
Use of money and property	-	-	892	892
Total revenues	31,898	31,898	33,177	1,279
Expenditures:				
Recreation and cultural services	40,762	40,762	-	40,762
Total expenditures	40,762	40,762	-	40,762
Excess (deficiency) of revenues over (under) expenditures	(8,864)	(8,864)	33,177	42,041
Other financing sources (uses):				
Transfers out	(7,505)	(7,505)	(20,173)	(12,668)
Total other financing sources (uses)	(7,505)	(7,505)	(20,173)	(12,668)
Net change in fund balances	\$ (16,369)	\$ (16,369)	13,004	\$ 29,373
Fund balance, beginning of year			71,382	
Fund balance, end of year			\$ 84,386	

⁽¹⁾See note 2 in Notes to Required Supplementary Information section.

Notes to Required Supplementary Information June 30, 2023

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, 2023 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, 2023 valuation	24 years (declining) for outstanding balance of the June 30, 2022 unfunded OPEB liability
June 30, 2022 valuation	25 years (declining) for outstanding balance of the June 30, 2021 unfunded OPEB liability
Asset valuation method	Fair 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, 2022 - Same as those used in the June 30, 2022 GAS 74 actuarial valuation dated October 25, 2022 June 30, 2021 - Same as those used in the June 30, 2021 GAS 74 actuarial valuation dated October 4, 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, 2023, no instances existed in which expenditures exceeded appropriations. Negative expenditure variances shown on budgetary comparison schedules are due to timing of budgeted vs actual reimbursements.

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





NONMAJOR GOVERNMENTAL FUNDS

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.

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.

**Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2023
(Dollars in Thousands)**

	Special Revenue Funds	Capital Projects Fund	Debt Service Fund	Total
ASSETS				
Assets:				
Cash and investments	\$ 227,884	\$ 92,750	\$ -	\$ 320,634
Cash and investments with trustee	1	-	10,111	10,112
Receivables, net				
Accounts receivable	4,942	-	-	4,942
Interest receivable	3	-	-	3
Due from other funds	3,460	-	-	3,460
Inventories	770	-	-	770
Due from other governments	17,578	2,367	-	19,945
Lease receivables	1,345	-	-	1,345
Prepaid expenses and deposits	507	-	-	507
Total assets	\$ 256,490	\$ 95,117	\$ 10,111	\$ 361,718
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued salaries and benefits	\$ 6,152	\$ 493	\$ -	\$ 6,645
Due to other funds	1,216	-	-	1,216
Due to other governments	401	-	-	401
Advances from grantors and third parties	3,100	-	-	3,100
Deposits from others	10	-	-	10
Compensated absences	14	-	-	14
Other liabilities	1,100	-	-	1,100
Total liabilities	11,993	493	-	12,486
Deferred inflows of resources:				
Deferred amounts related to leases	1,301	-	-	1,301
Unavailable revenue	246	174	-	420
Total deferred inflows of resources	1,547	174	-	1,721
Fund balances:				
Nonspendable	1,277	-	-	1,277
Restricted	192,457	-	10,111	202,568
Committed	30,110	-	-	30,110
Assigned	19,106	94,450	-	113,556
Total fund balances	242,950	94,450	10,111	347,511
Total liabilities, deferred inflows of resources, and fund balances	\$ 256,490	\$ 95,117	\$ 10,111	\$ 361,718

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2023
(Dollars in Thousands)

	Special Revenue Funds	Capital Projects Fund	Debt Service Fund	Total
Revenues:				
Taxes	\$ 37,142	\$ -	\$ -	\$ 37,142
License, permit, and franchise fees	4,902	-	-	4,902
Fines, forfeitures and penalties	3,735	-	-	3,735
Use of money and property	4,418	(1,040)	236	3,614
Intergovernmental	136,690	4,382	-	141,072
Charges for services	5,774	-	-	5,774
Other	16,971	474	4,769	22,214
Total revenues	209,632	3,816	5,005	218,453
Expenditures:				
Current:				
General government	9,810	502	48	10,360
Public protection	60,618	-	-	60,618
Public ways and facilities	40,555	-	-	40,555
Health and sanitation	6,766	-	-	6,766
Public assistance	29,424	-	-	29,424
Recreation and cultural services	9,559	-	-	9,559
Capital outlay	59,118	19,734	-	78,852
Debt service:				
Principal	1,021	-	9,755	10,776
Interest and other	61	-	2,427	2,488
Total expenditures	216,932	20,236	12,230	249,398
Excess (deficiency) of revenues over (under) expenditures	(7,300)	(16,420)	(7,225)	(30,945)
Other financing sources (uses):				
Transfers in	39,397	43,755	6,871	90,023
Transfers out	(37,784)	(1,379)	-	(39,163)
Lease inception	374	-	-	374
Total other financing sources (uses)	1,987	42,376	6,871	51,234
Net change in fund balance	(5,313)	25,956	(354)	20,289
Fund balance, beginning of year	248,263	68,494	10,465	327,222
Fund balance, end of year	\$ 242,950	\$ 94,450	\$ 10,111	\$ 347,511

**Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2023
(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	\$ 8,215	\$ 19,035	\$ 37,204	\$ 67,268	\$ 75,269	\$ 20,893	\$ 227,884
Cash and investments with trustee	-	-	-	1	-	-	1
Receivables, net							
Accounts receivable	4,538	-	6	389	-	9	4,942
Interest receivable	-	-	-	3	-	-	3
Due from other funds	-	-	-	-	3,460	-	3,460
Inventories	-	-	740	-	-	30	770
Due from other governments	50	126	5,199	713	8,782	2,708	17,578
Lease receivables	-	-	-	1,345	-	-	1,345
Prepaid items and deposits	43	33	18	405	-	8	507
Total assets	\$ 12,846	\$ 19,194	\$ 43,167	\$ 70,124	\$ 87,511	\$ 23,648	\$ 256,490
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued salaries and benefits	\$ 466	\$ 485	\$ 4,754	\$ 218	\$ 1	\$ 228	\$ 6,152
Due to other funds	-	-	-	-	1,216	-	1,216
Due to other governments	-	-	-	356	-	45	401
Advances from grantors and third parties	-	-	-	2,921	-	179	3,100
Deposits from others	-	-	-	10	-	-	10
Compensated absences	-	-	-	7	-	7	14
Other liabilities	-	-	1,100	-	-	-	1,100
Total liabilities	466	485	5,854	3,512	1,217	459	11,993
Deferred inflows of resources:							
Deferred amounts related to leases	-	-	-	1,301	-	-	1,301
Unavailable revenue	191	-	55	-	-	-	246
Total deferred inflows of resources	191	-	55	1,301	-	-	1,547
Fund balances:							
Nonspendable	43	33	758	405	-	38	1,277
Restricted	-	3,677	14,429	64,906	86,294	23,151	192,457
Committed	12,146	14,999	2,965	-	-	-	30,110
Assigned	-	-	19,106	-	-	-	19,106
Total fund balances	12,189	18,709	37,258	65,311	86,294	23,189	242,950
Total liabilities, deferred inflows of resources, and fund balances	\$ 12,846	\$ 19,194	\$ 43,167	\$ 70,124	\$ 87,511	\$ 23,648	\$ 256,490

Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2023
(Dollars in Thousands)

	Community Investment	Agricultural Preservation and Open Space District	Roads Special Revenue	Mandated Revenue	2011 Realignment	Special Districts	Total
Revenues:							
Taxes	\$ 22,130	\$ -	\$ -	\$ -	\$ -	\$ 15,012	\$ 37,142
License, permit, and franchise fees	-	-	2,071	2,831	-	-	4,902
Fines, forfeitures and penalties	-	-	270	3,465	-	-	3,735
Use of money and property	380	-	1,699	1,360	598	381	4,418
Intergovernmental	(51)	599	36,324	15,882	82,189	1,747	136,690
Charges for services	-	-	2,176	2,449	151	998	5,774
Other	1,400	3,305	2,010	332	10,007	(83)	16,971
Total revenues	23,859	3,904	44,550	26,319	92,945	18,055	209,632
Expenditures:							
Current:							
General government	9,589	-	-	221	-	-	9,810
Public protection	-	-	-	22,541	33,068	5,009	60,618
Public ways and facilities	-	-	39,731	330	-	494	40,555
Health and sanitation	-	-	-	-	6,766	-	6,766
Public assistance	-	-	-	-	27,993	1,431	29,424
Recreation and cultural services	-	9,377	-	-	-	182	9,559
Capital outlay	355	5,122	53,184	74	-	383	59,118
Debt service:							
Principal	148	228	-	544	-	101	1,021
Interest and other	5	3	-	49	-	4	61
Total expenditures	10,097	14,730	92,915	23,759	67,827	7,604	216,932
Excess (deficiency) of revenues over (under) expenditures	13,762	(10,826)	(48,365)	2,560	25,118	10,451	(7,300)
Other financing sources (uses):							
Transfers in	1,287	13,326	21,474	1,351	-	1,959	39,397
Transfers out	(22,409)	(17)	(1,551)	(2,724)	(155)	(10,928)	(37,784)
Lease inception	355	-	-	-	-	19	374
Total other financing sources (uses)	(20,767)	13,309	19,923	(1,373)	(155)	(8,950)	1,987
Net change in fund balances	(7,005)	2,483	(28,442)	1,187	24,963	1,501	(5,313)
Fund balance, beginning of year	19,194	16,226	65,700	64,124	61,331	21,688	248,263
Fund balance, end of year	\$ 12,189	\$ 18,709	\$ 37,258	\$ 65,311	\$ 86,294	\$ 23,189	\$ 242,950

Budgetary Comparison Schedule
Community Investment Special Revenue Fund
For the Fiscal Year Ended June 30, 2023
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 19,217	\$ 19,217	\$ 22,130	\$ 2,913
Use of money and property	-	-	380	380
Intergovernmental	65	614	(51)	(665)
Other	-	402	1,400	998
Total revenues	19,282	20,233	23,859	3,626
Expenditures:				
General government				
Community Investment Fund	2,048	2,900	2,309	591
Economic Development Board	6,404	9,454	8,258	1,196
Capital outlay	-	355	355	-
Debt service:				
Principal	-	148	148	-
Interest and other	-	5	5	-
Total expenditures	8,452	12,862	11,075	1,787
Excess (deficiency) of revenues over (under) expenditures	10,830	7,371	12,784	5,413
Other financing sources (uses):				
Transfers in	1,047	1,287	1,287	-
Transfers out	(20,959)	(22,632)	(22,409)	223
Lease inception	-	355	355	-
Total other financing sources (uses)	(19,912)	(20,990)	(20,767)	223
Net change in fund balances	(9,082)	(13,619)	(7,983)	5,636
GAAP basis difference - encumbrances			978	
Fund balance, beginning of year			19,194	
Fund balance, end of year			\$ 12,189	

Budgetary Comparison Schedule
Agricultural Preservation and Open Space District Special Revenue Fund
For the Fiscal Year Ended June 30, 2023
(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	\$ 220	\$ 75
Intergovernmental	45,857	45,857	13,901	(31,956)
Other	490	990	3,085	2,095
Total revenues	46,492	46,992	17,206	(29,786)
Expenditures:				
Recreation and cultural services	18,082	21,475	9,378	12,097
Capital outlay	28,415	28,552	5,122	23,430
Debt service				
Principal	-	228	228	-
Interest and other	-	3	3	-
Total expenditures	46,497	50,258	20,297	29,961
Excess (deficiency) of revenues over (under) expenditures	(5)	(3,266)	(3,091)	175
Other financing sources (uses):				
Transfers in	651	651	25	(626)
Transfers out	(646)	(646)	(17)	629
Total other financing sources (uses)	5	5	8	3
Net change in fund balances	\$ -	\$ (3,261)	(3,083)	\$ 178
GAAP basis difference - encumbrances			5,566	
Fund balance, beginning of year			16,226	
Fund balance, end of year			<u>\$ 18,709</u>	

**Budgetary Comparison Schedule
Roads Special Revenue Fund
For the Fiscal Year Ended June 30, 2023
(Dollars in Thousands)**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
License, permit, and franchise fees	\$ 1,360	\$ 1,360	\$ 2,071	\$ 711
Fines, forfeitures and penalties	343	343	270	(73)
Use of money and property	768	768	1,699	931
Intergovernmental	46,367	46,532	36,324	(10,208)
Charges for services	1,940	1,940	2,176	236
Other	262	97	2,010	1,913
Total revenues	51,040	51,040	44,550	(6,490)
Expenditures:				
Public ways and facilities				
Roads Division	36,321	41,058	40,276	782
Capital outlay	73,944	71,175	54,210	16,965
Total expenditures	110,265	112,233	94,486	17,747
Excess (deficiency) of revenues over (under) expenditures	(59,225)	(61,193)	(49,936)	11,257
Other financing sources (uses):				
Transfers in	21,572	22,779	21,474	(1,305)
Transfers out	(560)	(2,374)	(1,551)	823
Total other financing sources (uses)	21,012	20,405	19,923	(482)
Net change in fund balances	\$ (38,213)	\$ (40,788)	(30,013)	\$ 10,775
GAAP basis difference - encumbrances			1,571	
Fund balance, beginning of year			65,700	
Fund balance, end of year			\$ 37,258	

**Budgetary Comparison Schedule
Mandated Revenues Special Revenue Fund
For the Fiscal Year Ended June 30, 2023
(Dollars in Thousands)**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
License, permit and franchise fees	\$ 2,666	\$ 2,666	\$ 2,831	\$ 165
Fines, forfeitures and penalties	1,984	1,984	3,465	1,481
Use of money and property	548	580	1,360	780
Intergovernmental	15,899	15,905	15,882	(23)
Charges for services	4,578	4,578	2,449	(2,129)
Other	345	359	332	(27)
Total revenues	26,020	26,072	26,319	247
Expenditures:				
General government				
Assessor	114	114	38	76
Sonoma Public Infrastructure - Tidelands Leases	334	391	185	206
Total general government	448	505	223	282
Public protection				
Recorder	3,223	2,858	2,608	250
Agriculture / Weights & Measures	65	65	55	10
Child Support Services	11,804	11,353	10,147	1,206
Court Support and Grand Jury	65	65	23	42
District Attorney	2,678	2,698	1,486	1,212
Fire Prevention	2,093	2,093	1,923	170
Permit Sonoma	2,200	2,200	1,445	755
Public Defender	922	1,259	1,028	231
Probation	2,471	2,471	2,176	295
Sheriff				
Detention	203	203	33	170
Law Enforcement	3,642	3,663	1,724	1,939
Total public protection	29,366	28,928	22,648	6,280
Public ways and facilities				
Sonoma Public Infrastructure Special Projects	41	47	46	1
Special Projects	500	500	379	121
Total public ways and facilities	541	547	425	122
Recreation and cultural services:				
Regional Parks Restricted Donations	-	273	-	273
Total recreation and cultural services	-	273	-	273
Capital outlay	280	2,406	603	1,803
Debt service				
Principal	-	544	544	-
Interest and other	-	49	49	-
Total expenditures	30,635	33,252	24,492	8,760
Excess (deficiency) of revenues over (under) expenditures	(4,615)	(7,180)	1,827	9,007
Other financing sources (uses):				
Transfers in	573	3,739	1,351	(2,388)
Transfers out	(11,780)	(12,115)	(2,724)	9,391
Total other financing sources (uses)	(11,207)	(8,376)	(1,373)	7,003
Net change in fund balances	\$ (15,822)	\$ (15,556)	454	\$ 16,010
GAAP basis difference - encumbrances			733	
Fund balance, beginning of year			64,124	
Fund balance, end of year			<u>\$ 65,311</u>	

Budgetary Comparison Schedule
2011 Realignment Special Revenue Fund
For the Fiscal Year Ended June 30, 2023
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 193	\$ 193	\$ 598	\$ 405
Intergovernmental	74,855	77,871	82,189	4,318
Charges for services	-	-	151	151
Other	2,575	2,575	10,007	7,432
Total revenues	77,623	80,639	92,945	12,306
Expenditures:				
Public protection				
District Attorney	587	616	616	-
Probation	25,277	25,277	22,165	3,112
Public Defender	443	443	415	28
Sheriff				
Law Enforcement	10,659	10,659	8,705	1,954
Detention	1,091	1,242	1,167	75
Total public protection	38,057	38,237	33,068	5,169
Health and sanitation				
Health Services - Special revenue	13,514	13,680	6,766	6,914
Total health and sanitation	13,514	13,680	6,766	6,914
Public assistance				
Human Services - Special revenue	25,799	28,799	27,993	806
Total public assistance	25,799	28,799	27,993	806
Total expenditures	77,370	80,716	67,827	12,889
Excess (deficiency) of revenues over (under) expenditures	253	(77)	25,118	25,195
Transfers out	(139)	(155)	(155)	-
Total other financing sources (uses)	(139)	(155)	(155)	-
Net change in fund balances	\$ 114	\$ (232)	24,963	\$ 25,195
Fund balance, beginning of year			61,331	
Fund balance, end of year			<u>\$ 86,294</u>	

**Budgetary Comparison Schedule
Special Districts Special Revenue Fund
For the Fiscal Year Ended June 30, 2023
(Dollars in Thousands)**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 12,592	\$ 12,592	\$ 15,012	\$ 2,420
Use of money and property	170	170	381	211
Intergovernmental	1,179	1,489	1,747	258
Charges for services	1,263	1,263	998	(265)
Other	-	-	(83)	(83)
Total revenues	15,204	15,514	18,055	2,541
Expenditures:				
Public protection				
CSA #40 Fire Services District	2,333	2,518	2,507	11
Permit Sonoma Project - Fire Prevention	2,761	2,677	2,472	205
Fire & Emergency Services - County Facility	212	212	108	104
Rio Nido Geo Haz Abatement District	10	10	-	10
Total public protection	5,316	5,417	5,087	330
Public ways and facilities				
County Services Area #41				
Countywide Lighting	1,290	1,314	494	820
Permanent Road Districts	143	143	21	122
Total public ways and facilities	1,433	1,457	515	942
Public assistance				
In Home Support Services Public Authority	1,171	1,472	1,431	41
Total public assistance	1,171	1,472	1,431	41
Recreation and cultural services:				
CSA #41 District Parks	189	189	182	7
Total recreation and cultural services:	189	189	182	7
Capital outlay	576	960	383	577
Debt service:				
Principal	29	102	101	1
Interest and other	4	5	4	1
Total expenditures	8,718	9,602	7,703	1,899
Excess (deficiency) of revenues over (under) expenditures	6,486	5,912	10,352	4,440
Other financing sources (uses):				
Transfers in	1,862	2,043	1,959	(84)
Transfers out	(11,770)	(12,750)	(10,928)	1,822
Lease inception	-	19	19	-
Total other financing sources (uses)	(9,908)	(10,688)	(8,950)	1,738
Net change in fund balances	\$ (3,422)	\$ (4,776)	1,402	\$ 6,178
GAAP basis difference - encumbrances			99	
Fund balance, beginning of year			21,688	
Fund balance, end of year			\$ 23,189	

Budgetary Comparison Schedule
Capital Projects Fund
For the Fiscal Year Ended June 30, 2023
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative) ⁽¹⁾
	Original	Final		
Revenues:				
Use of money and property	\$ 23	\$ 3	\$ (1,040)	\$ (1,043)
Intergovernmental	66,661	65,571	4,382	(61,189)
Other	4,262	3,808	474	(3,334)
Total revenues	70,946	69,382	3,816	(65,566)
Expenditures:				
General government				
Administration Center	1,171	1,118	284	834
Hall of Justice	87	140	21	119
Main Adult Detention Facility	26	68	9	59
Memorial Buildings	168	168	1	167
Misc. Capital Projects	1,272	1,685	210	1,475
Total general government	2,724	3,179	525	2,654
Capital outlay	108,714	118,075	30,576	87,499
Total expenditures	111,438	121,254	31,101	90,153
Excess (deficiency) of revenues over (under) expenditures	(40,492)	(51,872)	(27,285)	24,587
Other financing sources (uses):				
Transfers in	45,623	58,314	50,895	(7,419)
Transfers out	(2,296)	(5,779)	(8,519)	(2,740)
Total other financing sources (uses)	43,327	52,535	42,376	(10,159)
Net change in fund balances	\$ 2,835	\$ 663	15,091	\$ 14,428
GAAP basis difference - encumbrances			10,865	
Fund balance, beginning of year			68,494	
Fund balance, end of year			<u>\$ 94,450</u>	

⁽¹⁾ See note 2 in Notes to Required Supplementary Information section.

Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2023
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	230	230	236	6
Other	4,285	4,285	4,769	484
Total revenues	4,515	4,515	5,005	490
Expenditures:				
General Government	101	101	48	53
Debt service:				
Principal	9,425	9,688	9,755	(67)
Interest and other	2,495	2,495	2,427	68
Total expenditures	12,021	12,284	12,230	54
Excess (deficiency) of revenues over (under) expenditures	(7,506)	(7,769)	(7,225)	544
Other financing sources (uses):				
Transfers in	7,505	7,505	6,871	(634)
Total other financing sources (uses)	7,505	7,505	6,871	(634)
Net change in fund balances	\$ (1)	\$ (264)	(354)	\$ (90)
Fund balance, beginning of year			10,465	
Fund balance, end of year			\$ 10,111	

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.

Nonmajor Enterprise Funds
Combining Statement of Net Position
June 30, 2023
(Dollars in Thousands)

	Fair	Marinas	Other Districts	Total
ASSETS				
Current assets:				
Cash and investments	\$ 1,427	\$ 210	\$ 1,787	\$ 3,424
Cash and investments with trustee	7,332	18	-	7,350
Restricted cash and investments	1,217	-	-	1,217
Accounts receivable	500	508	41	1,049
Inventories	-	85	-	85
Due from other governments	41	-	-	41
Prepaid expenses and deposits	-	20	-	20
Total current assets	10,517	841	1,828	13,186
Noncurrent assets:				
Net pension asset	249	-	-	249
Capital assets:				
Nondepreciable	1,566	2,532	274	4,372
Depreciable, net	9,068	2,397	3,541	15,006
Total noncurrent assets	10,883	4,929	3,815	19,627
Total assets	21,400	5,770	5,643	32,813
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts related to pensions	532	238	-	770
Deferred amounts related to OPEB	144	45	-	189
Total deferred outflows of resources	676	283	-	959
LIABILITIES				
Current liabilities:				
Accounts payable	862	35	35	932
Due to other funds	-	-	13	13
Due to other governments	-	110	(3)	107
Deposits from others	126	165	-	291
Interest payable	-	-	9	9
Compensated absences	313	28	-	341
Advances from other governments	-	-	25	25
Loans payable	-	2	-	2
Other liabilities	121	171	-	292
Total current liabilities	1,422	511	79	2,012
Noncurrent portion of long-term liabilities:				
Advances from other funds	-	-	42	42
Advances from other governments	-	-	862	862
Loans payable	-	1	-	1
Net pension liabilities	-	366	-	366
Net OPEB liabilities	592	159	-	751
Total noncurrent liabilities	592	526	904	2,022
Total liabilities	2,014	1,037	983	4,034
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts related to pensions	1,472	32	-	1,504
Deferred amounts related to OPEB	599	48	-	647
Total deferred inflows of resources	2,071	80	-	2,151
NET POSITION				
Net investment in capital assets	10,634	4,929	2,928	18,491
Restricted for junior livestock auction	180	-	-	180
Restricted for capital asset maintenance	121	-	-	121
Restricted for endowment	1,000	-	-	1,000
Restricted - other	323	-	31	354
Unrestricted	5,733	7	1,701	7,441
Total net position	\$ 17,991	\$ 4,936	\$ 4,660	\$ 27,587

Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2023
(Dollars in Thousands)

	Fair	Marinas	Other Districts	Total
Operating revenues:				
Charges for services	\$ -	\$ 1,486	\$ 1,178	\$ 2,664
Rents and concessions	11,006	1,082	-	12,088
Sales and miscellaneous	-	268	(17)	251
Total operating revenues	11,006	2,836	1,161	15,003
Operating expenses:				
Services and supplies	5,013	2,127	911	8,051
Salaries and employee benefits	4,629	820	-	5,449
Depreciation and amortization	817	136	205	1,158
Total operating expenses	10,459	3,083	1,116	14,658
Operating income (loss)	547	(247)	45	345
Nonoperating revenues (expenses):				
Investment income (loss)	39	28	23	90
Interest expense	-	(1)	(26)	(27)
Miscellaneous	465	-	-	465
Total nonoperating revenues (expenses)	504	27	(3)	528
Income (loss) before transfers	1,051	(220)	42	873
Transfers out	-	(4)	-	(4)
Change in net position	1,051	(224)	42	869
Net position, beginning of year	16,940	5,160	4,618	26,718
Net position, end of year	\$ 17,991	\$ 4,936	\$ 4,660	\$ 27,587

Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2023
(Dollars in Thousands)

	Fair	Marinas	Other Districts	Total
Cash flows from operating activities:				
Received from customers	\$ 11,110	\$ 2,915	\$ 1,140	\$ 15,165
Payments to suppliers for goods and services	(4,984)	(2,197)	(895)	(8,076)
Payments to employees for services	(5,000)	(837)	-	(5,837)
Net cash provided (used) by operating activities	1,126	(119)	245	1,252
Cash flows from noncapital financing activities:				
Transfers out	-	(4)	-	(4)
Advances to other funds	-	-	(14)	(14)
Contributions	194	-	-	194
Net cash provided (used) by noncapital financing activities	194	(4)	(14)	176
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(770)	(126)	-	(896)
Principal paid on loans	-	(2)	(2)	(4)
Due from other governments	-	19	-	19
Advances to other governments	-	(356)	(24)	(380)
Interest paid	-	(16)	(25)	(41)
Net cash (used) by capital and related financing activities	(770)	(481)	(51)	(1,302)
Cash flows from investing activities:				
Interest received (loss) on investments	(172)	28	23	(121)
Net cash provided by (used in) investing activities	(172)	28	23	(121)
Net increase (decrease) in cash and cash equivalents	378	(576)	203	5
Cash and cash equivalents, beginning of year	9,598	804	1,584	11,986
Cash and cash equivalents, end of year	\$ 9,976	\$ 228	\$ 1,787	\$ 11,991
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 547	\$ (247)	\$ 45	\$ 345
Depreciation and amortization	817	136	205	1,158
Net pension activity	(341)	10	-	(331)
Net OPEB activity	(125)	(34)	-	(159)
Changes in assets and liabilities:				
Decrease (increase) in:				
Accounts receivable	77	79	(38)	118
Inventories	-	17	-	17
Other assets	11	2	17	30
Increase (decrease) in:				
Accounts payable	29	(86)	16	(41)
Compensated absences	94	7	-	101
Other liabilities	17	(3)	-	14
Net cash provided (used) by operating activities	\$ 1,126	\$ (119)	\$ 245	\$ 1,252
Reconciliation of cash and cash equivalents to the Statement of Net Position:				
Cash and investments	\$ 1,427	\$ 210	\$ 1,787	\$ 3,424
Cash and investments with trustee	7,332	18	-	7,350
Restricted cash and investments	1,217	-	-	1,217
Total cash and cash equivalents	\$ 9,976	\$ 228	\$ 1,787	\$ 11,991

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 Sonoma Public Infrastructure 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.

Internal Service Funds
Combining Statement of Net Position
June 30, 2023
(Dollars in Thousands)

	Insurance	Heavy Equipment Replacement	ERP System	Employee Retirement	Other Postemployment Benefits (OPEB)	Total
ASSETS						
Current assets:						
Cash and investments	\$ 82,496	\$ 4,192	\$ 9,585	\$ 10,791	\$ 4,492	\$ 111,556
Cash and investments with trustee	1,009	-	-	15	-	1,024
Accounts receivable, net	553	-	17	16	9	595
Due from other governments	155	-	-	-	-	155
Prepaid expenses	4	24	301	-	-	329
Total current assets	84,217	4,216	9,903	10,822	4,501	113,659
Noncurrent assets:						
Capital assets:						
Nondepreciable	-	448	-	-	-	448
Depreciable, net	-	5,923	3,365	-	-	9,288
Total noncurrent assets	-	6,371	3,365	-	-	9,736
Total assets	84,217	10,587	13,268	10,822	4,501	123,395
DEFERRED OUTFLOWS OF RESOURCES						
Deferred amounts related to pensions	2,042	-	1,188	249,513	-	252,743
Deferred amounts related to OPEB	419	-	713	-	39,295	40,427
Total deferred outflows of resources	2,461	-	1,901	249,513	39,295	293,170
LIABILITIES						
Current liabilities:						
Accounts payable	766	111	62	5,430	12	6,381
Due to other funds	-	-	1,542	-	-	1,542
Interest payable	-	-	2	1,025	-	1,027
Compensated absences	232	-	110	-	-	342
Self-funded insurance	15,990	-	-	-	-	15,990
Lease liability	-	-	194	-	-	194
Bonds payable	-	-	-	21,065	-	21,065
Other liabilities	2,315	-	-	-	-	2,315
Total current liabilities	19,303	111	1,910	27,520	12	48,856
Noncurrent portion of long-term liabilities:						
Self-funded insurance	52,306	-	-	-	-	52,306
Compensated absences	155	-	73	-	-	228
Advances from other funds	-	-	2,203	-	-	2,203
Lease liability	-	-	249	-	-	249
Bonds payable	-	-	-	183,880	-	183,880
Net pension liabilities	2,758	-	1,258	337,866	-	341,882
Net OPEB liabilities	1,306	-	550	-	142,134	143,990
Total noncurrent liabilities	56,525	-	4,333	521,746	142,134	724,738
Total liabilities	75,828	111	6,243	549,266	142,146	773,594
DEFERRED INFLOWS OF RESOURCES						
Deferred amounts related to pensions	426	-	49	36,784	-	37,259
Deferred amounts related to OPEB	204	-	69	-	19,259	19,532
Total deferred inflows of resources	630	-	118	36,784	19,259	56,791
NET POSITION						
Net investment in capital assets	-	6,374	2,923	-	-	9,297
Unrestricted (deficit)	10,220	4,102	5,885	(325,715)	(117,609)	(423,117)
Total net position (deficit)	\$ 10,220	\$ 10,476	\$ 8,808	\$ (325,715)	\$ (117,609)	\$ (413,820)

Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2023
(Dollars in Thousands)

	Insurance	Heavy Equipment Replacement	ERP System	Employee Retirement	Other Postemployment Benefits (OPEB)	Total
Operating revenues:						
Charges for services	\$ 45,627	\$ -	\$ 12,234	\$ 100,339	\$ 33,873	\$ 192,073
Rents and concessions	-	2,964	-	-	-	2,964
Sales and miscellaneous	4,634	-	-	-	-	4,634
Total operating revenues	50,261	2,964	12,234	100,339	33,873	199,671
Operating expenses:						
Services and supplies	28,367	2,486	7,162	-	-	38,015
Salaries and employee benefits	4,641	-	2,235	89,308	9,048	105,232
Claim expenses	24,652	-	-	-	-	24,652
Depreciation and amortization	-	937	1,885	-	-	2,822
Total operating expenses	57,660	3,423	11,282	89,308	9,048	170,721
Operating income (loss)	(7,399)	(459)	952	11,031	24,825	28,950
Nonoperating revenues (expenses):						
Investment income (loss)	1,389	64	(15)	672	339	2,449
Interest expense	-	-	(9)	(13,263)	-	(13,272)
Gain (loss) on disposal of capital assets	-	213	-	-	-	213
Total nonoperating revenues (expenses)	1,389	277	(24)	(12,591)	339	(10,610)
Income (loss) before transfers	(6,010)	(182)	928	(1,560)	25,164	18,340
Transfers in	48	1,491	7	-	-	1,546
Transfers out	(12,310)	-	(156)	-	-	(12,466)
Change in net position	(18,272)	1,309	779	(1,560)	25,164	7,420
Net position (deficit), beginning of year	28,492	9,167	8,029	(324,155)	(142,773)	(421,240)
Net position (deficit), end of year	\$ 10,220	\$ 10,476	\$ 8,808	\$ (325,715)	\$ (117,609)	\$ (413,820)

Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2023
(Dollars in Thousands)

	Insurance	Heavy Equipment Replacement	ERP System	Employee Retirement	Other Postemployment Benefits (OPEB)	Total
Cash flows from operating activities:						
Receipts from interfund services provided	\$ 50,102	\$ 3,007	\$ 12,386	\$ 147,329	\$ 5,755	\$ 218,579
Payments to suppliers for goods and services	(53,657)	(2,511)	(7,159)	1,891	12	(61,424)
Payments to employees for services	3,030	-	(2,254)	(90,844)	(9,048)	(99,116)
Net cash provided by operating activities	(525)	496	2,973	58,376	(3,281)	58,039
Cash flows from noncapital financing activities:						
Transfers in	48	1,491	7	-	-	1,546
Transfers out	(12,310)	-	(156)	-	-	(12,466)
Due from other funds	200	-	-	-	-	200
Due to other funds	(50)	-	-	-	-	(50)
Advances to other funds	-	-	(1,541)	-	-	(1,541)
Due to other governments	(104)	-	-	-	-	(104)
Principal paid on bonds	-	-	-	(42,935)	-	(42,935)
Interest paid	-	-	-	(13,456)	-	(13,456)
Net cash provided (used) by noncapital financing activities	(12,216)	1,491	(1,690)	(56,391)	-	(68,806)
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	-	(1,673)	(318)	-	-	(1,991)
Interest paid	-	-	(7)	-	-	(7)
Net cash (used) by capital and related financing activities	-	(1,673)	(325)	-	-	(1,998)
Cash flows from investing activities:						
Interest received (loss) on investments	1,389	64	(15)	672	339	2,449
Net cash provided by (used in) investing activities	1,389	64	(15)	672	339	2,449
Net increase (decrease) in cash and cash equivalents	(11,352)	378	943	2,657	(2,942)	(10,316)
Cash and cash equivalents, beginning of year	94,857	3,814	8,642	8,149	7,434	122,896
Cash and cash equivalents, end of year	\$ 83,505	\$ 4,192	\$ 9,585	\$ 10,806	\$ 4,492	\$ 112,580
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ (7,399)	\$ (459)	\$ 952	\$ 11,031	\$ 24,825	\$ 28,950
Depreciation and amortization	-	937	1,885	-	-	2,822
Net pension activity	149	-	250	45,218	-	45,617
Net OPEB activity	(275)	-	(94)	-	(28,118)	(28,487)
Changes in assets and liabilities:						
Decrease (increase) in:						
Accounts receivable	(33)	43	(4)	82	-	88
Prepaid expenses	(1)	9	5	-	-	13
Increase (decrease) in:						
Accounts payable	(131)	(34)	(2)	2,045	12	1,890
Compensated absences	2	-	(19)	-	-	(17)
Self-funded insurance	7,669	-	-	-	-	7,669
Other liabilities	(506)	-	-	-	-	(506)
Net cash provided (used) by operating activities	\$ (525)	\$ 496	\$ 2,973	\$ 58,376	\$ (3,281)	\$ 58,039
Noncash investing, capital and financing activities:						
Right-to-use lease acquisitions	\$ -	\$ -	\$ 11	\$ -	\$ -	\$ 11
Reconciliation of cash and cash equivalents to the Statement of Net Position:						
Cash and investments	\$ 82,496	\$ 4,192	\$ 9,585	\$ 10,791	\$ 4,492	\$ 111,556
Cash and investments with trustee	1,009	-	-	15	-	1,024
Total cash and cash equivalents	\$ 83,505	\$ 4,192	\$ 9,585	\$ 10,806	\$ 4,492	\$ 112,580



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

Discretely Presented Nonmajor Component Units
Combining Statement of Net Position
June 30, 2023
(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	\$ 23,881	\$ 6,293	\$ 14,449	\$ 1,865	\$ 46,488
Restricted cash and investments	11,689	374	429	-	12,492
Receivables, net	919	330	105	174	1,528
Due from other governments	153	2,238	-	-	2,391
Prepaid expenses and deposits	21	2	-	13	36
Capital assets:					
Nondepreciable	19,640	1,848	131	520	22,139
Depreciable, net	63,716	19,912	17,818	3,896	105,342
Total assets	120,019	30,997	32,932	6,468	190,416
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	-	-	38	-	38
Total deferred outflows of resources	-	-	38	-	38
LIABILITIES					
Accounts payable and accrued liabilities	1,734	1,088	4	-	2,826
Interest payable	434	13	-	-	447
Long-term liabilities:					
Due within one year	1,996	331	199	-	2,526
Due in more than one year	23,789	1,124	2,581	-	27,494
Total liabilities	27,953	2,556	2,784	-	33,293
DEFERRED INFLOWS OF RESOURCES					
Deferred charge on refunding	869	-	-	-	869
Total deferred inflows of resources	869	-	-	-	869
NET POSITION					
Net investment in capital assets	65,800	20,017	17,164	4,416	107,397
Restricted	2,747	374	425	-	3,546
Unrestricted	22,650	8,050	12,597	2,052	45,349
Total net position	\$ 91,197	\$ 28,441	\$ 30,186	\$ 6,468	\$ 156,292



**Discretely Presented Nonmajor Component Units
Combining Statement of Activities
For the Year Ended June 30, 2023
(Dollars in Thousands)**

	Program Revenues			
	Expenses	Services	Operating Grants and Contributions	Contributions
FUNCTION/PROGRAM ACTIVITIES:				
Component units:				
Sonoma Valley Sanitation District	\$ 16,999	\$ 18,891	\$ 21	\$ 147
Russian River Sanitation District	1,478	6,155	-	1,608
South Park Sanitation District	3,422	4,598	225	-
Occidental Sanitation District	1,609	537	600	1,500
Total component units	\$ 23,508	\$ 30,181	\$ 846	\$ 3,255
GENERAL REVENUES:				
Unrestricted investment earnings				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
Net position, end of year				

Net (Expense) Revenue and Changes in Net Position						
Nonmajor Discrete Component Units						
Sonoma Valley County Sanitation District	Russian River County Sanitation District	South Park County Sanitation District	Occidental County Sanitation District	Total		
						FUNCTION/PROGRAM ACTIVITIES:
						Component units:
\$ 2,060	\$ -	\$ -	\$ -	\$ 2,060		Sonoma Valley Sanitation District
-	6,285	-	-	6,285		Russian River Sanitation District
-	-	1,401	-	1,401		South Park Sanitation District
-	-	-	1,028	1,028		Occidental Sanitation District
\$ 2,060	\$ 6,285	\$ 1,401	\$ 1,028	\$ 10,774		Total component units
						GENERAL REVENUES:
159	114	215	21	509		Unrestricted investment earnings
159	114	215	21	509		Total general revenues and transfers
2,219	6,399	1,616	1,049	11,283		Change in net position
88,978	22,042	28,570	5,419	145,009		Net position, beginning of year
\$ 91,197	\$ 28,441	\$ 30,186	\$ 6,468	\$ 156,292		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.

Pension (and Other Employee Benefit) Trust Funds
Combining Statement of Net Position
June 30, 2023
(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	\$ 1,638	\$ -	\$ 1,638
Restricted investments with trustee	223,239	-	223,239
Accounts receivable	70,765	-	70,765
Investments at fair value:			
Cash and equivalents	-	7,212	7,212
Mutual funds	-	92,383	92,383
Corporate obligations	153,401	7,636	161,037
Government obligations	239,373	16,602	255,975
Equities	1,777,548	-	1,777,548
Other investments	971,082	-	971,082
Total investments	3,141,404	123,833	3,265,237
Other assets	1,877	-	1,877
Total assets	3,438,923	123,833	3,562,756
LIABILITIES			
Accounts payable and other liabilities	3,223	-	3,223
Other liabilities	266,068	-	266,068
Total liabilities	269,291	-	269,291
NET POSITION (DEFICIT)			
Restricted for:			
Pension	3,169,632	-	3,169,632
Other postemployment benefits	-	123,833	123,833
Total net position (deficit)	\$ 3,169,632	\$ 123,833	\$ 3,293,465

Pension (and Other Employee Benefit) Trust Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2023
(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	\$ 76,562	\$ 43,442	\$ 120,004
Employee contributions	49,224	-	49,224
OPEB employer contributions outside of trust	-	2,230	2,230
Total contributions	125,786	45,672	171,458
Investment earnings (loss):			
Net increase (decrease) in fair value of investments	(292,657)	3,583	(289,074)
Interest, dividends, and other	48,588	5,117	53,705
Total investment earnings (loss)	(244,069)	8,700	(235,369)
Less investment costs:			
Investment expense	25,356	279	25,635
Net investment earnings (loss)	(269,425)	8,421	(261,004)
Miscellaneous	106	-	106
Total additions	(143,533)	54,093	(89,440)
DEDUCTIONS			
Benefits paid to participants or beneficiaries	201,711	25,556	227,267
Employer plan expense	3,119	-	3,119
OPEB employer expense outside of trust	-	2,230	2,230
Administrative expenses	3,366	1,460	4,826
Total deductions	208,196	29,246	237,442
Net increase (decrease) in fiduciary net position	(351,729)	24,847	(326,882)
Net position, beginning	3,521,361	98,986	3,620,347
Net position, ending	\$ 3,169,632	\$ 123,833	\$ 3,293,465

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.

Custodial External Investment Pool Funds
Combining Statement of Net Position
June 30, 2023
(Dollars in Thousands)

	CMSF Trust	Fire Insurance Proceeds	Other External Investment Pool Funds	Total
ASSETS				
Cash and investments	\$ 309,284	\$ 90,393	\$ 9,323	\$ 409,000
Restricted investments with trustee	-	-	1,209	1,209
Accounts receivable	-	-	28	28
Total assets	309,284	90,393	10,560	410,237
LIABILITIES				
Accounts payable and other liabilities	-	-	170	170
Due to other governments	-	90,817	-	90,817
Other liabilities	-	22	2,489	2,511
Total liabilities	-	90,839	2,659	93,498
NET POSITION				
Restricted for:				
Pool participants	309,284	(446)	7,901	316,739
Total net position	\$ 309,284	\$ (446)	\$ 7,901	\$ 316,739

Custodial External Investment Pool Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2023
(Dollars in Thousands)

	CMSF Trust	Fire Insurance Proceeds	Other External Investment Pool Funds	Total
ADDITIONS				
Investment earnings:				
Net increase (decrease) in fair value of investments	\$ 1,061	\$ (53)	\$ -	\$ 1,008
Interest, dividends, and other	5,505	1,541	19	7,065
Total investment earnings (loss)	6,566	1,488	19	8,073
Licenses and fees	-	-	82	82
Miscellaneous	-	-	76,878	76,878
Total additions	6,566	1,488	76,979	85,033
DEDUCTIONS				
Payments to other governments	31,239	-	75,844	107,083
Administrative expense	-	-	58	58
Total deductions	31,239	-	75,902	107,141
Net increase (decrease) in fiduciary net position	(24,673)	1,488	1,077	(22,108)
Net position, beginning	333,957	(1,934)	6,824	338,847
Net position, ending	\$ 309,284	\$ (446)	\$ 7,901	\$ 316,739

Other Custodial Funds
Combining Statement of Net Position
June 30, 2023
(Dollars in Thousands)

	MTC Trust	Taxes	Sales Tax	Special Assessment Trust	Other	Total
ASSETS						
Cash and investments	\$ 37,123	\$ -	\$ -	\$ -	\$ -	\$ 37,123
Restricted investments with trustee	-	-	-	-	204	204
Accounts receivable	725	41,127	4,520	2,261	23,593	72,226
Due from other Govts	7,766	-	-	-	-	7,766
Other assets	-	208	-	-	820	1,028
Total assets	45,614	41,335	4,520	2,261	24,617	118,347
LIABILITIES						
Accounts payable and other liabilities	2,240	73	-	-	1,280	3,593
Due to other governments	-	8,892	1,257	-	1,099	11,248
Other liabilities	-	363	-	-	20,415	20,778
Total liabilities	2,240	9,328	1,257	-	22,794	35,619
NET POSITION (DEFICIT)						
Restricted for:						
Organizations and other governments	43,374	32,007	3,263	2,261	1,823	82,728
Total net position (deficit)	\$ 43,374	\$ 32,007	\$ 3,263	\$ 2,261	\$ 1,823	\$ 82,728

Other Custodial Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2023
(Dollars in Thousands)

	MTC Trust	Taxes	Sales Tax	Special Assessment Trust	Other	Total
ADDITIONS						
Investment earnings (loss):						
Net increase (decrease) in fair value of investments	\$ (218)	\$ (164)	\$ 53	\$ 15	\$ (54)	\$ (368)
Interest, dividends, and other	611	432	44	73	57	1,217
Total investment earnings (loss)	393	268	97	88	3	849
Less investment costs:						
Investment expense	-	12	-	296	30	338
Net investment earnings (loss)	393	256	97	(208)	(27)	511
Property taxes	-	146,856	-	260	7,422	154,538
Other taxes	32,726	553	-	-	-	33,279
License and fees	-	(8,984)	63,856	5,908	10,752	71,532
Miscellaneous	335	(259)	17	(427)	12,518	12,184
Total additions	33,454	138,422	63,970	5,533	30,665	272,044
DEDUCTIONS						
Payments to other governments	29,345	137,214	65,263	5,928	30,722	268,472
Administrative expenses	-	-	-	-	2,206	2,206
Total deductions	29,345	137,214	65,263	5,928	32,928	270,678
Net increase (decrease) in fiduciary net position	4,109	1,208	(1,293)	(395)	(2,263)	1,366
Net position (deficit), beginning	39,265	30,799	4,556	2,656	4,086	81,362
Net position (deficit), ending	\$ 43,374	\$ 32,007	\$ 3,263	\$ 2,261	\$ 1,823	\$ 82,728





Statistical Section





STATISTICAL SECTION

(UNAUDITED)

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

CONTENTS	Pages
Financial Trends	
Trend information reflecting the County's financial performance over the past 10 years	168
Revenue Capacity	
Information on the County's most significant local revenue source, the property tax	180
Debt Capacity	
Information on the County's current levels of outstanding debt and on the capacity for issuing additional debt in the future	184
Economic and Demographic Information	
Indicators on the environment within which the County's financial activities take place	188
Operating Information	
Service and infrastructure data relating the County's financial statistics to services and activities within the County provides	192

**Net Position By Category (Unaudited)
Last Ten Fiscal Years
(Dollar Amounts in Thousands)
(Accrual Basis of Accounting)**

	2013-14 ⁽¹⁾ as restated	2014-15 ⁽²⁾ as restated	2015-16	2016-17 ⁽³⁾ as restated	2017-18 ⁽⁴⁾ as restated
Governmental activities					
Net investment in capital assets	\$ 1,088,783	\$ 1,113,783	\$ 1,163,262	\$ 1,192,407	\$ 1,208,423
Restricted	243,497	223,011	210,531	209,960	227,882
Unrestricted	(524,188)	(481,556)	(456,299)	(457,536)	(649,958)
Total governmental activities net position	\$ 808,092	\$ 855,238	\$ 917,494	\$ 944,831	\$ 786,347
Business-type activities					
Net investment in capital assets	113,075	137,860	145,735	155,959	162,020
Restricted	412	1,038	4,265	7,440	10,390
Unrestricted	11,585	8,695	7,058	(2,806)	(7,695)
Total business-type activities net position	\$ 125,072	\$ 147,593	\$ 157,058	\$ 160,593	\$ 164,715
Total government					
Net investment in capital assets	1,201,858	1,251,643	1,308,997	1,348,366	1,370,443
Restricted	243,909	224,049	214,796	217,400	238,272
Unrestricted	(512,603)	(472,861)	(449,241)	(460,342)	(657,653)
Total primary government net position	\$ 933,164	\$ 1,002,831	\$ 1,074,552	\$ 1,105,424	\$ 951,062

Notes:

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

2018-19	2019-20	2020-21	2021-22	2022-23	
					Governmental activities
\$ 1,251,617	\$ 1,293,820	\$ 1,359,263	\$ 1,397,357	\$ 1,459,079	Net investment in capital assets
265,519	281,953	351,841	423,220	496,380	Restricted
(594,644)	(522,223)	(219,676)	(74,255)	(9,990)	Unrestricted
\$ 922,492	\$ 1,053,550	\$ 1,491,428	\$ 1,746,322	\$ 1,945,469	Total governmental activities net position
					Business-type activities
150,286	149,934	149,102	158,458	177,322	Net investment in capital assets
11,715	16,654	20,640	23,452	26,979	Restricted
6,541	8,109	13,197	26,224	19,730	Unrestricted
\$ 168,542	\$ 174,697	\$ 182,939	\$ 208,134	\$ 224,031	Total business-type activities net position
					Total government
1,401,903	1,443,754	1,508,365	1,555,815	1,636,401	Net investment in capital assets
277,234	298,607	372,481	446,672	523,359	Restricted
(588,103)	(514,114)	(206,479)	(48,031)	9,740	Unrestricted
\$ 1,091,034	\$ 1,228,247	\$ 1,674,367	\$ 1,954,456	\$ 2,169,500	Total primary government net position

Expenses By Function (Unaudited)
Last Ten Fiscal Years
(Dollar Amounts in Thousands)
(Accrual Basis of Accounting)

	2013-14 ⁽¹⁾ as restated	2014-15	2015-16	2016-17	2017-18
Expenses					
Governmental activities					
General government	\$ 89,881	\$ 95,094	\$ 109,637	\$ 104,166	\$ 112,173
Public protection	243,619	272,963	281,574	310,466	306,078
Public ways and facilities	47,887	36,868	38,964	47,670	52,302
Health and sanitation	118,391	118,085	132,071	135,564	136,228
Public assistance	200,026	201,913	212,754	220,772	208,901
Education	840	1,020	1,056	1,118	1,122
Recreation and cultural services	13,147	14,482	16,004	33,174	33,943
Interest on long-term debt	37,978	37,598	35,344	29,136	28,219
Total governmental activities expenses	\$ 751,769	\$ 778,023	\$ 827,404	\$ 882,066	\$ 878,966
Business-type activities					
Integrated Waste	\$ 32,532	\$ 26,492	\$ 5,494	\$ 9,935	\$ 4,331
Airport	4,223	4,743	5,330	7,596	8,821
Energy Independence Program	2,723	2,566	2,581	2,458	2,253
Transit	17,484	16,762	17,923	18,816	19,309
Fair	10,072	13,645	10,661	7,199	11,495
Marinas	2,214	2,708	2,213	2,497	2,332
Other business-type activities	1,789	1,235	1,035	1,238	1,092
Total business-type activities expenses	\$ 71,037	\$ 68,151	\$ 45,237	\$ 49,739	\$ 49,633
Total primary government	\$ 751,840	\$ 778,091	\$ 872,641	\$ 931,805	\$ 928,599

Notes:

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

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector

2018-19	2019-20	2020-21	2021-22	2022-23	
					Expenses
					Governmental activities
\$ 93,172	\$ 120,051	\$ 174,850	\$ 188,199	\$ 132,080	General government
331,051	326,507	315,399	324,378	379,172	Public protection
43,324	52,321	41,555	42,276	51,626	Public ways and facilities
134,918	124,539	126,113	150,633	191,818	Health and sanitation
220,590	213,416	211,766	222,131	266,560	Public assistance
1,182	1,237	1,047	1,049	1,673	Education
27,355	28,405	28,821	33,273	38,874	Recreation and cultural services
26,295	24,259	21,752	19,365	16,671	Interest on long-term debt
\$ 877,887	\$ 890,735	\$ 921,303	\$ 981,304	\$ 1,078,473	Total governmental activities expenses
					Business-type activities
\$ 6,706	\$ 4,971	\$ 5,500	\$ 5,968	\$ 6,846	Integrated Waste
9,941	10,844	11,028	12,342	13,688	Airport
2,299	2,306	2,417	2,056	1,918	Energy Independence Program
20,252	20,410	18,505	20,387	21,372	Transit
10,818	11,222	5,954	6,160	10,459	Fair
2,734	2,678	2,843	2,794	3,084	Marinas
1,135	1,050	1,104	1,440	1,142	Other business-type activities
\$ 53,885	\$ 53,481	\$ 47,351	\$ 51,147	\$ 58,509	Total business-type activities expenses
\$ 931,772	\$ 944,216	\$ 968,654	\$ 1,032,451	\$ 1,136,982	Total primary government

Changes in Net Position (Unaudited)
Last Ten Fiscal Years
(Dollar Amounts in Thousands)
(Accrual Basis of Accounting)

	2013-14	2014-15	2015-16	2016-17	2017-18
Program Revenue					
Governmental activities					
Charges for services					
General government	\$ 46,308	\$ 41,223	\$ 52,021	\$ 40,057	\$ 38,026
Public protection	29,345	32,776	34,737	35,029	37,181
Public ways and facilities	43	371	395	407	4,025
Health and sanitation	6,275	6,780	6,501	13,938	12,583
Public assistance	18,021	8,190	9,173	3,499	1,544
Recreation and cultural services	4,329	4,640	5,193	5,763	5,577
Total charges for services	104,321	93,980	108,020	98,693	98,936
Operating grants and contributions	437,904	426,888	471,383	464,039	514,968
Capital grants and contributions	4,832	7,754	3,102	4,013	3,071
Total governmental activities	547,057	528,622	582,505	566,745	616,975
Business - type activities					
Charges for services					
Integrated Waste	37,993	29,343	7,380	6,661	7,223
Airport	4,285	4,589	4,935	5,764	7,053
Energy Independence Program	1,957	3,000	2,845	2,658	2,313
Transit	2,165	2,000	2,035	1,825	1,957
Fair	9,597	12,353	11,520	9,204	11,268
Marinas	2,312	2,858	2,145	2,343	2,264
Other business-type activities	1,711	1,106	1,078	1,158	1,233
Total charges for services	60,020	55,249	31,938	29,613	33,311
Operating grants and contributions	12,253	12,238	13,232	13,937	15,335
Capital grants and contributions	31,828	21,369	7,712	10,467	2,868
Total business - type activities program revenues	104,101	88,856	52,882	54,017	51,514
Total primary government program revenues	\$ 651,158	\$ 617,478	\$ 635,387	\$ 620,762	\$ 668,489
Net (Expense) Revenue					
Governmental activities	\$ (194,528)	\$ (204,172)	\$ (249,401)	\$ (244,899)	\$ (315,321)
Business - type activities	(1,833)	28,182	20,705	7,645	4,278
Total primary government net expenses	\$ (196,361)	\$ (175,990)	\$ (228,696)	\$ (237,254)	\$ (311,043)

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector

2018-19	2019-20	2020-21	2021-22	2022-23	
					Program Revenue
					Governmental activities
					Charges for services
\$ 40,737	\$ 43,365	\$ 43,588	\$ 45,322	\$ 52,007	General government
45,579	43,133	41,047	40,142	39,539	Public protection
3,766	4,503	4,601	5,379	4,867	Public ways and facilities
10,842	9,925	10,470	11,299	11,193	Health and sanitation
1,421	1,242	1,358	1,618	1,782	Public assistance
5,992	5,453	7,761	7,412	8,025	Recreation and cultural services
108,337	107,621	108,825	111,172	117,413	Total charges for services
501,263	510,514	633,524	651,763	608,609	Operating grants and contributions
3,318	2,143	3,681	4,635	4,905	Capital grants and contributions
612,918	620,278	746,030	767,570	730,927	Total governmental activities
					Business - type activities
					Charges for services
7,619	7,950	8,069	7,407	8,703	Integrated Waste
6,888	5,054	6,359	8,339	9,479	Airport
2,033	1,937	1,603	1,619	1,667	Energy Independence Program
1,804	1,180	212	791	938	Transit
12,260	11,230	5,131	8,668	11,006	Fair
2,396	2,467	2,882	2,878	2,836	Marinas
803	1,102	1,129	1,017	1,161	Other business-type activities
33,803	30,920	25,385	30,719	35,790	Total charges for services
16,960	180,729	21,099	23,639	25,399	Operating grants and contributions
3,255	5,357	6,195	18,753	8,237	Capital grants and contributions
54,018	55,006	52,679	73,111	69,426	Total business - type activities program revenues
\$ 666,936	\$ 675,284	\$ 798,709	\$ 840,681	\$ 800,353	Total primary government program revenues
					Net (Expense) Revenue
\$ (261,991)	\$ (264,969)	\$ (175,273)	\$ (213,734)	\$ (347,546)	Governmental activities
1,881	133	5,328	21,964	10,917	Business - type activities
\$ (260,110)	\$ (264,836)	\$ (169,945)	\$ (191,770)	\$ (336,629)	Total primary government net expenses

**Net Expense By Function (Unaudited)
Last Ten Fiscal Years
(Dollar Amounts in Thousands)
(Accrual Basis of Accounting)**

	2013-14	2014-15	2015-16	2016-17	2017-18
Net (expense) revenue					
Governmental activities	\$ (204,712)	\$ (249,401)	\$ (244,899)	\$ (315,321)	\$ (261,991)
Business-type activities	28,182	20,705	7,645	4,278	1,881
Total primary government net expense	(176,530)	(228,696)	(237,254)	(311,043)	(260,110)
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property	193,221	208,316	222,211	233,256	245,274
Documentary transfer	4,439	4,953	5,541	6,047	6,201
Transient occupancy	11,037	16,759	14,188	17,701	22,237
Grants and other governmental revenue not restricted to specific programs	38,474	39,153	40,686	42,813	48,721
Unrestricted investment earnings	11,305	6,157	8,331	7,778	10,907
Other	16,808	22,561	17,583	36,532	38,688
Transfers	(1,163)	(1,464)	(1,385)	(1,469)	(1,328)
Special/Extraordinary item	-	-	-	-	(1,367)
Total governmental activities	274,121	296,435	307,155	342,658	369,333
Business-type activities:					
Unrestricted investment earnings (loss)	2,186	25	370	367	868
Other	548	70	65	(25)	45
Transfers	1,163	1,464	1,385	1,469	1,328
Total business-type activities	3,897	1,559	1,820	1,811	2,241
Total primary government	\$ 278,018	\$ 297,994	\$ 308,975	\$ 344,469	\$ 372,941
Changes in net position:					
Governmental activities	69,409	47,034	62,256	27,337	107,342
Business-type activities	32,079	22,264	9,465	6,089	4,122
Total primary government	\$ 101,488	\$ 69,298	\$ 71,721	\$ 33,426	\$ 111,464

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector

2018-19	2019-20	2020-21	2021-22	2022-23	
					Net (expense) revenue
\$ (264,969)	\$ (270,457)	\$ (175,273)	\$ (213,734)	\$ (347,546)	Governmental activities
133	1,525	5,328	21,964	10,917	Business-type activities
(264,836)	(268,932)	(169,945)	(191,770)	(336,629)	Total primary government net expense
					General revenues and other changes in net position:
					Governmental activities:
					Taxes:
259,239	274,643	290,134	304,492	325,693	Property
5,585	6,817	9,071	9,378	6,124	Documentary transfer
22,377	16,234	24,289	32,830	29,507	Transient occupancy
53,018	55,566	66,463	95,805	102,480	Grants and other governmental revenue not restricted to specific programs
22,758	15,402	7,304	(23,419)	20,513	Unrestricted investment earnings
39,617	44,753	217,255	51,793	63,444	Other
(1,480)	(1,599)	(1,365)	(2,251)	(1,068)	Transfers
-	(10,301)	-	-	-	Special/Extraordinary item
401,114	411,816	613,151	468,628	546,693	Total governmental activities
					Business-type activities:
2,283	1,592	264	(1,980)	-	Unrestricted investment earnings (loss)
2,066	1,439	1,285	2,960	2,243	Other
1,480	1,599	1,365	2,251	1,068	Transfers
5,829	4,630	2,914	3,231	3,311	Total business-type activities
\$ 406,943	\$ 416,446	\$ 616,065	\$ 471,859	\$ 550,004	Total primary government
					Changes in net position:
136,145	131,058	437,878	254,894	199,147	Governmental activities
5,962	6,155	8,242	25,195	15,897	Business-type activities
\$ 142,107	\$ 137,213	\$ 446,120	\$ 280,089	\$ 215,044	Total primary government

Fund Balances of Governmental Funds (Unaudited)
Last Ten Fiscal Years
(Dollar Amounts in Thousands)
(Accrual Basis of Accounting)

	2013-14 ⁽¹⁾ as restated	2014-15	2015-16	2016-17	2017-18
General Fund					
Nondisposable	\$ 13,023	\$ 12,074	\$ 14,673	\$ 12,974	\$ 11,306
Committed	153	90	3	3	5
Assigned	50,694	64,400	73,592	76,290	86,444
Unassigned	47,658	55,325	57,497	60,403	53,224
Subtotal General Fund	111,528	131,889	145,765	149,670	150,979
All Other Governmental Funds					
Nondisposable	4,045	5,456	4,326	3,973	3,771
Restricted	239,446	235,532	222,475	221,115	237,938
Committed	3,806	6,873	7,024	5,373	8,860
Assigned	34,065	31,309	48,785	42,193	46,980
Unassigned	-	(412)	-	-	-
Subtotal all other governmental funds	281,362	278,758	282,610	272,654	297,549
Total governmental fund balance	\$ 392,890	\$ 410,647	\$ 428,375	\$ 422,324	\$ 448,528

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

2018-19	2019-20	2020-21	2021-22	2022-23	
					General Fund
\$ 8,966	\$ 11,037	\$ 8,457	\$ 9,074	\$ 13,683	Nonspendable
-	-	-	889	889	Restricted
15	14	124	153	311	Committed
11,584	146,306	276,514	202,488	270,906	Assigned
71,294	37,870	91,118	67,266	55,000	Unassigned
191,859	195,227	376,213	279,870	340,789	Subtotal General Fund
					All Other Governmental Funds
3,763	3,687	3,752	4,147	5,343	Nonspendable
275,209	289,226	364,392	433,770	506,870	Restricted
9,152	6,847	13,358	34,481	30,110	Committed
46,491	39,248	27,133	117,078	113,556	Assigned
334,615	339,008	408,635	589,836	655,879	Subtotal all other governmental funds
\$ 526,474	\$ 534,235	\$ 784,848	\$ 869,706	\$ 996,668	Total governmental fund balance

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

	2013-14 ⁽¹⁾ as restated	2014-15	2015-16	2016-17	2017-18
Revenues (by source):					
Taxes	\$ 247,203	\$ 269,220	\$ 282,665	\$ 299,817	\$ 322,433
Licenses, permits and franchise fees	23,360	24,315	28,577	29,169	29,509
Fines, forfeitures and penalties	13,312	17,182	24,836	12,995	13,129
Use of money and property	9,919	5,954	7,561	7,130	9,632
Intergovernmental	440,438	432,396	469,363	468,052	518,038
Charges for services	67,657	52,483	54,607	56,529	56,299
Other	16,782	21,495	29,495	32,061	35,267
Total revenues	818,671	823,045	897,104	905,753	984,307
Expenditures (by function):					
Current:					
General government	91,087	97,029	108,126	99,429	114,791
Public protection	249,862	268,532	281,466	307,874	322,852
Public ways and facilities	41,824	29,197	30,496	39,023	33,607
Health and sanitation	123,730	122,444	135,081	137,342	146,623
Public assistance	210,568	210,166	218,413	224,976	225,460
Education	837	836	1,032	1,087	1,161
Recreation and cultural services	12,812	14,309	15,231	32,276	35,279
Capital outlay	46,142	39,679	39,986	52,458	59,425
Debt service:					
Principal	20,573	8,509	82,754	9,957	11,473
Interest	13,169	13,178	18,697	6,981	6,338
Total expenditures	810,604	803,879	931,282	911,403	957,009
Excess (deficiency) of revenues over (under) expenditures	8,067	19,166	(34,178)	(5,650)	27,298
Other financing sources (uses):					
Transfers in	82,821	86,587	143,129	80,486	97,898
Transfers out	(84,445)	(88,797)	(141,950)	(81,597)	(98,866)
Lease inception	-	-	-	-	-
Issuance of long-term debt	10,640	299	43,335	17,225	2,300
Premium on long term debt issuance	-	-	7,044	-	-
Sale of capital assets	509	390	348	551	1,080
Other financing sources/(uses)	-	-	-	(17,066)	-
Total other financing sources and uses	9,525	(1,521)	51,906	(401)	2,412
Special/Extraordinary item	-	-	-	-	(3,506)
Net change in fund balances	17,592	17,645	17,728	(6,051)	26,204
Fund balances, beginning of year, as restated	375,298	393,002	410,647	428,375	422,324
Fund balances, end of year	\$ 392,890	\$ 410,647	\$ 428,375	\$ 422,324	\$ 448,528
Debt service as a percentage of noncapital expenditures	4.41%	2.84%	11.38%	1.97%	1.98%

Notes:

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

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector

2018-19	2019-20	2020-21	2021-22	2022-23	
					Revenues (by source):
\$ 340,219	\$ 353,260	\$ 389,957	\$ 442,505	\$ 463,804	Taxes
34,078	33,698	32,187	34,332	36,097	Licenses, permits and franchise fees
16,247	16,951	16,500	13,867	18,711	Fines, forfeitures and penalties
19,058	13,547	6,995	(19,608)	18,064	Use of money and property
504,581	512,657	637,215	656,398	613,514	Intergovernmental
58,012	56,972	60,138	62,973	62,605	Charges for services
46,826	29,921	222,792	50,903	62,596	Other
1,019,021	1,017,006	1,365,784	1,241,370	1,275,391	Total revenues
					Expenditures (by function):
					Current:
88,279	117,547	193,864	209,491	125,994	General government
340,814	350,655	360,635	366,833	376,577	Public protection
35,228	47,653	37,392	34,248	40,618	Public ways and facilities
141,141	136,668	147,393	169,754	190,572	Health and sanitation
231,592	234,557	247,687	251,907	266,661	Public assistance
1,132	1,187	1,169	1,173	1,461	Education
27,188	28,505	31,835	36,531	36,394	Recreation and cultural services
58,318	58,918	85,139	71,266	99,219	Capital outlay
9,368	9,753	22,574	21,543	24,732	Principal
6,008	5,506	5,509	4,667	4,326	Interest
939,068	990,949	1,133,197	1,167,413	1,166,554	Total expenditures
79,953	26,057	232,587	73,957	108,837	Excess (deficiency) of revenues over (under) expenditures
					Other financing sources (uses):
121,415	148,265	144,610	241,566	185,616	Transfers in
(124,507)	(156,760)	(145,754)	(248,709)	(175,764)	Transfers out
-	-	-	2,046	7,239	Lease inception
-	-	-	-	180	SBITA inception
654	-	66,636	-	-	Issuance of long-term debt
-	-	7,746	-	-	Premium on long term debt issuance
431	486	755	-	-	Sale of capital assets
-	-	(55,967)	15,998	854	Other financing sources/(uses)
(2,007)	(8,009)	18,026	10,901	18,125	Total other financing sources and uses
-	(10,287)	-	-	-	Special/Extraordinary item
77,946	7,761	250,613	84,858	126,962	Net change in fund balances
448,528	526,474	534,235	784,848	869,706	Fund balances, beginning of year, as restated
\$ 526,474	\$ 534,235	\$ 784,848	\$ 869,706	\$ 996,668	Fund balances, end of year
1.75%	1.64%	2.68%	2.39%	2.72%	Debt service as a percentage of noncapital expenditures

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⁾
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
2022-23	112,010,885	3,934,834	(3,929,109)	112,016,610	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

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	
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
2022-23	0.21387	0.78613	1.0000	0.09800	0.02233	0.00983	1.13016

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

Principal Revenue Taxpayers (Unaudited)
June 30, 2023 and June 30, 2014
(Dollar Amounts in Thousands)

Taxpayer	June 30, 2023:			June 30, 2014:		
	Total Taxes ⁽¹⁾	Rank	Percentage of Total County Taxes	Total Taxes ⁽¹⁾	Rank	Percentage of Total County Taxes
Pacific Gas & Electric Co.	\$ 24,483	1	1.82%	\$ 8,715	2	1.09%
Geysers Power Co. LLC	16,764	2	1.24	10,856	1	1.36
Keysight Technologies Inc.	3,953	3	0.29	1,686	4	0.21
Foley Family Farms LP	2,831	4	0.21			
Enclave Apartments LLC	2,357	5	0.17			
Pacific Bell Telephone Co.	1,778	6	0.13	1,773	3	0.22
Jackson Family Investments LLC	1,619	7	0.12			
Foley Family Farms LLC	1,300	8	0.10			
Gallo Vineyards Inc.	1,246	9	0.09			
CWI-Fairmont Sonoma Hotel	1,229	10	0.09			
Ferrari-Carano Vineyards				1,041	5	0.13
EMI Santa Rosa LTD				1,015	6	0.13
Constellation Wines US Inc.				972	7	0.12
Varenna at Fountaingrove				944	8	0.12
Silverado Sonoma Vineyards				866	9	0.11
CPN Wild Horse GeoThermal				848	10	0.11
Total	\$ 57,560		4.27%	\$ 28,716		3.60%
Total taxes of all taxpayers ⁽²⁾	\$ 1,348,305			\$ 797,521		

Notes:

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

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector

Sonoma County Annual Comprehensive Financial Report, Fiscal Year Ended June 30, 2014

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
2013-14	\$ 676,858	\$ 667,922	98.7%	\$ 6,982	\$ 676,413	99.7%
2014-15	728,497	721,075	99.0%	7,088	728,163	100.0%
2015-16	778,237	770,592	99.0%	6,226	776,818	99.8%
2016-17	822,153	815,344	99.2%	8,951	824,296	100.3%
2017-18	852,241	844,872	99.1%	6,919	851,791	99.7%
2018-19	901,683	893,578	99.1%	9,995	903,573	100.2%
2019-20	958,370	946,295	98.7%	9,953	956,248	99.8%
2020-21	1,016,809	1,003,959	98.7%	10,752	1,014,711	99.8%
2021-22	1,049,951	1,036,501	98.7%	15,718	1,035,218	98.6%
2022-23	1,120,166	1,104,448	98.6%	-	1,104,448	98.6%

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

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
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	-	-
2022-23	7,046	63,875	204,945	-	-

Fiscal Year	Business-Type Activities				
	Certificates of Participation	Energy Independence Bonds	Notes and Loans Payable	Advances From Other Governments	Landfill Closure and Postclosure ⁽⁴⁾
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
2022-23	-	27,189	15,206	887	NA

Fiscal Year	Ratios based on Total Primary Debt			
	Population ⁽¹⁾	Percentage of Assessed Value ⁽²⁾	Percentage of Personal Income	Per Capita ⁽³⁾
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
2022-23	478,174	0.37%	1.11%	873

Notes:

⁽¹⁾ Population Estimate as of January 1, 2022

⁽²⁾ See the "Assessed Value of Taxable Property and Actual Value of Property" table for total taxable assessed value. Assessed value does not include tax exempt property.

⁽³⁾ See the "Demographic and Economic Statistics" table for population figures. Ratio is calculated using population for the latest calendar year for each corresponding fiscal year.

⁽⁴⁾ FY2019-20 long-term contract payable and Land fill closure and postclosure determined to be long-term liability not debt, noted as not applicable or NA.

Source:

Sonoma County Auditor-Controller-Treasurer-Tax Collector

Long-Term Contract Payable ⁽⁴⁾	Lease Liabilities	SBITA Liabilities	Financed Purchase Obligations	Unamortized Premiums	Subtotal	Fiscal Year
\$ -		\$ -	\$ 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
-	84,892	-	2,907	8,777	342,384	2021-22
-	83,989	4,121	2,353	7,728	374,057	2022-23

Financed Purchase Obligations	Unamortized Loss	Subtotal	Total Primary Government	Fiscal Year
\$ 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
-	-	43,282	417,339	2022-23

**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
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%
2022-23	112,016,610	2,240,332	-	2,240,332	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

Schedule of Direct and Overlapping Debt (Unaudited)
June 30, 2023
(Dollar Amounts in Thousands)

2022-23 Taxable Assessed Valuation: \$ 112,016,610

Overlapping Debt and Tax Assessment Debt ⁽¹⁾	Percentage Applicable to Sonoma County Taxable Assessed Valuation	Debt Outstanding
High School Districts	100%	\$ 392,970
Unified School Districts	100%	577,220
Elementary Districts	100%	388,288
Santa Rosa Junior College	100%	397,820
Sonoma County Water Agency	100%	61,735
Total Overlapping Debt and Tax Assessment Debt		\$ 1,818,033

Direct Debt ⁽¹⁾	Debt Outstanding	Percentage Applicable to Sonoma County Taxable Assessed Valuation	Debt Outstanding applicable to taxable assessed valuation
Sonoma County Certificates of Participation	\$ 7,046	100%	\$ 7,046
Sonoma County Bonds Payable	71,603	100%	71,603
Sonoma County Pension Obligation Bonds	204,945	100%	204,945
Sonoma County Notes Payable	-	100%	-
Sonoma County Capital Leases	93,390	100%	93,390
Total Direct Debt	\$ 376,984		\$ 376,984
Total Combined Overlapping and Direct Debt			\$ 2,195,017

Assessed Valuation Ratio:

Total Overlapping Tax and Assessment Debt	1.62%
Total Direct Debt	0.34%
Total Combined Overlapping and Direct Debt	1.96%

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 Annual Comprehensive Financial Report, Fiscal Year Ended June 30, 2022
Sonoma County Auditor-Controller-Treasurer-Tax Collector

Demographics and Economic Statistics (Unaudited) Last Ten Fiscal Years

Calendar Year	Estimated Population	Personal Income ⁽¹⁾	Per Capita Personal Income	School Enrollment	Unemployment Rate
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%
2023	478,174	37,598,558	78,629	64,375	3.7%

Incorporated Cities Population:

Cloverdale	8,787
Cotati	7,360
Healdsburg	10,914
Petaluma	58,321
Rohnert Park	43,693
Santa Rosa	174,523
Sebastopol	7,348
Sonoma	10,677
Town of Windsor	25,560
Total Incorporated	347,183
Total Unincorporated Areas	130,991
Total Population	478,174

Notes:

⁽¹⁾ Personal Income of all County residents in thousands and estimated as of November 2023.

Sources:

California Department of Finance, E-1 Population Estimates for Cities, Counties, and the State - January 1, 2023

US Department of Commerce, Bureau of Economic Analysis - Regional Data of GDP and Personal Income (BEARFACTS); estimates based on November 2023

California Department of Education; Data Enrollment by Grade report for 2022-23

California Employment Development Department: Labor Force Statistics

Economic Development Dept. -Local Area Unemployment Map for Counties, as of June 2023

Major Employers (Unaudited) June 30, 2023 and June 30, 2014

Employer	June 30, 2023			June 30, 2014		
	Number of Employees	Rank	Percent of Total County Employment	Number of Employees	Rank	Percent of Total County Employment
County of Sonoma	3,890	1	1.61%	4,130	1	1.55%
Kaiser Permanente	3,241	2	1.34	2,555	3	0.96
Providence (Santa Rosa Memorial)	1,852	3	0.77	1,740	6	0.65
Santa Rosa City Schools	1,700	4	0.70	-	11	0.00
Keysight Technologies (Agilent)	1,539	5	0.64	1,200	8	0.45
Santa Rosa Junior College	1,477	6	0.61	3,423	2	1.29
City of Santa Rosa	1,264	7	0.52	1,220	7	0.46
Sonoma State University	1,210	8	0.50	1,033	9	0.39
Jackson Family Wines	1,082	9	0.45	-	11	0.00
Medronic/Arterial Vasular Eng	961	10	0.40			
Graton Resort & Casino				2,000	4	0.75
Sutter Medical Center				1,797	5	0.68
Petaluma School District				917	10	0.34
Ten largest Employer's	18,216		7.54%	20,015		7.53%
All other employer's	223,526		92.46%	245,885		92.47%
Total Employees	241,742		100.00%	265,900		100.00%

Sources:

North Bay Business Journal Book of Lists

Santa Rosa Junior College Website: Fact Book (as of fall 2022)

Sonoma State University Fact Book (as of December 2022)

City of Santa Rosa ACFR (as of June 30, 2022)

State of California Employment Development Department: Labor Force Statistics

County of Sonoma Annual Comprehensive Financial Report 2013-2014

County Employees By Function (Unaudited) Last Ten Fiscal Years

FTE'S:	2013-14	2014-15	2015-16	2016-17	2017-18
General Government					
Board of Supervisors / County Administrator	35	37	39	38	45
General Services	119	119	111	110	107
County Clerk-Assessor-Recorder-PA	118	109	102	103	105
Auditor-Controller / Treasurer-Tax Collector	96	92	88	90	93
County Counsel	38	38	39	41	44
Human Resources	56	57	55	56	59
Information Systems	107	117	100	102	99
Economic Development	12	10	12	12	12
Public Protection					
District Attorney	120	121	115	122	126
Public Defender	52	49	49	51	51
Sheriff	648	635	603	625	624
Probation	285	286	291	267	262
Permit and Resource Management	101	108	105	112	133
Emergency Services	27	24	23	21	17
Child Support Services	99	98	85	85	87
Agricultural Commissioner	41	32	32	37	36
Northern Sonoma County Air Pollution Control	6	6	6	6	6
Public Assistance					
Human Services and IHSS	784	836	891	877	834
Health Services					
H.S.-Administration and other	69	75	66	65	82
Public Health	200	206	213	210	193
Mental Health	196	212	201	226	205
Alcohol, Drug & Tobacco	44	38	35	39	45
Special Revenue Funds	25	26	25	20	22
County Medical Services Program	35	39	31	30	17
Homelessness ⁽⁴⁾	-	-	-	-	-
Public Ways & Facilities					
Roads	137	124	118	113	117
Cultural & Recreational					
Regional Parks ⁽¹⁾	127	79	81	79	88
Agricultural Preservation and Open Space District	29	27	24	25	25
Education					
U.C. Cooperative Extension	5	5	5	5	4
Enterprise Funds					
Integrated Waste Enterprise Fund ⁽²⁾	41	40	9	10	8
Airport Enterprise Fund	15	14	15	16	16
Transit	6	6	5	5	5
Fairgrounds	34	36	27	25	27
Discrete Component Units					
Community Development Commission	35	36	39	43	41
Sonoma Water	250	212	215	228	222
Library ⁽³⁾	138	-	-	-	-
	4,130	3,949	3,855	3,894	3,857

Notes:

⁽¹⁾ Regional Parks extra help employees excluded after FY 2013-14.

⁽²⁾ Integrated Waste Enterprise Fund operation of the central landfill transferred to third party effective April 2016.

⁽³⁾ Library excluded from the Sonoma County ACFR after FY 2013-14 .

⁽⁴⁾ In FY 22-23 the Homelessness division was transferred from Community Development Commission (CDC) to the Department of Health Services.

Source:

Sonoma County Auditor Controller Treasurer Tax-Collector

2018-19	2019-20	2020-21	2021-22	2022-23	FTE'S:
					General Government
57	64	72	68	82	Board of Supervisors / County Administrator
102	103	98	95	93	General Services
107	101	98	101	108	County Clerk-Assessor-Recorder-PA
99	94	94	102	100	Auditor-Controller / Treasurer-Tax Collector
43	41	42	42	41	County Counsel
67	66	68	67	63	Human Resources
99	100	98	96	104	Information Systems
12	21	14	14	13	Economic Development
					Public Protection
125	121	122	126	130	District Attorney
50	52	49	52	53	Public Defender
611	608	595	567	550	Sheriff
262	269	251	240	235	Probation
151	139	154	154	158	Permit and Resource Management
9	12	10	12	9	Emergency Services
84	79	72	62	58	Child Support Services
36	35	33	36	34	Agricultural Commissioner
-	-	-	-	-	Northern Sonoma County Air Pollution Control
					Public Assistance
847	852	875	866	885	Human Services and IHSS
					Health Services
76	77	66	66	80	H.S.-Administration and other
197	200	195	188	221	Public Health
190	208	222	204	176	Mental Health
14	14	15	14	13	Alcohol, Drug & Tobacco
9	10	21	21	7	Special Revenue Funds
20	19	20	18	14	County Medical Services Program
-	-	-	-	23	Homelessness ⁽⁴⁾
					Public Ways & Facilities
121	124	123	127	126	Roads
					Cultural & Recreational
88	107	112	117	119	Regional Parks ⁽¹⁾
25	27	27	27	32	Agricultural Preservation and Open Space District
					Education
5	5	4	7	6	U.C. Cooperative Extension
					Enterprise Funds
9	10	10	11	12	Integrated Waste Enterprise Fund ⁽²⁾
18	18	18	18	18	Airport Enterprise Fund
5	6	6	6	5	Transit
27	24	13	18	25	Fairgrounds
					Discrete Component Units
46	44	36	50	50	Community Development Commission
224	222	227	235	247	Sonoma Water
-	-	-	-	-	Library ⁽³⁾
3,835	3,872	3,860	3,827	3,890	

Operating Indicators by Function/Program (Unaudited) Last Ten Fiscal Years

Function/Program	2013-14	2014-15	2015-16	2016-17	2017-18
Law & Justice					
Felonies and Misdemeanors Referred by Law Enforcement Agencies ⁽⁵⁾	2,511	2,706	2,229	2,370	2,553
Felonies and Misdemeanors Filed ⁽⁵⁾	130,135	-	149,121	99,714	30,572
Public Safety					
Fire Prevention Inspections ⁽¹⁾	-	1,417	1,321	1,393	1,737
Dispatch Calls - Sheriff	125,149	115,351	114,980	111,568	114,599
Adult Detention Facility Bookings - Sheriff	17,703	16,881	15,953	15,987	16,516
Juvenile Hall Average Daily Population	76	72	60	54	41
Health & Public Assistance					
Birth Certificates Registered - Health Services	5,166	5,224	5,380	4,997	4,715
Emergency Medical Responses - Health Services	50,634	55,157	50,567	66,680	70,310
Total Collections - Child Support Enforcement ⁽⁴⁾	28,699	29,038	31,063	34,120	35,220
Community Resources & Public Facilities					
Permit & Resource Management:					
Code Enforcement Cases	899	931	1,075	994	1,890
Customers Served (Public Counter)	35,193	35,649	33,458	-	-
Building Permits Issued	16,517	5,450	6,004	5,933	8,625
Integrated Waste					
Tonnage - Transportation & Public Works ⁽²⁾	267,251	266,913	292,867	297,282	1,216,047
Diverted Tonnage - Transportation & Public Works	109,000	119,566	102,302	85,696	85,365
Regional Parks					
Park Visitors	5,843,143	5,545,143	5,084,152	5,376,723	5,317,133
Veterans/Community Center: ⁽³⁾					
Events	4,788	1,910	2,912	3,793	1,583
Attendance	312,570	199,883	255,018	343,136	135,182

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

Source:

Sonoma County Departments

2018-19	2019-20	2020-21	2021-22	2022-23	Function/Program
					Law & Justice
-	-	2,196	8,325	14,631	Felonies and Misdemeanors Referred by Law Enforcement Agencies ⁽⁵⁾
-	-	139,428	12,823	12,389	Felonies and Misdemeanors Filed ⁽⁵⁾
					Public Safety
-	-	-	-	-	Fire Prevention Inspections ⁽¹⁾
105,357	96,478	124,158	81,778	80,433	Dispatch Calls - Sheriff
18,498	14,546	17,903	9,614	12,333	Adult Detention Facility Bookings - Sheriff
-	38	90	23	42	Juvenile Hall Average Daily Population
					Health & Public Assistance
4,642	4,559	5,532	5,116	4,479	Birth Certificates Registered - Health Services
75,000	-	53,417	57,837	59,141	Emergency Medical Responses - Health Services
34,421	33,987	30,363	30,470	29,517	Total Collections - Child Support Enforcement ⁽⁴⁾
					Community Resources & Public Facilities
					Permit & Resource Management:
1,821	1,687	870	1,509	1,288	Code Enforcement Cases
-	-	33,988	16,736	29,122	Customers Served (Public Counter)
9,094	8,445	16,340	8,067	8,391	Building Permits Issued
					Integrated Waste
361,092	323,030	240,000	306,863	295,149	Tonnage - Transportation & Public Works ⁽²⁾
92,507	101,275	107,356	99,733	95,530	Diverted Tonnage - Transportation & Public Works
					Regional Parks
5,506,506	5,359,420	4,605,999	6,204,388	5,266,191	Park Visitors
					Veterans/Community Center: ⁽³⁾
2,078	1,357	4,145	791	990	Events
207,640	123,681	387,500	66,003	91,341	Attendance

Capital Assets Statistics By Function (Unaudited) Last Ten Fiscal Years

	2013-14	2014-15	2015-16	2016-17	2017-18
Function					
Sheriff:					
Stations	3	3	3	3	3
Sub-Stations ⁽²⁾	5	5	5	5	2
Patrol Units	186	161	157	159	146
Helicopter	1	1	1	1	1
Marine Craft	5	5	5	5	5
Streets And Highways:					
Streets (miles)	1,382	1,382	1,379	1,379	1,368
Bridges (longer than 20 feet)	332	332	328	328	328
Traffic Lights:					
Traffic Lights - County Only	38	38	38	40	38
Traffic Lights - Shared With Cities	3	3	3	3	3
Traffic Lights - Shared With State	27	30	30	30	30
Total Traffic Lights	68	71	71	73	71
Parks And Recreation:					
Acreage Open to Public ⁽¹⁾	11,372	9,403	11,037	11,036	11,071
Sonoma Water:					
Water Mains (miles) ⁽⁴⁾	90	90	90	90	89
Chlorination Facilities	3	3	3	3	3
Pumping Plants/Booster Stations ⁽⁵⁾	21	21	21	21	21
Production Wells	9	9	9	9	9
Tank Storage Capacity (thousands of gallons)	128,800	128,800	128,800	129,000	129,000
Sanitation:					
Sanitary Sewers (miles)	230	230	230	230	230
Treatment Capacity (millions of gallons)	13,439	13,439	13,439	13,439	13,439
Treatment Capacity (Avg. Daily Dry Weather Flow, MGD) ⁽³⁾	-	-	-	-	5
Transit:					
Fleet (including buses and vans)	81	80	83	80	83

Notes:

⁽¹⁾ 2011-12 Sonoma County Regional Parks assumed the management of Annadel State Park from the State of California. In 2013-14 the State of California reassumed management back from the County.

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

⁽³⁾ In 2017-18, changed measurement from thousands of gallons to millions of gallons per day – Long dash Indicates historical data not available at time of reporting, changed operating indicator, or statistics no longer available

⁽⁴⁾ Revised water main miles from 85 to 89 to reflect figures in the Sonoma Water Facility Guide and Local Hazard Mitigation Plan. Previous figures were based on the Urban Water Management Plan which indicated over 85 miles of water mains

⁽⁵⁾ To better reflect Water Transmission System assets, revised Number of Pumping Plants and Booster Stations to Number of Booster Stations. The Kastania Booster Station asset was transferred to Marin Municipal Water District in FY 2021/2022. Pumping plants are included under Production Wells.

Source:

Sonoma County Departments

2018-19	2019-20	2020-21	2021-22	2022-23	Function
					Sheriff:
3	3	3	3	3	Stations
2	2	2	2	2	Sub-Stations ⁽²⁾
148	-	-	-	-	Patrol Units
1	1	1	1	1	Helicopter
5	5	4	4	4	Marine Craft
					Streets And Highways:
1,368	1,368	1,369	1,369	1,369	Streets (miles)
328	328	327	325	326	Bridges (longer than 20 feet)
					Traffic Lights:
38	38	35	35	36	Traffic Lights - County Only
1	1	5	5	5	Traffic Lights - Shared With Cities
31	32	30	30	30	Traffic Lights - Shared With State
70	71	70	70	71	Total Traffic Lights
					Parks And Recreation:
12,556	8,976	9,218	10,887	10,887	Acreage Open to Public ⁽¹⁾
					Sonoma Water:
89	89	89	89	89	Water Mains (miles) ⁽⁴⁾
3	3	3	3	3	Chlorination Facilities
21	21	21	21	7	Pumping Plants/Booster Stations ⁽⁵⁾
9	9	9	9	16	Production Wells
129,000	129,000	129,000	129,000	129,000	Tank Storage Capacity (thousands of gallons)
					Sanitation:
230	273	273	271	271	Sanitary Sewers (miles)
-	-	-	-	-	Treatment Capacity (millions of gallons)
4.86	4.94	2.80	4.94	4.78	Treatment Capacity (Avg. Daily Dry Weather Flow, MGD) ⁽³⁾
					Transit:
83	86	81	78	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 money 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 of 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).



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